QIAN HU CORPORATION LIMITED
ANNUAL REPORT 2015

FISHY BUSINESS

A FISH FARM LIKE NO OTHER

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Kenny Yap Kim Lee
Executive Chairman and Managing Director

Alvin Yap Ah Seng
Deputy Managing Director

Andy Yap Ah Siong
Deputy Managing Director

Lai Chin Yee
Finance Director

Tan Tow Ee
Lead Independent Director

Chang Weng Leong
Independent Director

Sharon Yeoh Kar Choo
Independent Director

Ling Kai Huat
Independent Director

COMPANY SECRETARY
Lai Chin Yee

REGISTERED OFFICE
No. 71 Jalan Lekar
Singapore 698950
Tel: (65) 6766 7087
Fax: (65) 6766 3995
Website: www.qianhu.com

SHARE REGISTRAR
M & C Services
Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDIT COMMITTEE
Chairman
Tan Tow Ee

Members
Chang Weng Leong
Sharon Yeoh Kar Choo
Ling Kai Huat

NOMINATING COMMITTEE
Chairman
Sharon Yeoh Kar Choo

Members
Chang Weng Leong
Ling Kai Huat

REMUNERATION COMMITTEE
Chairman
Chang Weng Leong

Members
Tan Tow Ee
Sharon Yeoh Kar Choo

RISK MANAGEMENT COMMITTEE
Chairman
Tan Tow Ee

Members
Kenny Yap Kim Lee
Lai Chin Yee

AUDITORS
KPMG LLP
16 Raffles Quay
#22-00
Hong Leong Building
Singapore 048581

AUDIT PARTNER-IN-CHARGE
Kum Chew Foong
(Appointed in Financial Year 2012)

PRINCIPAL BANKERS
DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Malayan Banking Berhad

CIMB Bank Berhad

Bank Of China

INVESTOR RELATIONS
Kenny Yap Kim Lee
kenny_yap@qianhu.com

Ho See Kim
seekim@tishrei.sg

A FISH FARM LIKE NO OTHER

Powered by Qian Hu's proprietary HYDROPURE filtration technology, Qian Hu's fish farm in Singapore has undergone an extensive makeover – the first fully automated fish tank system in the ornamental fish industry here and beyond. This includes the Intensive Multi-Tier Automated Water Recirculation Tank Holding System which ensures that the tanks are continually aerated and filtrated to the most optimal levels, thereby reduces the amount of water required in the quarantine process while raising fish capacity by up to 50% as compared to conventional methods.

Qian Hu's innovative array of proprietary Accessories and Fish Nutrition products, positions Qian Hu as the most creative Asian accessories provider. These initiatives, together with its extensive global export markets, entrenches Qian Hu's resilience and sustainability in the long term.

THIS SPIRIT OF INNOVATION IS THE LIFEBLOOD OF QIAN HU AS IT CONTINUES TO CREATE AND STAY CLOSE TO WHAT ITS CUSTOMERS REALLY NEED AND WANT.

WHO WE ARE

ABOUT QIAN HU

Incorporated in 1998, Qian Hu is an integrated ornamental fish service provider – providing a spectrum of services involving distribution of well over 1,000 species and varieties of ornamental fish from all around the world as well as a wide range of aquarium accessories, including pet foods and medications.

Since its listing in 2000, Qian Hu has been recognised for its best practices in corporate transparency and governance – such as the Securities Investors Association of Singapore's Most Transparent Company Awards, and various accolades by the organisers of the Singapore Corporate Awards - Best Managed Board, Chief Financial Officer of the Year, Best Investor Relations and Best Annual Report Awards. Since the inception of Singapore Corporate Awards in 2006, Qian Hu has been the only listed company to have bagged the most number of awards – 13 awards in total (eight Gold, two Bronze, two Merit and one Best Chief Financial Officer Award).

In 2012, Qian Hu also won top honours amongst SMEs at the Singapore Sustainability Awards organised by the Singapore Business Federation, and attained "Application Level C" from Global Reporting Initiative (GRI), the international standard for sustainability reporting.

TOTAL ASSETS

$75.8 million

REVENUE

$78.0 million

EBITDA

$2.5 million

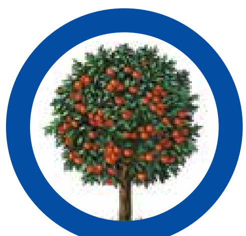
MILESTONES

1985
The year we switched from pig farming to fish rearing

2000
Qian Hu's public listing

2002
Promoted to the Mainboard of Singapore Exchange

2004
Launch of Qian Hu – The Pet Family retail chain stores



2006
Year of transformation for the Group

2008
Spearheaded in-vitro breeding of pedigree Dragon Fish

2009
First SME in Singapore to win the Singapore Quality Award twice (2004/2009)

2012
Launch of innovative accessories products using Qian Hu's patented HYDROPURE technology

2013
Received Innovation Excellence Award

2015
Farm Automation

OUR BUSINESS MODEL

ORNAMENTAL FISH

- Export of more than 1,000 species and varieties to more than 80 cities and countries – contributing to Singapore's eminent position as the top global exporter
- Domestic distribution through our hubs in Singapore, Malaysia, China, Thailand and Indonesia
- Breeding Of Dragon Fish
  Regarded as a premium brand in China, Qian Hu's self-bred Dragon Fish are also highly popular in Taiwan, Japan and Southeast Asia

ACCESSORIES

- Export of aquarium and pet accessories to approximately 40 countries
- Domestic distribution through our hubs in Singapore, Malaysia, Thailand and China

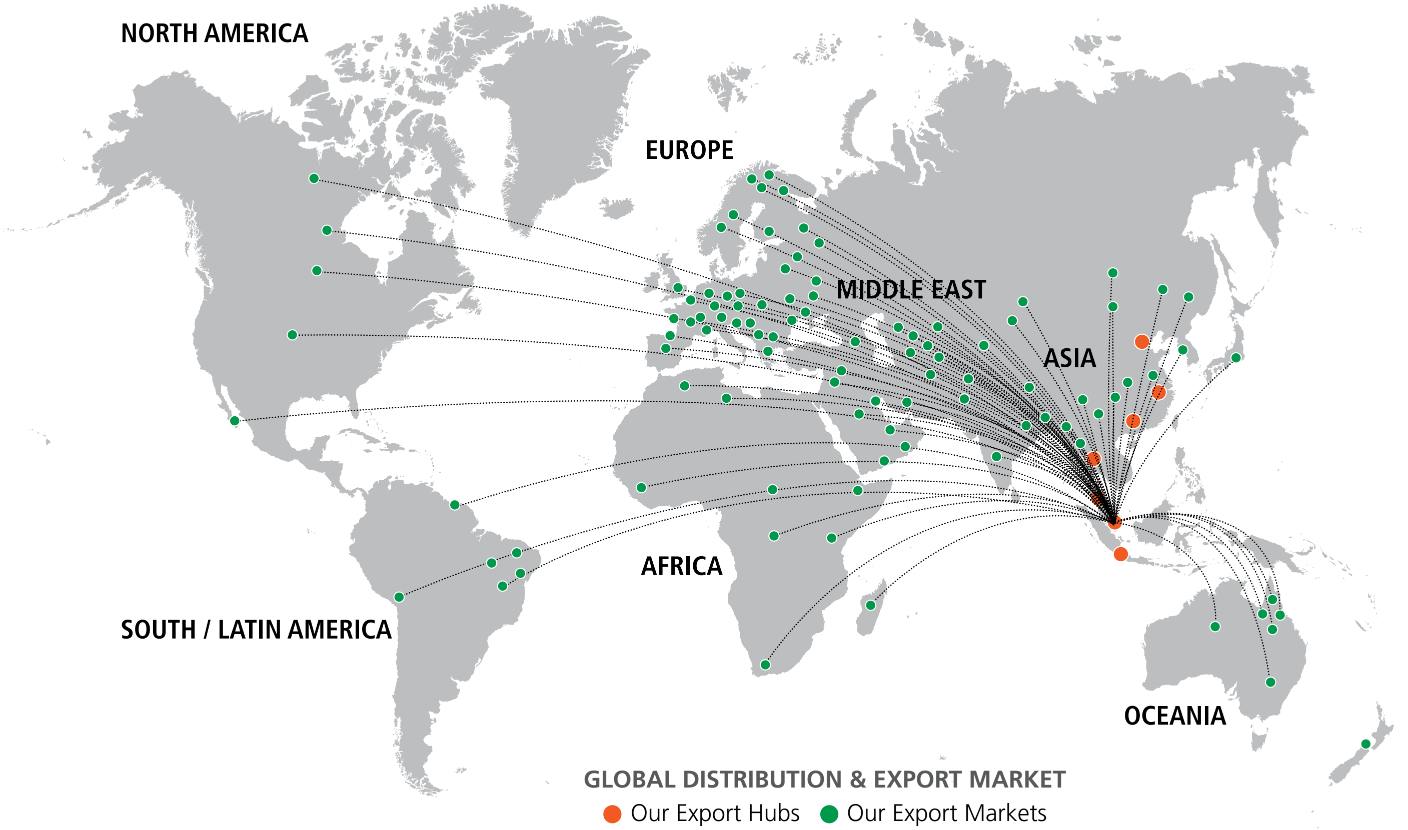
PLASTICS

- Plastics manufacturing facility in Singapore produces plastic bags for a wide variety of industrial uses

RETAIL

- Retail chain stores under the brand "Qian Hu – The Pet Family" in Malaysia, Thailand and China integrate all of our core products plus value-added services such as pet grooming in selected stores

OUR GLOBAL FOOTPRINT



OUR CUSTOMERS ARE LOCATED IN MORE THAN 80 CITIES AND COUNTRIES ACROSS THE GLOBE

SINGAPORE

- Our home market
- Extensive global distribution network and established domestic customer base
- Leading ornamental fish and aquarium accessories distributor

29% of Group Revenue

ASIA

- Incorporated subsidiaries in Malaysia, China, Thailand and Indonesia as export hubs and domestic distributors
- More than 200 distribution points across various cities in China
- Other major customers' presence in India, Japan, Philippines, Taiwan, Korea and the Middle East countries
- Biggest ornamental fish distributor in Thailand

49% of Group Revenue

EUROPE

- Invested interest in an associate in the United Kingdom
- Exporting from our five export hubs in Asia to major customers in Turkey, Russia, United Kingdom, France, Spain and the Netherland

12% of Group Revenue

REST OF THE WORLD

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

10% of Group Revenue

GROUP STRUCTURE

DIVISIONS

Qian Hu Fish Farm Trading

Yi Hu Fish Farm Trading

Wan Hu Fish Farm Trading

ASSOCIATE

20%
Arcadia Products PLC
8 io Centre, Salbrook Road,
Redhill RHI 5GJ,
United Kingdom

SUBSIDIARIES

100%
Qian Hu Tat Leng Plastic Pte Ltd
2 Woodlands Sector
#03-35,
Woodlands Spectrum,
Singapore 738068

100%
Qian Hu Aquarium and Pets (M) Sdn Bhd
Block E, Lot 6212,
Kg. Baru Balakong 43300 Balakong,
Selangor
Darul Ehsan, Malaysia

100%
Qian Hu The Pet Family (M) Sdn Bhd
Block E, Lot 6212,
Kg. Baru Balakong 43300 Balakong,
Selangor
Darul Ehsan, Malaysia

100%
Beijing Qian Hu Aquarium and Pets Co., Ltd
Dong Fish Farm,
Bei Ma Fang Village,
Jinzhang Town,
Chao Yang District,
Beijing, China

100%
Shanghai Qian Hu Aquarium and Pets Co., Ltd
No 165, Pingle Road,
Huacao Town,
Minhang District,
Shanghai, China

100%
Guangzhou Qian Hu OF Feed Co., Ltd
Li Hong Road Bi Village
Dong An Industrial Park
Guangdong Province
People's Republic of China

90%
P.T. Qian Hu Joe Aquatic Indonesia
JL. Raya Brantamulya Tengsaw
No. 9 Tarik Kolot,
Kecamatan Citeureup Bogor
Indonesia 16810

74%
Qian Hu Marketing Co Ltd
30/23 Moo 8, Klongnung,
Klongluang, Pathumthani,
12120 Thailand

60%
Thai Qian Hu Company Limited
30/25 Moo 8, Klongnung,
Klongluang, Pathumthani,
12120 Thailand

60%
Advance Aquatic Co Ltd
30/24 Moo 8, Klongnung,
Klongluang, Pathumthani,
12120 Thailand

49%
NNTL (Thailand) Limited
30/23 Moo 8, Klongnung,
Klongluang, Pathumthani,
12120 Thailand
(The Group has voting control at general meetings and Board meetings)

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011
For the year ($'000)					
Revenue	77,970	83,526	83,462	84,443	88,341
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	2,508	2,922	3,431	(5,499)	7,472
Gain (Loss) on disposal and subsidiary / associate	-	(134)	-	(9,062)	952
Operating Profit (Loss)	549	1,098	954	(8,683)	4,151
Net Profit (Loss) attributable to owners of the Company	19	392	302	(9,137)	3,466
Operating Cashflow	1,538	3,948	3,675	3,584	1,653
Capital Expenditure	1,867	2,061	1,969	1,633	2,091
At year end ($'000)					
Total Assets	75,817	76,688	75,887	77,942	105,945
Total Liabilities	25,509	25,635	24,892	23,822	32,321
Shareholders' Funds	48,673	49,548	49,509	52,529	63,433
Net Current Assets	33,786	33,390	32,358	33,956	32,892
Cash and Cash Equivalents	7,772	8,557	6,712	8,272	8,606
Key ratios					
Revenue growth (%)	(6.7%)	0.1%	(1.2%)	(4.4%)	(3.1%)
Net Profit growth (%)	(95.2%)	29.8%	103.3%	(363.6%)	(17.7%)
Net Profit margin (%)*	0.3%	1.0%	0.7%	0.1%	3.0%
Debt-to-equity ratio (times)	0.51	0.50	0.49	0.44	0.44
Return on Shareholders' Funds (%)	0.0%	0.8%	0.6%	(17.4%)	5.5%
Return on Total Assets (%)	0.0%	0.5%	0.4%	(11.7%)	3.3%
Per share information (cents)					
Earnings per share**	0.02	0.35	0.27	(8.05)	3.05
Net Assets per share**	44.31	44.97	44.92	47.67	64.85
Cash per share	6.85	7.54	5.91	7.29	7.58
Dividend per share - ordinary	0.20#	0.10	0.10	0.20	0.60
- special	-	-	0.50	-	-
Market capitalisation ($'million)					
At close of business on the first trading day after the announcement of audited results	18.05	38.60	39.05	42.23	42.69

* *excluded the gain or loss on disposal of subsidiary / associate and impairment loss on investment in an associate*
** *adjusted for share consolidation*
\# *post share consolidation*

CHAIRMAN'S STATEMENT

Dear bosses,

What a year this has been! We continually faced bouts of market volatility and market, economic uncertainty and geo-political turbulence that seemed to challenge our confidence and stretch our tenacity and resilience unceasingly. The good and bad news is that these challenges are here to stay, well, at least for a while.

In the mean time, the Group's Ornamental Fish sales continued to be affected by depressed markets in the Eurozone and Russia as Europe historically accounts for more than 20% of the Group's ornamental fish business. In addition, volatility in China's domestic stock markets and weak economic data weighed down on demand for our Dragon Fish.

As a result of Malaysia's domestic political uncertainties and the devaluation of the Ringgit against major currencies, including the Singapore dollar, which affected consumer demand for our Accessories products.

The only bright spark this year was the performance of our Plastics segment which saw sales jumping 5.3% and profitability surging by 70.9% in FY2015.

Despite a very challenging business environment, the Group is focused on driving transformation and innovation while keeping a tight rein on overheads and operating expenses. We are unwavering in our commitment to transform Qian Hu into an innovative ornamental fish company, focusing on cutting-edge product developments in filtration, fish nutrition and genetic-breeding of unique Dragon Fish. We will also focus on building a strong pipeline of innovative, higher-margin products.

OUR INNOVATIVE ARRAY OF PROPRIETARY ACCESSORIES AND FISH NUTRITION PRODUCTS POSITIONS QIAN HU AS THE MOST CREATIVE ASIAN ACCESSORIES PROVIDER.

FARM AUTOMATION

I am happy to report that Qian Hu's automation is completed and our farm here is the first in our industry to achieve such levels of productivity and automation. Our automated fish tank system incorporates the Intensive Multi-Tier Automated Water Recirculation Tank Holding System that enables us to deploy the same number of workers to take care of more tanks. In addition, this system reduces the amount of water required in the quarantine process while raising fish capacity by up to 50% as compared to conventional methods. Our staff can also use a PDA with Navision software to check stock inventories and movement – thereby enhancing work efficiency and reliability. Our next project is to check on the feasibility of designing a fish counting device to accurately count fishes as part of our inventory monitoring system.

R&D/NEW PRODUCTS

Meanwhile, our HYDROPURE technology continues to gain stronger momentum, particular in Europe and North Asia where customers are requesting for more products to be integrated with this revolutionary filtration technology. In response to the increasing demand for small aquariums (or nano tanks), we launched the "OF Hydra Nano Plus" in 2015 which are loaded with innovative features such as built-in surface skimming and terrarium tank applications, thereby enhancing the product's versatility and value-add.

We are also in the process of developing a series of Canister filters with our proprietary HYDROPURE technology. A prototype was displayed at the China International Pet Show (CIPS) held in Shanghai in November 2015, and we plan to launch this product at the INTERZOO Expo in May 2016.

Our exciting range of marine accessories under the RevoReef brand continues to make inroads in important markets such as Europe. Moving ahead, we are focusing on developing more products for marine tank applications to expand the RevoReef product range, such as marine LED lighting accessories and de-nitrators.

Our innovative fish nutrition product - "Insta Fresh" eliminates the hassle of traditional fresh feeds that require refrigeration. With our unique heat steam sterilization canning process, we are able to offer our customers quality, bacteria-free fresh feeds that are lower in cost and convenient to store.

OUTLOOK

Our innovative array of proprietary Accessories and Fish Nutrition products positions Qian Hu as the most creative Asian accessories provider. We believe that these initiatives, together with our extensive global export markets, will strengthen the Group's resilience and sustainability in the medium to long term. This spirit of innovation, which is the lifeblood of our Group, is critical in ensuring that Qian Hu stays close to its customers, giving them what they need and want, even as we seek to exceed their expectations. We believe that the Group's fundamentals are robust even in the midst of an increasingly challenging business environment.

Thank you for your support and for believing in Qian Hu's journey of sustainable growth.

Kenny The Fish
Executive Chairman & Managing Director

主席的话

各位老板们：

2015年可真是个“惊喜”连连的一年！股市波动、经济萧条、政治动荡等等接连不断地挑战着仟湖的的信心和坚韧性。我们预计目前的状况还会持续一段时间。

在过去一年，欧元区及俄罗斯市场至少占了集团观赏鱼出口业务的20%，因此欧洲及俄罗斯目前的经济动荡以及萧条状况，持续影响着仟湖观赏鱼业务的表现。不仅如此，中国的股市动荡和疲弱的经济数据也减弱了中国消费者对龙鱼的需求。

马来西亚的政治动荡，加上马币的贬值，促使马国消费者的消费能力随之减弱也影响了集团的水族器材的销售额表现。

让人感到欣慰的是我们的塑料业务取得了不俗的成绩。全年销售额上升5.3%而盈利则激增了70.9%。

尽管经商环境挑战重重，我们依然会坚持创新及转型的方针将仟湖转型成为新一代的高科技观赏鱼公司。我们依旧专注于过滤器、鱼类营养及培育独特的龙鱼等产品的研发，逐步建立一系列创新及高利润产品。与此同时，我们会严格管制营运开支及其他费用。

自动化鱼场落成

在这里，我非常高兴地向大家汇报仟湖鱼场的自动化项目已经全面完成。仟湖是观赏鱼行业首家实践高水平生产力及自动化的革新鱼场。我们的全新自动化系统采用了密集的多层自动循环水箱收纳系统，使我们能够以相同数量的员工来照顾更多缸的鱼。此外，该系统能减少在隔离过程中所使用的水量。与传统饲养方法相比系统能够将鱼的容量提升50%。另外，我们的员工也可以透过移动手持设备所安装的Navision程序随时掌握库存量和动向从而大大提高工作效率和可靠性。接下来，我们将探讨开发一套计数装置的可能性以便更好地掌握鱼的数量来加强我们的库存监控系统。

我们的创新专利水族器材及营养鱼饲料产品系列有效地将仟湖定位为亚洲最具创意的水族器材供应商。

新产品及研发

与此同时，仟湖独家研发的艾洁净水科技(HYDROPURE Technology)正持续着强劲的增长势头。我们在欧洲和北亚洲的客户开始纷纷提出在更多的产品中运用这项过滤技术的要求。有见于现有客户对小型鱼缸的需求有日益增加的趋势，我们已在2015年推出了崭新“OF®艾洁纳米净水器”（OF Hydra Nano Plus)。它包含了多项仟湖新研发的创新功能——如消除水面油膜、双溪类过滤器等功能，从而提高产品的通用性和附加价值。

此外，我们也正在研发融入艾洁净水科技的缸外过滤桶。该产品的原型已于2015年11月在中国上海举行的中国国际宠物展(CIPS)中亮相。我们计划在2016年5月于纽伦堡国际宠物展览会(INTERZOO)上正式推出这项产品。

仟湖另一系列以RevoReef®冠名的海洋水族器产品也陆续进军欧洲等重要市场。展望未来，我们将着重于拓展海水鱼缸系列的相关产品，如发光二极管（LED）照明器材和过滤器。

在鱼饲料方面，我们所精心研发的鱼饲料——OF® Insta Fresh能有效地省却了传统饲料所需的冷藏麻烦。我们研发了采用独特的热蒸汽灭菌加工技术的鱼饲料，让客户们能够以较低的价格买到无菌及容易储藏的高优质新鲜鱼饲料。

前景

我们的创新专利水族器材及营养鱼饲料产品系列有效地将仟湖定位为亚洲最具创意的水族器材供应商。我们相信这些举动加上仟湖广泛的全球出口网络，势必能加强仟湖的中长期韧性及可持续性。这股寻找突破与创新的精神是仟湖至关重要的生命线，以确保我们能了解与紧随客户的需求，并尽全力超越他们的期许。我们深信仟湖稳健的根基是经得起现今日益充满挑战的商业环境的考验。

感谢大家的支持，更要感谢大家赋予仟湖的信心继续我们的可持续发展之旅。

叶金利
执行主席兼总裁

BOARD OF DIRECTORS

KENNY YAP KIM LEE, 50

First Class Honours degree in Business Administration, Ohio State University, USA
Fellow of the Singapore Institute of Directors

Date of first appointment as director	12 December 1998
Date of last re-appointment as director	19 March 2015
Length of services as director	17 years (as at 31 December 2015)

Served on the following Board Committees

• Executive Committee	Chairman
• Risk Management Committee	Member

Present Directorships in other listed companies
- Nil

Present Principal Commitments
(other than directorships in other listed companies)

• AVA's Ornamental Fish Business Cluster	Advisor

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

Background and experience
- Founding member of Qian Hu
- Executive Chairman and Managing Director of the Group since 2000
- Corporate Governance Council – Council Member (2010-2012)

Awards

• Public Service Medal at the Singapore National Day Awards	2004
• Ernst & Young's Entrepreneur of the Year	2003
• Young Chinese Entrepreneur of the Year by Yazhou Zhoukan	2002
• One of the 50 Stars of Asia by Business Week	2001
• PSB/International Institute of Management's International Management Action Award	2000
• Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year	1999
• Singapore National Youth Award	1998

ALVIN YAP AH SENG, 50

Diploma in Mechanical Engineering, Singapore Polytechnic

Date of first appointment as director	12 December 1998
Date of last re-appointment as director	18 March 2014
Length of services as director	17 years (as at 31 December 2015)

Served on the following Board Committees

• Executive Committee	Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
(other than directorships in other listed companies)
Nil

Directorships in other listed companies held over the preceding three years
Nil

Background and experience
- Founding member of Qian Hu
- Oversees the Group's aquarium and pet accessories operations

Awards

• Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year	1999

ANDY YAP AH SIONG, 49
DEPUTY MANAGING DIRECTOR

Diploma in Business Studies, Ngee Ann Polytechnic

Date of first appointment as director	12 December 1998
Date of last re-appointment as director	18 March 2014
Length of services as director	17 years (as at 31 December 2015)

Served on the following Board Committees

• Executive Committee	Member

Present Directorships in other listed companies

Nil

Present Principal Commitments
(other than directorships in other listed companies)

Nil

Directorships in other listed companies held over the preceding three years

Nil

Background and experience

- Founding member of Qian Hu
- Oversees the Group's ornamental fish operations

Awards

• Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year	1999

LAI CHIN YEE, 50
FINANCE DIRECTOR

Bachelor's degree in Accountancy, National University of Singapore
Fellow of the Institute of Singapore Chartered Accountants (ISCA)
Member of the Singapore Institute of Directors

Date of first appointment as director	1 November 2004
Date of last re-appointment as director	15 March 2013
Length of services as director	11 years (as at 31 December 2015)

Served on the following Board Committees

• Executive Committee	Member
• Risk Management Committee	Member

Present Directorships in other listed companies

- Ryobi Kiso Holdings Ltd
- Micro – Mechanics (Holdings) Ltd

Present Principal Commitments
(other than directorships in other listed companies)

Nil

Directorships in other listed companies held over the preceding three years

- CCM Group Limited
- China Sports International Limited

Background and experience

- Responsible for the Group's accounting, finance, treasury and tax functions
- Joined the Group in 2000 as Group Financial Controller before assuming the current position as Finance Director in 2004
- Was an auditor with international accounting firms since 1987
- Ministry of Finance's Tax Advisory Committee – Member (2004-2006)
- Council on Corporate Disclosure and Governance (CCDG) – Council Member (2006-2007)
- CFO Committee of ISCA – Member (2009-2012)

Awards

• Chief Financial Officer of the Year (Companies with less than $300 million in market capitalisation)	2009

BOARD OF DIRECTORS

TAN TOW EE, 53 — LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Honours degree in Finance, Ohio State University, USA

Date of first appointment as director	1 May 2002
Date of last re- appointment as director	18 March 2014
Length of services as director	13 years (as at 31 December 2015)

Served on the following Board Committees

• Audit Committee	Chairman
• Risk Management Committe	Chairman
• Remuneration Committee	Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
(other than directorships in other listed companies)
Nil

Directorships in other listed companies held over the preceding three years
Nil

Background and experience
- Manages private funds and provides consultancy services
- More than 15 years working with international corporations as investment manager

CHANG WENG LEONG, 53 — INDEPENDENT NON-EXECUTIVE DIRECTOR

Masters of Science degree in Mechanical Engineering, National University of Singapore
Registered Principal Auditor, Institute of Quality Assurance (IRCA UK)

Date of first appointment as director	18 October 2000
Date of last re- appointment as director	19 March 2015
Length of services as director	15 years (as at 31 December 2015)

Served on the following Board Committees

• Remuneration Committee	Chairman
• Audit Committee	Member
• Nominating Committee	Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
(other than directorships in other listed companies)
Nil

Directorships in other listed companies held over the preceding three years
Nil

Background and experience
- Principal Consultant of Alchemy Business Consultants
- Many years of experience in quality management, environmental management, human resource and business management.

SHARON YEOH KAR CHOO, 57
INDEPENDENT NON-EXECUTIVE DIRECTOR

Associate Member of the Institute of Chartered Secretaries & Administrators, UK
Member of the Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA)

Date of first appointment as director	17 September 2011
Date of last re- appointment as director	19 March 2015
Length of services as director	4 years (as at 31 December 2015)

Served on the following Board Committees

• Nominating Committee	Chairman
• Audit Committee	Member
• Remuneration Committee	Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
(other than directorships in other listed companies)
Nil

Directorships in other listed companies held over the preceding three years
Nil

Background and experience
- Director of Corporate Secretarial Services at TMF Singapore H Pte. Ltd.
- More than 25 years of experience in the corporate secretarial industry
- Worked in Coopers & Lybrand Hong Kong and Coopers & Lybrand Singapore, Evatthouse Corporate Services Pte Ltd, M & C Services Private Limited and Corporate Alliance Pte. Ltd.

DR LING KAI HUAT, 67
INDEPENDENT NON-EXECUTIVE DIRECTOR

Doctor of Philosophy, National University of Singapore
Master of Aquaculture, University of the Philippines
Bachelor of Science in Biology, Nanyang University
Diploma in Aquaculture, Network of Aquaculture Centres in Asia (NACA)

Date of first appointment as director	1 August 2015
Length of services as director	5 months (as at 31 December 2015)

Serves on the following Board Committees:

• Audit Committee	Member
• Nominating Committee	Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
(other than directorships in other listed companies)
Nil

Directorships in other listed companies held over the preceding three years
Nil

Background and experience
- Senior Specialist of Agri-Veterinary Authority of Singapore (AVA) (2012 -2015)
- Head, Ornamental Fish Section of AVA (1991 – 2011)
- Curator, Van Kleef Aquarium (1973 - 1990)

KEY MANAGEMENT

SINGAPORE

1 LEE KIM HWAT
Managing Director
Qian Hu Tat Leng Plastic Pte Ltd

Mr Lee has been overseeing and managing the operations and business development of Qian Hu Tat Leng for more than 20 years. He is responsible for the growth of the Group's plastics business.

2 BOB GOH NGIAN BOON
Senior Manager,
Regional Business Management

Mr Goh joined the Group in 2001. He was appointed General Manager of its Guangzhou factory in 2005 and was transferred to the Group's Beijing and Shanghai operations in August 2007 and January 2008 respectively to handle the day-to-day operations. With effect from January 2016, Mr Goh has been re-designated to supervise and handle the Group's regional business, focusing mainly in China and new markets. Prior to joining Qian Hu, Mr Goh was a Brand Manager and has managed several high profile international brands.

Mr Goh holds a diploma in Business Studies from Ngee Ann Polytechnic.

MALAYSIA

3 THOMAS NG WAH HONG
Managing Director
Qian Hu Aquarium and Pets (M) Sdn Bhd
Qian Hu The Pet Family (M) Sdn Bhd

Mr Ng is responsible for the overall business development of Qian Hu's business in Malaysia. Prior to joining the Group in 1998, Mr Ng was a director with Guan Guan Industries Sdn Bhd since 1990, and Agemac Verdas (Malaysia) Sdn Bhd from 1996 to 1998.

Mr Ng holds a diploma in Civil Engineering from Singapore Polytechnic.

THAILAND/INDONESIA

4 JIMMY TAN BOON KIM
Managing Director
Thai Qian Hu Company Limited
Advance Aquatic Co Ltd
P.T. Qian Hu Joe Aquatic Indonesia

Mr Tan oversees the business operations and business development of the Group's ornamental fish business in Thailand and Indonesia. Prior to his current appointments, Mr Tan was the division head of Daudo division in Singapore, overseeing the import, export and wholesale of ornamental fish.

5 LOW ENG HUA
Managing Director
Qian Hu Marketing Co Ltd

Mr Low joined the Group in 2001 as its Group General Manager. Over the years, he was assigned to manage the Group's various overseas operations and projects in China, Thailand and India. At present, Mr Low is responsible for the business collaboration and development of the Group's Accessories business in Thailand. Prior to joining the Group, Mr Low worked in Engage Electronics (S) Pte Ltd from 1993 to 2001 where he rose through the ranks from Application Engineer to Deputy Operations Manager.

Mr Low holds a Bachelor's degree in Engineering from the National University of Singapore.

CHINA

6 YAP KOK CHENG
General Manager,
China Operations

Mr Yap joined the Group in January 2005 as a management trainee in Beijing Qian Hu. He was responsible for its daily operations and to peruse business expansion in the Northern China. He assumes his current role in January 2016 and is tasked to manage and oversee the Group's overall business operations and development in China.

Mr Yap holds a Bachelor of Commerce degree from the University of New South Wales, majoring in Finance and Economics. He currently serve as a member of AVA's Ornamental Fish Business Cluster.

7 LIM YIK KIANG
Head of Ornamental Fish Business,
China Operations

Mr Lim joined as a retail supervisor with Qian Hu Singapore in 2000, managing the retail operations in Singapore. In 2004, he was transferred to administer the Group's Dragon Fish operations in Shanghai. Mr Lim specialises in the sales and operations of Dragon Fish and other ornamental fish in the China market. He was appointed in January 2016 to oversee the Group's Ornamental Fish business in China.

8 YAP KAY WEE
Head of Accessories Business,
China Operations

Mr Yap joined the Group in January 2005 as a management trainee in its Guangzhou office. He was responsible for the Group's accessories sales and marketing initiatives in the Southern China. He also spearheaded various innovative projects with the Group's Integrated R&D team, such as the revolutionary HYDROPURE technology. He is appointed to his current role in January 2016 to take charge of the Group's Accessories business in China.

Mr Yap holds a Bachelor and Commerce degree from the University of New South Wales, majoring in Marketing and International Business.

HOW WE ENGAGE OUR STAKEHOLDERS

Our business interests are guided by our long-term prospects and aligned with that of our stakeholders comprising our shareholders, customers, employees, society and the regulators.

STAKEHOLDERS	QIAN HU'S COMMITMENT
Our Shareholders	Maximise shareholder returns through strong fundamentals and prudent strategies
Our Customers	Maximise customer satisfaction through the quality of our fish and our innovative pets and aquarium accessories products
Our Employees	Maximise the full potential of our workforce through staff development and human resource management
Our Society	Minimise our impact on the environment and contribute to the communities we operate in as a responsible corporate citizen
Our Regulators	Maximise our role through partnership with regulatory and non-governmental organisations in the pursuit of achieving the highest corpoarte governance, environmental, health and safety standards

ENGAGEMENT HIGHLIGHTS

Shareholder and investor communications:	Actively seeking customer feedback through:	Reaching out to employees through:	Hearing from society through:	Interactions with regulators through:
• Annual General Meeting held at Qian Hu's farm • Quarterly financial results release • Half yearly results briefing sessions with media and analysts • Webcasts • Online forums • Corporate website	• Dedicated personnel assigned to specific customers • Regular customer interface • Participation in international and regional trade shows and exhibitions • Customer satisfaction surveys	• Open, transparent family-style corporate culture • SMS broadcast system for staff notifications • Staff dialogue sessions • Bi-annual in-house newsletters • Employee opinion surveys	• Donations to schools and charities • Free farm visits for under-privileged children and the disabled. • Replenish fish stocks at reservoirs • Donation of dog food to animal shelters in Malaysia • Environment conservation initiatives	• Comply with best practices • Frequent interaction and meetings • Engage in industry forums

SHAREHOLDERS

SHAREHOLDERS KPIs

1. REVENUE GROWTH

Target : Deliver consistent revenue growth.

Outcome : Reduction in revenue by 6.7% in FY 2015. Continue to drive topline in FY 2016.

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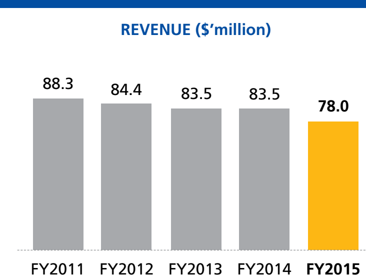

2. MANAGE EXPENSES

Target : Be cost efficient while investing for growth. Cost-revenue ratio of 30% or better.

Outcome : Cost-revenue ratio within target of 30%.

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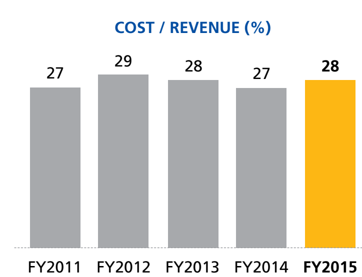
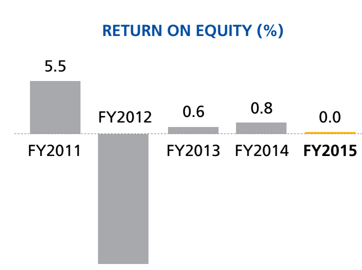


3. IMPROVE RETURNS

Target : Continue to drive efficiency and productivity. Better return on equity.

Outcome : Dip in profitability resulted in lower returns. Continue to focus on sales mix and enhance profit margins.



FINANCIAL PERFORMANCE HIGHLIGHTS

STATEMENT OF PROFIT OR LOSS

REVENUE – Decreased by approximately $5.6 million or 6.7% mainly due to reduction in revenue contribution from core business segments – Ornamental Fish and Accessories – which was shaken by the persistent sluggish global economy.

Ornamental Fish export to major markets such as Europe and Russia has decreased with the unprecedented prolonged recession in Europe which has affected purchasing sentiments, while sanctions and falling oil prices has taken a toll on the Russian economy. The demand of Dragon Fish from China domestic market was also hit by extreme stock market volatility and weak economic data.

Accessories business' performance was dented by the delicate customer sentiments as a result of Malaysia's domestic political uncertainties and economic predicament, coupled with the depreciation of the Malaysian Ringgit which translated the Ringgit revenue into a lower amount in Singapore Dollar equivalent.

The reduction in Ornamental Fish and Accessories revenue was partially offset by higher revenue generated from the Plastics business segment following the resumption in its demand as a result of the stabilisation of market selling prices.

GROSS PROFIT – Decreased by $1.0 million or 4.5% mainly due to reduction in revenue contribution as a result of lower business activities as mentioned above.

OTHER INCOME – Increased by $184K in FY 2015 mainly due to an one-off loss of approximately $134K arising from the disposal of an associate in FY 2014.

PROFIT BEFORE TAX – Decreased by approximately $0.5 million or 50.0% was in line with lower gross profit generated due to the reduction in overall revenue. With conscientious efforts made to contain operating costs, the amount of operating expenses incurred in FY 2015 was $0.4 million lower than that of FY 2014.

TAX EXPENSE – Effective tax rate of 57.2% in the current financial year as compared to 34.1% in FY 2014. Despite the tax incentive granted for qualifying expenditure, the effective tax rate registered in FY 2015 were higher than the amount obtained by applying the statutory tax rate on profit before tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies in the Group and the varying statutory tax rates of different countries in which the Group operates.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Decreased significantly as a result of lower revenue contribution, despite an improvement in gross profit margin and lower operating costs. Net profit margin declined from 1.0% to 0.3%.

	2015 $'000	2014 $'000	Change %
Revenue			
- Ornamental Fish	31,372	35,371	(11.3)
- Accessories	35,399	37,523	(5.7)
- Plastics	11,199	10,632	5.3
Total revenue	**77,970**	**83,526**	**(6.7)**
Less : Cost of sales	(55,806)	(60,327)	(7.5)
Gross profit	**22,164**	**23,199**	**(4.5)**
Add : Other income	217	33	557.6
Less : Operating expenses	(21,786)	(22,150)	(1.6)
Operating profit	**595**	**1,082**	**(45.0)**
Add : Share of (losses) profits of associates	(46)	16	(387.5)
Profit before tax	**549**	**1,098**	**(50.0)**
Less : tax expense	(277)	(405)	(31.6)
Profit for the year	**272**	**693**	**(60.8)**
Profit attributable to:			
Owners of the Company	**19**	**392**	**(95.2)**
Non-controlling interests	253	301	(15.9)
Profit for the year	**272**	**693**	**(60.8)**

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS – Decreased by $0.9 million as at 31 December 2015. Increase in property, plant & equipment was mainly related to capital expenditure incurred for the enhancement of infrastructure work undertaken in Singapore and overseas on farm facilities. Increase in trade and other receivables was mainly due to higher prepayments made for certain expenses, as well as more deposits were placed for the purchase of property, plant and equipment in relation to on-going infrastructure works. The increase was offset by decrease in brooder stocks due to depreciation charge for the financial year, decrease in inventory as a result of conscientious effort made in lowering inventory level and decrease in cash and cash equivalents due to the utilisation of funds generated from operations for on-going enhancement to farm facilities and the payment of dividends to shareholders.

TOTAL LIABILITIES – Decreased marginally by $0.1 million as at 31 December 2015 mainly due to reduction in trade and other payables as a result of prompt settlement of these payables so as to secure better trade discounts with our regular suppliers for purchases made. The decrease was offset by the increase in borrowings and tax liabilities.

SHAREHOLDERS' FUNDS – Decreased by $0.9 million as at 31 December 2015. The reduction was attributed to the payment of dividends to shareholders of the Company in April 2015, coupled with foreign currency translation differences for foreign operations.

NON-CONTROLLING INTERESTS – Increased by $0.1 million as at 31 December 2015 due to profit contributions from the non-wholly owned subsidiaries during the financial year.

	2015 $'000	2014 $'000	Change %
Total assets	**75,817**	**76,688**	**(1.1)**
- Property, plant and equipment	8,076	7,738	4.4
- Brooder stocks	8,366	8,555	(2.2)
- Inventories (including breeder stocks)	15,773	16,584	(4.9)
- Trade and other receivables	34,368	33,906	1.4
- Cash and cash equivalents	7,772	8,557	(9.2)
Total liabilities	**25,509**	**25,635**	**(0.5)**
- Trade and other payables	10,090	10,809	(6.7)
- Tax liabilities	851	834	2.0
- Bank borrowings	14,569	13,992	4.1
Total shareholders' funds	**48,673**	**49,548**	**(1.8)**
Total non-controlling interests	**1,635**	**1,505**	**8.6**

BUSINESS SEGMENT PERFORMANCE

Qian Hu is an integrated "one-stop" ornamental fish service provider ranging from breeding of Dragon Fish, farming, importing, exporting and distributing of ornamental fish as well as aquarium and pet accessories to local and overseas customers.

Currently, Qian Hu has presence in six countries, namely, Singapore, Malaysia, Thailand, Indonesia, China and United Kingdom, which consists of eleven subsidiaries and an associate (collectively known as "the Group").

The Group has three main business activities - Ornamental Fish, Accessories and Plastics. For the financial year ended 31 December 2015, the Group recorded revenue of $78.0 million, of which approximately 86% was contributed by the core businesses (Ornamental Fish and Accessories), while Plastics contributed the remaining 14%. The Accessories business accounted for the bulk of the Group's operating profit at 43%, compared to 30% from Ornamental Fish and 27% by Plastics.

	Ornamental Fish	Accessories	Plastics	Others	Total
FY2015					
Revenue	31,372	35,399	11,199		77,970
Profit before tax	790	1,146	723	(2,110)	549
FY2014					
Revenue	35,371	37,523	10,632		83,526
Profit before tax	1,105	1,728	423	(2,158)	1,098

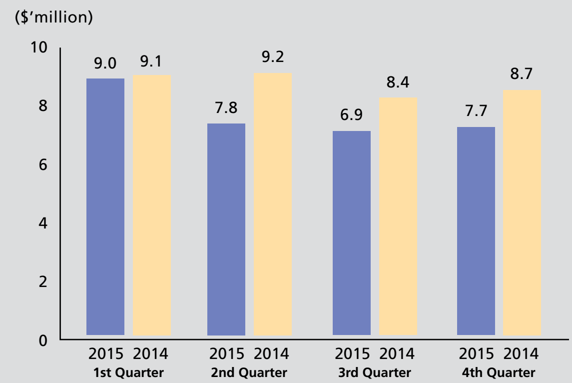
ORNAMENTAL FISH

The Group engages in the total ornamental fish process, which includes import, export, breeding, quarantine, conditioning, farming, wholesales and distribution activities. Through its distribution hubs in Singapore, Malaysia, China, Thailand and Indonesia, Qian Hu exports over 1,000 species and varieties of ornamental fish directly to more than 80 cities and countries as well as distributes to domestic retailers and exporters, reinforcing Singapore's premier reputation as the Ornamental Fish Capital of the World.

REVENUE

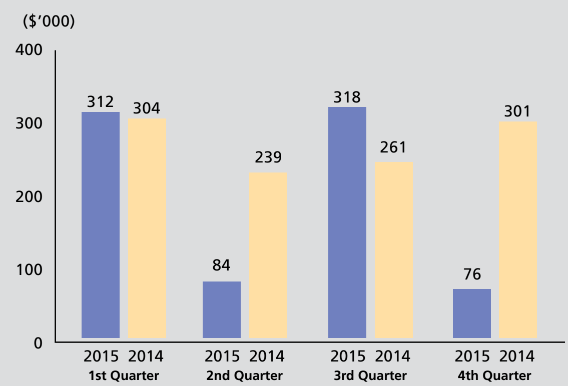
The reduction in revenue was mainly due to the persistent sluggish global economy. As the Eurozone continues to struggle to resolve its long unsettled crisis, it has affected the purchasing sentiments of our European customers. The export business with Russia also decreased with sanctions and falling oil prices taking a toll on the Russian economy. This existing prolonged recession in Europe, which is unprecedented, has a negative impact on the revenue contribution as more than 20% of the Group's Ornamental Fish business is derived from European countries.

Concurrently, the slowing down in the demand of Dragon Fish from the China domestic market, as a result of its economy being hit by extreme stock market volatility and weak economic data since the 2nd half of 2015, has deterred the revenue contribution to this business segment.



PROFITABILITY

Although the Ornamental Fish export business continued to generate respectable profit margins, the plunge in revenue contribution as a result of the economic predicament and the political turmoil in Europe, coupled with a gradually sluggish China domestic market, as mentioned above, has resulted in a dip in its profitability.



OUTLOOK/STRATEGIC INITIATIVES

Ornamental fish will continue to be an important core business activity of the Group, nonetheless, the overall outlook remain challenging in FY 2016. In order to alleviate the setbacks faced in view of the unprecedented disconcerted business environment, moving forward, Qian Hu will endeavor to intensify its export business by diversifying to more customers and more countries around the world from its export hubs in Singapore, Malaysia, China, Thailand and Indonesia, focusing on high-growth regions such as Turkey, USA and the Middle East, while awaiting market conditions to improve in order to seize the opportunities when relevant.

At present, it is believed that Qian Hu is the region's biggest exporter of ornamental fish, capturing more than 5% of the global market share in terms of ornamental fish export. The long-term goal is to gradually increase its global market share to 10% and that the Group is able to export ornamental fish to more than 100 countries – this will make it the top ornamental fish exporter in the world.

While putting in efforts in exploring more overseas markets, Qian Hu will also leverage on its research & development capability to improve the ornamental fish packaging technology and quarantine skills to further differentiate itself from the other industry players. The Group is also exploring the feasibility of pursuing high-end agriculture, such as bio-secured farming of selected fish species. This will mitigate and manage risks related to negative weather conditions that will affect fish farming so as to ensure the consistency in the supply of these fish species.

Qian Hu's concept of a next-generation high-technology fish farm is to keep fish using its proprietary HYDROPURE technology to automate the process with less reliant on manual manpower to monitor the system, which should increase the effectiveness, efficiency and productivity of its work force. With the completion of the automation of the fish operations in Singapore in FY 2015, its fish farm in Singapore has transformed into a truly high-technology and cost effective fish farm. The automated system will then be replicated to its regional fish hubs in Malaysia, China, Thailand, and Indonesia.

ACCESSORIES

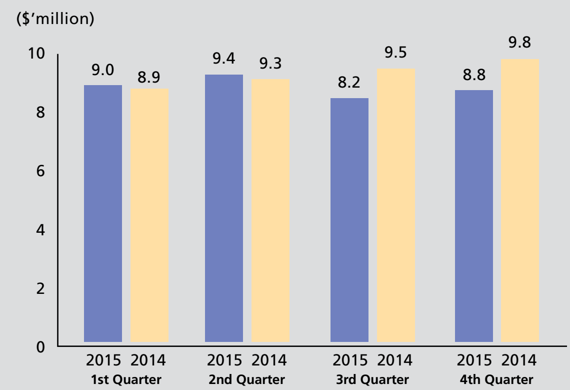
The distribution of accessories complements the ornamental fish operations by providing a "one-stop" shop to meet customers' aquarium needs. The Group distributes more than 3,000 types of aquarium and pet accessories of our own proprietary brands and for more than 20 major manufacturers and principals to local retailers and wholesalers mainly in Asia and Singapore.

In addition, since 2004, Qian Hu started penetrating the retail market with a chain store concept, "*Qian Hu -- The Pet Family*", which it intends to professionalise a highly fragmented market to mass market a niche industry. It has retail chain stores in China, Malaysia and Thailand. All the chain stores sell both ornamental fish and related aquarium & pet accessories while some stores also provide pet grooming activities.

REVENUE

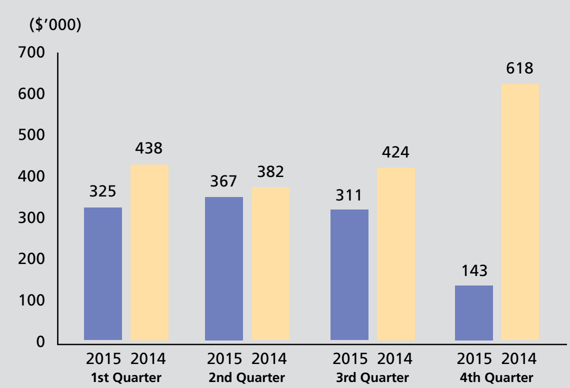
Revenue declined mainly due to lower revenue contribution from the Malaysia subsidiaries as retailers were not keen to stock-up, citing lower consumer traffic across all states in Malaysia. The customers were more careful in making spending decisions seeing the vulnerability of the Malaysian Ringgit and sentiments were further compounded by rising domestic political concerns and economic predicament. In addition, the depreciation of Malaysian Ringgit against Singapore Dollar since the beginning of the financial year has resulted in a lower revenue contribution registered by the Malaysia entities when translated into Singapore Dollar (reporting currency).

The delicate China economy has also somewhat affected the sales of aquarium accessories in the China domestic market.



PROFITABILITY

The dive in profitability was in line with the significant reduction in revenue contribution due to reasons as mentioned above. The profitability of the Malaysia subsidiaries was also trimmed down by the adverse impact on the depreciation of its local currency during the financial year. Moreover, the difference in sales mix, as well as the on-going efforts made to capture more sales, has sliced off the profitability of this business segment.



OUTLOOK/STRATEGIC INITIATIVES

Qian Hu's export footprints for aquarium and pet accessories will continue to expand. Currently, the Group exports its accessories products to approximately 40 countries. It is the Group's intention to grow its export of aquarium and pet accessories to as many countries as our ornamental fish export.

The Group strives to revive its shrunken accessories revenue with the strengthening of its marketing efforts in building up its own proprietary brand names. It will keep on differentiating itself through innovative products and services, especially through the introduction of more of its revolutionary HYDROPURE technology range of accessories products into the ornamental fish industry, as well as to venture into commercial units for fish farms and aquaculture use. It is important that the Group invests perpetually in research and development activities and innovative product development and to ensure consistency in the quality of its products.

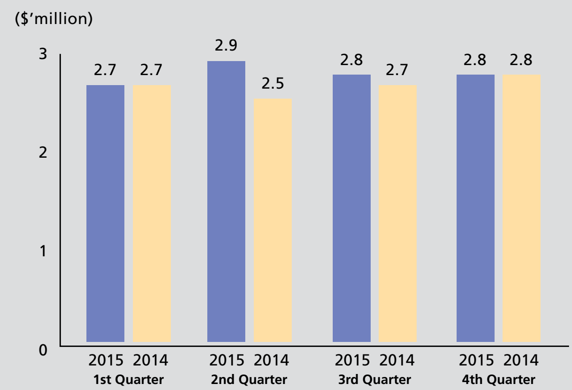
As Qian Hu is operating in a niche lifestyle and service industry, by leveraging on its proprietary brands, strong R&D efforts and an efficient supply chain management, it should improve its revenue contribution and achieve a respectable profit margin.

PLASTICS

As an ancillary business, the Group manufactures plastic bags for its own use in the packing of ornamental fish for sale in a separate factory located in Woodlands. The plastic bags are also supplied to third parties in the ornamental fish, food and electronics industries.

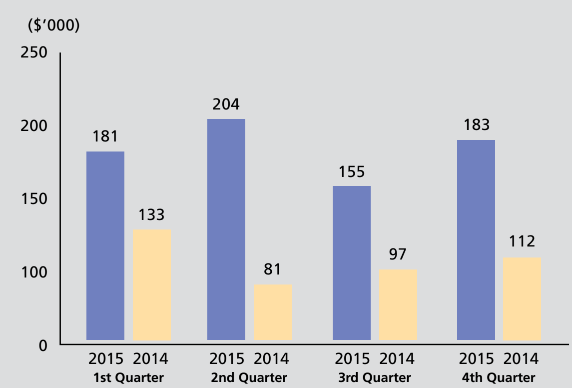
REVENUE

Since the beginning of the previous financial year, the revenue contribution from the Plastics business was affected by a temporary reduction in market demand as a result of the upward revision in selling prices of the plastic products in view of the increase in raw material prices then. With the stabilisation of market selling prices, there was gradual resumption in demand of the plastic products since the 2nd half of 2014.



PROFITABILITY

With stable revenue registered, coupled with the improved profit margins following the stabilisation of both the raw material prices as well as the selling prices of the plastic products, it had given rise to the improvement in profit contribution throughout the financial year.



OUTLOOK/STRATEGIC INITIATIVES

The Group's plastics business has demonstrated its tenacity and ability to react in accordance with the ever changing business environment. Going forward, it will work on building up a competitive workforce while expanding its distribution channels with a wider range of plastic products.

By staying focused, relentlessly pursuing business excellence and enhancing its operational efficiency, the business segment is equipped with the essentials to enjoy better long-term prospects.

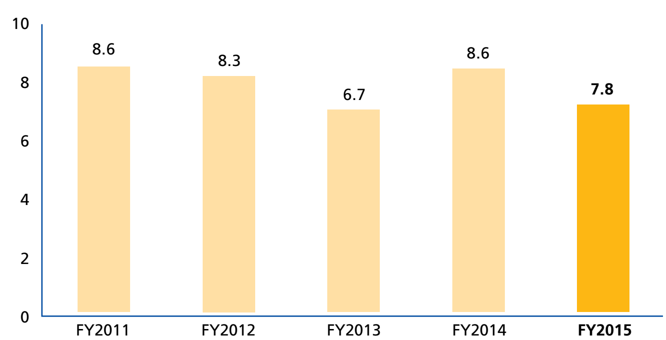
CAPITAL MANAGEMENT AND SHAREHOLDERS RETURNS

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

As at 31 December 2015, credit facilities in the form of short-term loans, bank overdrafts, letter of credit and other banking facilities provided by major banks to the Group amounted to approximately $24.3 million of which $14.3 million was utilised.

CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS
($'million)



Overall, the Group's cash and cash equivalents decreased by approximately $0.8 million in FY 2015 to $7.8 million as compared to approximately $8.6 million a year ago.

The movements in cash and cash equivalents during both financial years are set out as follows:

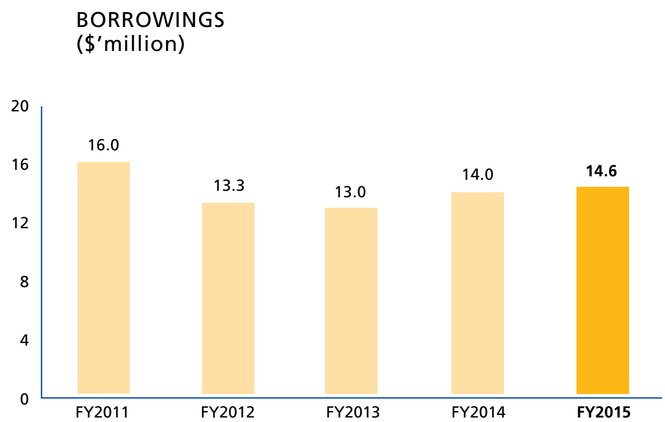
The reduction in the Group's **net cash from operating activities** in FY 2015 was mainly due to lower profit generated, coupled with prompt settlement of trade and other payables.

Net cash used in investing activities was mainly related to capital expenditure incurred for on-going enhancement to the infrastructure and farm facilities in Singapore and overseas.

During the financial year, the net cash proceeds received from banks borrowings were mainly utilised for the payment of dividends to the non-controlling interests of a subsidiary and the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments. The above, coupled with the payment of final dividends to the shareholders of the Company in April 2015, resulted in **net cash used in financing activities.**

	2015 $'000	2014 $'000
Net cash from operating activities	1,538	3,948
Net cash used in investing activities	(1,664)	(1,771)
Net cash used in from financing activities	(552)	(403)
Net (decrease) increase in cash and cash equivalents	(678)	1,774
Cash and cash equivalents as at end of year	**7,772**	**8,557**

LOANS AND BORROWINGS



The Group borrows from local and foreign banks mainly in the form of short-term and long-term loans. Unsecured borrowings constituted approximately 98.5% (31/12/2014: 98.0%) of total loans and borrowings with the balance secured by a mortgage on the freehold land held by a subsidiary.

The Group is in compliance with all borrowing covenants for the financial year ended 31 December 2015.

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

The weighted average effective interest rates of **bills payable to banks** is 5.65% (31/12/2014: 5.65%) per annum. These bills mature within one to four months from the reporting date.

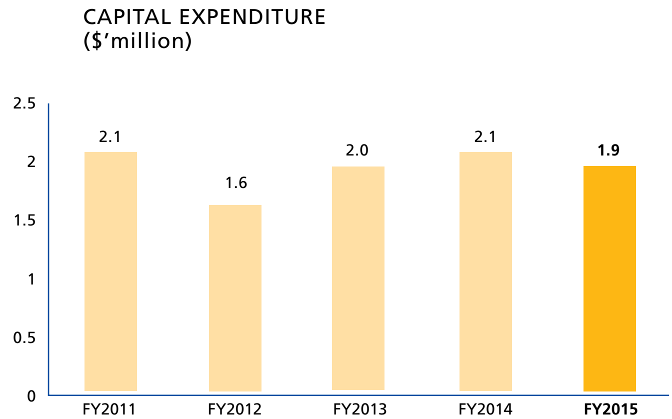
The unsecured **short-term loans** are revolving bank loans that bear interest at rates ranging from 1.875% to 2.30% (31/12/2014: 1.28% to 1.78%) per annum and are repayable within the next 12 months from the financial year end.

The **long-term loan** is a bank loan of Baht 8.0 million secured by a mortgage on the subsidiary's freehold land and is callable on demand. It bears interest at 6.75% (31/12/2014: 6.75%) per annum and is payable in 50 monthly instalments commencing September 2014.

	2015 $'000	2014 $'000
Current liabilities:		
Bills payable to banks (unsecured)	580	409
Finance lease liabilities	135	132
Short term bank loans (unsecured)	13,500	13,000
Long term bank loan (secured)	212	296
	14,427	13,837
Non-current liabilities:		
Finance lease liabilities	142	155
Total borrowings	**14,569**	**13,992**

As at 31 December 2015, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately $1.7 million (31/12/2014: $1.8 million).

CAPITAL EXPENDITURE



In FY 2015, there was approximately $0.6 million of capital expenditure incurred in relation to the automation of the Singapore fish farm with the use of HYDROPURE technology so as to transform it into a high-technology and cost effective fish farm. Another $0.7 million was utilised to progressively replicate this automated system to the regional fish hubs in Thailand, China and Indonesia. In addition, there were on-going improvements to infrastructure and construction work undertaken overseas on the farm facilities so as to enhance operational efficiency.

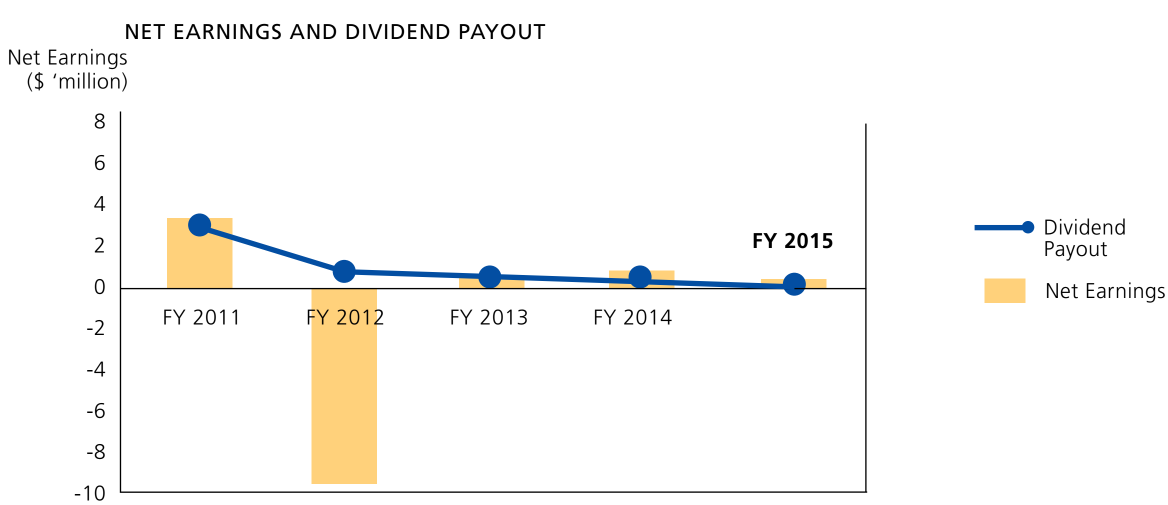
The Group expects to incur a lower amount of capital expenditure in FY 2016 with the completion of the automation process of its Singapore farm operations.

SHAREHOLDER RETURNS

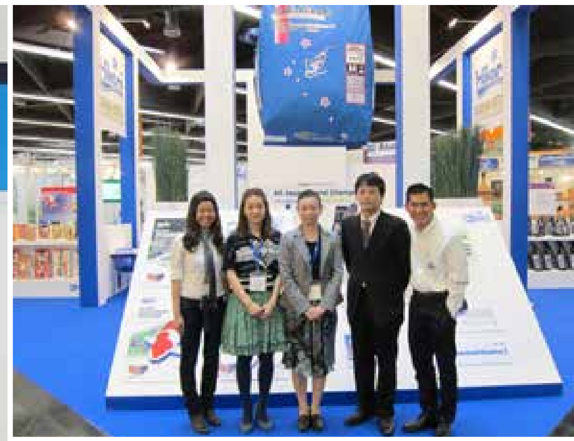
The Company's priority is to achieve long-term capital growth for the benefit of the shareholders. The bulk of its profits, when made, shall therefore be retained for investment into the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income out of their investment in the Company. Therefore, the Company strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividend to reward its shareholders for their loyalty and support to the Company over the years. As such, it has not set a concrete dividend policy at present.

Qian Hu paid a final cash dividend of 0.1 Singapore cents per ordinary share for the financial year 2014. For the financial year ended 31 December 2015, following a share consolidation exercise, the Directors are pleased to declare a final dividend of 0.2 Singapore cents per ordinary share (one-tier tax exempt), amounting to approximately $227K. The proposed dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 23 March 2016, will be paid out on 21 April 2016.

The proposed dividend took into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors.



CUSTOMERS



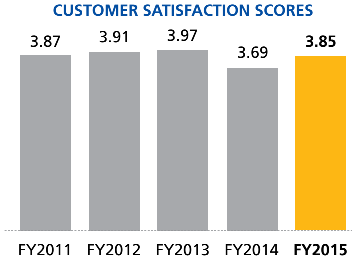
CUSTOMERS KPIs

1. INCREASE CUSTOMER SATISFACTION

Target : Increase customer satisfaction level.

Outcome : Improved customer satisfaction based on customer surveys.

CUSTOMER SATISFACTION SCORES



Customers are our priority. Our future depends on having strong customer relationships, which we strive to reinforce by providing reliable services, possessing adequate product knowledge and supplying a good variety of quality products. We have an international customer base that is located in more than 80 cities and countries around the world. Due to the nature of the ornamental fish distribution business, flight accessibility and connectivity, as well as having an efficient distribution infrastructure at the port of call, are absolutely critical to fulfil timeliness of delivery and low DOA (dead-on-arrival) rates.

All of our customers have easy access to provide feedback and make inquiries through our sales and marketing personnel and senior management. Channels of contact include dedicated marketing executives assigned to specific customers, Qian Hu's website, as well as trade shows and exhibitions. Multi-prong contacts are established through regular visits and dialogue with customers via telephone calls, faxes, emails and formal/informal meetings.

At Qian Hu, customer satisfaction is tracked through regular Customer Satisfaction Surveys, Customer Commendations, Performance Indices and Front Line Staff Feedback.

EMPLOYEES

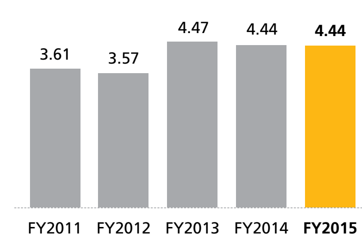
EMPLOYEES KPIs

1. MAINTAIN HIGH EMPLOYEE SATISFACTION

Target : Build a satisfied and motivated workforce.

Outcome : Employee opinion survey conducted annually indicate positive satisfaction level.

OVERALL SATISFACTION SCORES

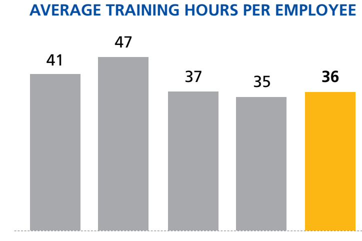


2. PEOPLE DEVELOPMENT

Target : Provide employees with learning opportunities.

Outcome : Sufficient training hours to enable our people to broaden their exposure and enhance their skills.

AVERAGE TRAINING HOURS PER EMPLOYEE



OUR HUMAN RESOURCE PHILOSOPHY

People excellence is one of Qian Hu's four strategic values that form the essence of the Group's core values and is very much a key ingredient to its continued sustainability as a global leader in ornamental fish distribution.

As at 31 December 2015, the Qian Hu Group has a total of 507 employees of whom 181 were based in Singapore, while the rest were from its overseas subsidiaries in Malaysia, China, Thailand and Indonesia. Out of these, 18.7% had been with the Group for more than 10 years, while 20.7% had clocked between 5 to 10 years.

As a People Developer and a recipient of the People Excellence Award by SPRING Singapore in 2009, Qian Hu firmly believes in developing excellence in our people – our best asset – through human resources management. We are committed in engaging and developing employees to their fullest potential so as to enable them to participate and contribute effectively to the future growth of Qian Hu.

We believe that our satisfactory track record of retaining our people is attributable to our unique "People First" corporate culture which seeks to integrate everyone into the extended "Qian Hu family". Teamwork, entrepreneurship are deeply entrenched in our corporate culture and we believe our emphasis on these tenets will continue to nurture a competent workforce. All the Qian Hu family members are encouraged to converge fun and creative thinking in our daily lives, not limited to just the workplace but outside of work as well.

EMPLOYEE COMMUNICATIONS

In ensuring open communication channels with our employees across the Group on the business developments and activities of the Group, we publish bi-annual in-house newsletters "FISH MATRIX" which are disseminated via hard copies and made available on our website as well. All the senior managers from the divisions/subsidiaries also hold regular briefings with our employees to ensure that important and inspiring messages are personally delivered and emphasised.

In 2014, Qian Hu has also responded to new technology and developed a novel, expedient way to disseminate corporate messages to its employees. It set up its own short messaging (SMS) broadcast system to send notifications such as staff activities, reminders and other staff communications content in a much quicker manner, and the response from the employees was very positive.

TRAINING

Qian Hu aims to be an employer of choice, and continually work hard to attract, retain and develop talent. Our training budget is pegged at approximately 2% of our total payroll, and each employee spends approximately 36 hours on average in training in 2015. Apart from on-the-job training, employees were sent for training on workplace safety, supervisory skills, problem solving and language enhancement courses. In fact, Qian Hu's training participation rates for past years and training intensity as defined by the Ministry of Manpower (MOM), are comparable and better in most categories than the national averages.

FEEDBACK PLATFORMS

Qian Hu takes a holistic approach in assessing the performance of the organisation as a whole, which also serves as a gateway to building stronger working relationships across all levels. Appraisal tools are used to assess the effectiveness of our senior managers in terms of their leadership and personal involvement in maintaining an innovative, customer-focused and people-centric environment. An Employees Opinion Survey is also used to provide feedback, thus enabling the senior management team to gain awareness on how others perceive their behaviour and performance as a leader.

QIAN HU'S SUCCESSION PLANNING

Succession planning is an essential process for maintaining growth momentum and business continuity, no matter how certain the future holds. Since 2004, Qian Hu has put in place a structured succession programme to prepare a team of future leaders for the Group's long-term sustainability. This rigorous grooming process, which involves having them rotated to the various location within the Group to handle different portfolios and to see how they can perform in challenging business environments, would ensure that they embrace the Group's culture of placing Qian Hu's interests before personal interests, be able to handle stress, and yet be hungry and ambitious. The future CEO will be assessed and nominated by the Board's Nominating Committee and supported with peers appraisals. It is the policy that the selection would be based purely on the individual's merit, such that the Yap family members would not be given any special preferences.

SOCIETY

COMMUNITY INVOLVEMENT AND DEVELOPMENT

Qian Hu's Community Engagement Policy is based on 3Cs – Charity, Community and Commitment. We proactively seek opportunities to participate in initiatives to promote philanthropy, business and entrepreneurship in our community. We also believe that by integrating social responsibility throughout an organisation and getting our Qian Hu Family to work cohesively together on these initiatives, we bring benefits not only to the community but also to ourselves as the same spirit of commitment and working together for the common cause is crucial in unifying a workforce.

Since 2001, our employees are encouraged to donate to selected charities and the Company matches dollar-for-dollar that its employees donated. The Company also conducts free farm visits for underprivileged children and handicapped welfare groups, and contributes fish to schools and helps to replenish fish stocks in our local reservoirs. Through our subsidiary in Malaysia, we donate dog food to animal shelters as well.

In 2015, Qian Hu has committed more than 35 hours on public speaking and sharing sessions with the wider community, ranging from local institutions and schools to international business groups. Since 2004, more than 8,500 participants, both locally and overseas, have benefitted from these sharing sessions, which are mainly to advocate the best practices in our Business Excellence journey.

In addition, Qian Hu offers internships to the Teachers' Network as well as various polytechnics in Singapore.

Our senior management team are also actively engaged in various committees such as AVA's Ornamental Fish Business Cluster and the Singapore Aquarium Fish Exporters' Association. We believe that through these platforms we can value-add to the business community by sharing our entrepreneurial and industry experiences.

ENVIRONMENT MANAGEMENT

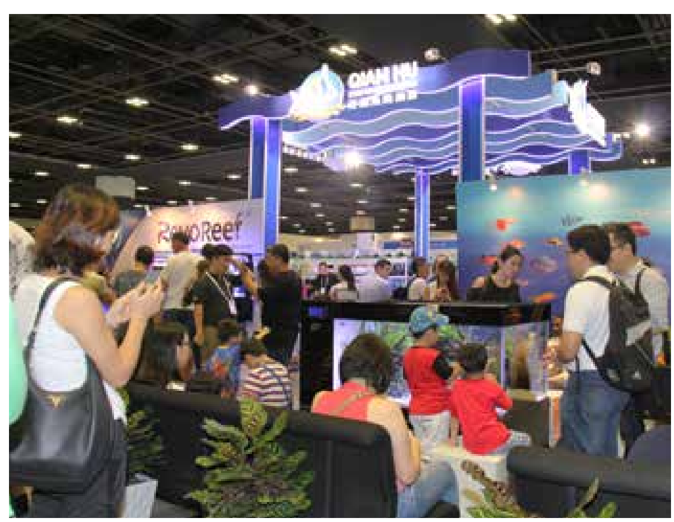
Preserving the environment is necessary for the long term sustainability of our business, the coexistence of which is intertwined. While creating value in our business, we aim to minimise the impact that our activities have on the environment and proactively seek alternative means for more effective and sustainable use of resources. Since 1998, Qian Hu has been complying with the regulatory requirements of the ISO14001 certified Environmental Management System where we strive to preserve and recycle our natural and reusable resources in our daily activities of fish breeding, nurturing, retailing, trading and export.

We also aim to align our economic interests with environmental concerns and this is especially relevant for businesses like Qian Hu where we have products that come from nature and the processes we carry out do impact the environment. We are mindful that we will not be able to carry out some of our core business activities without the natural resources around us, and our priority is to help preserve this environment. It is with this in mind that we have developed Qian Hu's Environment Policy to minimise the environmental impact of our operations, to which we are committed to comply with all applicable laws, regulations and standards and to collaborate with the relevant authorities and with other companies of the sector to develop standards and practical guides aimed at protecting natural resources, and the environment.

We have since put in place a waste management programme to track wastage, pursue recycling efforts and trim down the use of environmentally unfriendly packaging materials. Qian Hu's Annual Reports have been printed using either recycled or environmentally friendly paper since FY 2007.

We are also watchful of our energy consumption and besides tracing and implementing measures to reduce and promote the reduction of energy consumption, we have switched to alternative sources of energy through the use of solar panels in one of our subsidiaries.

Going forward, Qian Hu has plans in the pipeline to continuously source for and engage in green initiatives which are practicable and relevant to Qian Hu, such as Project Eco-Office which helps offices implement effective environmentally-friendly practices, as well as various other schemes administered by regulatory authorities such as the National Environment Agency (NEA), Building and Construction Authority (BCA), Economic Development Board (EDB) and Public Utilities Board (PUB).



REGULATORS

Since our listing on the Singapore Exchange in 2000, Qian Hu has been unwavering in our commitment to the highest standards of corporate governance. Our efforts have been recognised continually by the business communities in Singapore and overseas, and we have been lauded for our consistent efforts in board management, risk governance, disclosure and sustainability, and in ensuring that the Group complies wholeheartedly with all the rules and regulatory requirements. Our compliance culture is anchored on transparency, responsiveness and an emphasis on respecting both the letter and spirit of the law and regulations in the countries we operate in.

While our focus on the best practices in corporate governance forms the basis for sustainable management, Qian Hu has also aligned itself with the best practices in other aspects of its operations as well. We also seek out necessary environment standards such as CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), ISO9001:2008 and ISO 14001:2004.

Members of our senior management team are regularly engaged in regulatory and industry forums. We believe our insights and experiences from operating locally and in the region can contribute to the formulation of robust provident rules and regulations. Our Executive Chairman and Managing Director, Mr Kenny Yap, is the Advisor of the Ornamental Fish Business Cluster (OFBC) initiated by Agri-Food & Veterinary Authority of Singapore (AVA) in 2003 – the think tank and main body for the ornamental fish industry in Singapore. OFBC is instrumental in addressing the challenges and charting new directions for the industry, as well as in raising the international profile of Singapore's ornamental fish industry.

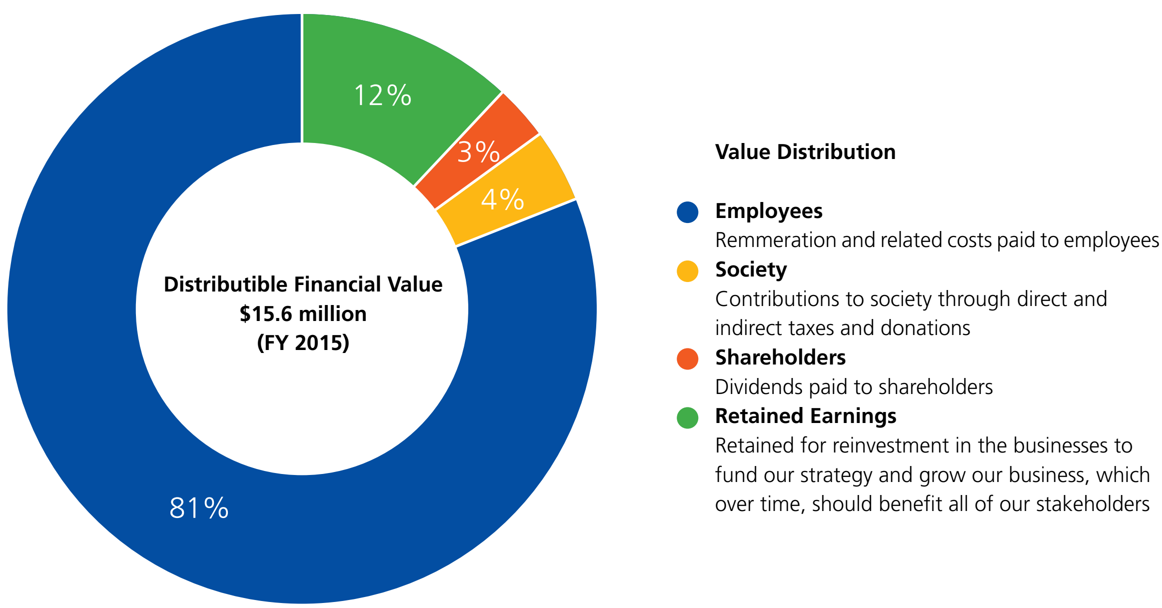
In addition, our newly-appointed Independent Director, Dr Ling Kai Huat, had spent more than 23 years in AVA, with the majority of that time as head of its ornamental fish section.

VALUE DISTRIBUTION

DISTRIBUTING THE VALUE CREATED

We create value for our stakeholders in multiple ways. Some of these manifest in financial value while others bring about more intangible benefits.

We define distributable financial value-add as net profit before interest, remmeration and related costs, taxes (direct and indirect) and certain donations. In FY 2015, the distributable financial value and amounted to approximately $15.6 million (FY 2014:$16.6 million). This was distributed to our stakeholders as shown in the chart below.



PRODUCTIVITY DATA

	2015	2014
Number of employees	507	506
Value added per employee ($'000)	31	33
Value added per $ of employment cost	1.24	1.31
Value added per $ sales	0.20	0.20
Value added per $ of investment in property, plant and equipment	0.43	0.47

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Qian Hu Corporation Limited (the "Company") and its subsidiaries (the "Group") are firmly committed to ensuring a high standard of corporate governance which is essential to the long-term sustainability of the Group's business and performance.

This report, set out in a tabular form, describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2015, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") issued in May 2012, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited.

The Board is pleased to confirm that for the financial year ended 31 December 2015, the Group has adhered to the principles and guidelines as set out in the Code, where appropriate.

I. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Qian Hu Corporate Governance practices
1.1 The Board's role is to : (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; (c) review management performance; (d) identify the key shareholder groups and recognise that their perceptions affect the company's reputation; (e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to: • guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives; • establish and oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance; • review and approve annual budgets, major funding proposals, investment and divestment proposals; • monitor the performance of the management; • set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met; • consider sustainability issues such as environmental factors; and • assume responsibility for corporate governance.
1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	All directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.
1.3 The Board may delegate the authority to make decisions to any board committee but without abdicating its responsibility. Any such delegation should be disclosed.	To assist the Board in the execution of its responsibilities, various Board Committees, namely the Executive Committee, Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Risk Management Committee ("RMC") have been constituted with clearly defined terms of reference. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance.

Guidelines of the Code		Qian Hu Corporate Governance practices
		All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Minutes of the Board Committee meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. Details on Board's delegation are set out in Guideline 1.5. Please refer to Table 1 – Board and Board Committees.
1.4	The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report.	The schedule of all the Board and Board Committee meetings as well as the Annual General Meeting ("AGM") for the next calendar year is planned well in advance. The Board meets at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. The Articles of Association of the Company provide for directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions. Please refer to Table 2 – Attendance at Board and Board Committee Meetings.
1.5	Every company should prepare a document with guidelines setting forth : (a) the matters reserved for the Board's decision; and (b) clear directions to Management on matters that must be approved by the Board. The types of material transactions that require board approval under such guidelines should be disclosed in the company's Annual Report.	The Group has adopted internal guidelines governing matters that require the Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees and the Management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary. The Delegation of Authority matrix forms a guideline and provides clear directions on matters requiring Board's approval which include: • annual budgets and business plan of the Group; • material acquisition and disposal of assets; • investment, divestment or capital expenditure exceeding $1 million; • corporate or financial restructurings; • issuance of shares; • declaration of interim dividends and proposal of final dividends; • interested person transactions of a material nature; and • announcement of the Group's quarterly, half year and full year results and the release of the Annual Reports.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code	Qian Hu Corporate Governance practices
1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's Annual Report the induction, orientation and training provided to new and existing directors.	When the directors were appointed, the Company conducted a comprehensive orientation programme, which was presented by the CEO, to provide them with extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and to meet with the Management to gain a better understanding of the Group's business operations. The orientation programme gives the directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows the new directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management. The Board as a whole is updated regularly on risk management, corporate governance, industry specific knowledge and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members. New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the directors are circulated to the Board. The Company Secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook. ***Seminars and trainings attended by directors in FY 2015*** The details of updates, seminars and training programmes attended by the directors in FY 2015 include: • the external auditors, KPMG LLP, briefed the AC and the Board on the developments in financial reporting and governance standards • the CEO updated the Board at each meeting on business and strategic developments pertaining to the Group's business • Seminar on "Financial Reporting Updates" organised by EY LLP • The Director and CFO Forum: Strengthening Financial Governance organised by the Institute of Singapore Chartered Accountants • Global Corporate Governance Conference organised by Securities Investors Association (Singapore) • Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore organised by the Singapore Institute of Directors
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	A formal letter of appointment is furnished to the newly-appointed director, Dr Ling Kai Huat, upon his appointment during the financial year, explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Qian Hu Corporate Governance practices
2.1 There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.	The Board comprises eight directors of whom four are independent directors. Please refer to Table 1 – Board and Board Committee.
2.2 The independent directors should make up at least half of the Board where: (a) the Chairman of the Board (the "Chairman") and the chief executive officer (or equivalent) (the "CEO") is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director.	Where the Chairman and the CEO is the same person, the independent directors should make up at least half of the Board. With the appointment of Dr Ling Kai Huat in August 2015, the Company has complied with the relevant guideline of the Code as half of the Board is now make up of independent directors.
2.3 An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the Nominating Committee ("NC"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. If the Board wishes to consider the director as independent, in spite of the existence of one or more of these relationships as defined in the Code, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	The independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgments. Each independent director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. During the financial year, the Group received professional services rendered from Alchemy Business Consultants and Corporate Alliance Pte Ltd, which Mr Chang Weng Leong and Ms Sharon Yeoh Kar Choo has an interest respectively. The NC is of the view that the business relationship with Alchemy Business Consultants and Corporate Alliance Pte Ltd has not interfered with the exercise of independent judgement in the best interest of the Company by Mr Chang and Ms Yeoh in the discharge of their duties as directors. As such, they should be deemed independent. Accordingly, the NC has determined that all the four non-executive directors are independent. With four of the eight directors deemed to be independent, including independence from the substantial shareholders of the Company, the Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board's decision making. The Board has no dissenting view on the Chairman's Statement to the shareholders as set out on pages 10 to 12 of this Annual Report for the financial year under review.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code		Qian Hu Corporate Governance practices
2.4	The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.	The Board recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution to the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board. Currently, Mr Chang Weng Leong and Mr Tan Tow Ee have served on the Board for more than nine years from the date of their first appointment. The Board has subjected their independence to a particularly rigorous review. The Board is of the view that Mr Chang Weng Leong and Mr Tan Tow Ee have demonstrated strong independence character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has resolved that Mr Chang and Mr Tan continue to be considered independent directors, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.
2.5	The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees. The Board should not be so large as to be unwieldy.	The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of between six to eight members as appropriate. The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.
2.6	The Board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	To assist the NC in its annual review of the directors' mix of skills and experiences that the Board requires to function competently and efficiently, all directors submitted a Director Competency Matrix Form, providing information of their areas of specialization and expertise. The NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business. The Board includes two female directors in recognition of the importance and value of gender diversity.

Guidelines of the Code	Qian Hu Corporate Governance practices
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.	The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objective. For this to happen, the Board, particularly the independent directors, which are non-executive directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the independent directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively. The independent directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought, and in circulation on the relevant information on latest market development and trends, and key business initiatives in relation to the Group or the industries in which it operates.
2.8 To facilitate a more effective check on Management, non-executive directors are encouraged to meet regularly without the presence of Management.	The independent directors meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Qian Hu Corporate Governance practices
3.1 The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.	The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the CEO and Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered. All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the AC. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC, NC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code	Qian Hu Corporate Governance practices
3.2 The Chairman should: (a) lead the Board to ensure its effectiveness on all aspects of its role; (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the Board; (d) ensure that the directors receive complete, adequate and timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the Board and between the Board and Management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance.	The Group's Executive Chairman and CEO, Mr Kenny Yap Kim Lee, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. In addition to managing the day-to-day business operations of the Group, he is to ensure that each member of the Board and the Management works well together with integrity and competency. As the Executive Chairman and CEO, he, with the assistance of the Company Secretary, schedules Board meetings as and when required and prepares the agenda for Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate, and ensures that independent directors are able to speak freely and contribute effectively. In addition, he sets guidelines and exercise control over the quality, quantity, accurateness and timeliness of information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices with the full support of the Board, Company Secretary and the Management.
3.3 Every company should appoint an independent director to be the lead independent director where (a) the Chairman and the CEO is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team or; (d) the Chairman is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the chief financial officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.	The Board has appointed Mr Tan Tow Ee as the lead independent non-executive director to co-ordinate and to lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Executive Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Executive Chairman and CEO or CFO has failed to resolve or is inappropriate.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the Chairman after such meetings.	The independent directors, led by the lead independent director, meet amongst themselves without the presence of the other directors where necessary, and the lead independent director will provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines of the Code	Qian Hu Corporate Governance practices
4.1 The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three directors, the majority of whom, including the NC Chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	The Board established the NC in July 2002 which consists of three independent directors. The NC Chairman is not associated in any way with the substantial shareholders of the Company. Please refer to Table 1 – Board and Board Committee – on the names of the members and the composition of the NC. The key terms of reference of the NC are set out on page 66 of this Annual Report.

Guidelines of the Code	Qian Hu Corporate Governance practices
4.2 The NC should make recommendations to the Board on relevant matters relating to : (a) the review of board succession plans for directors, in particular, the Chairman and for the CEO; (b) the development of a process for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programs for the Board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable). Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.	The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board and key management personnel's succession and leadership development plans. ***Succession planning for Board and Management*** Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory. The NC reviews the succession and development plans for key management personnel, which are subsequently approved by the Board. As part of this annual review, the successors to key positions are identified, and development plans instituted for them. *(more details are set out in the "Qian Hu's succession planning" section on page 33 of this Annual Report)* ***Process for selection and appointment of new directors*** The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors. When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC seeks potential candidates widely and beyond directors/management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director. During the financial year, Dr Ling Kai Huat was appointed as a new independent non-executive director of the Company after the NC has gone through the above procedures. The NC and the Board considered Dr Ling is the best fit for the position. ***Process for re-appointment of directors*** The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code		Qian Hu Corporate Governance practices
		All directors, including the CEO, submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Article 88 of the Company's Article of Association provides that a newly appointed director must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years. The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.
4.3	The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.	The NC is charged with determining the independence of the directors as set out under Guideline 2.3 and 2.4 above. The Board, after taking into consideration the views of the NC, is of the view that Mr Tan Tow Ee, Mr Chang Weng Leong, Ms Sharon Yeoh Kar Choo and Dr Ling Kai Huat are independent and that, no individual or small group of individual dominates the Board's decision-making process.
4.4	The NC should decide if a director is able to and has been adequately carrying out his/her duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's Annual Report.	All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Ms Lai Chin Yee, who sits on multiple boards, has been able to devote sufficient time and attention to the affairs of the Company to adequately discharge her duties as director of the Company, notwithstanding her multiple board appointments. The Company's current policy stipulates that a director should not have in aggregate more than four listed company board representations and other principal commitments concurrently so as to be able to devote sufficient time and attention to the affairs of the Company to adequately discharge his/her duties as director of the Company.
4.5	Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the Board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	Currently, there is no alternate director on the Board.

Guidelines of the Code		Qian Hu Corporate Governance practices
4.6	A description of the process for the selection, appointment and re-appointment of directors to the Board should be disclosed in the company's Annual Report. This should include disclosure on the search and nomination process.	Please refer to Guideline 4.2 above.
4.7	The following information regarding directors, should be disclosed in the company's Annual Report: • academic and professional qualifications; • shareholding in the company and its related corporations; • board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director; • directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; • indicate which directors are executive, non-executive or considered by the NC to be independent; and • the names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.	The profiles of the directors are set out on pages 14 to 17 of this Annual Report. The shareholdings of the individual directors of the Company are set out on page 78 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company. Directors who are seeking re-appointment at the forthcoming AGM to be held on 23 March 2016 are stated in the Notice of AGM set out on pages 135 to 139 of this Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines of the Code		Qian Hu Corporate Governance practices
5.1	Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board. The Board should state in the company's Annual Report how the assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.	The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made. The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code	Qian Hu Corporate Governance practices
	Board Evaluation During the financial year, all directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The completed evaluation forms were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board. The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities as set out in their respective terms of reference, and financial targets which include profit after tax, earnings per share, return on assets, debt-equity ratio, dividend payout ratio and total shareholder return. ***Individual Director Evaluation*** Individual director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. Some factors taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and business knowledge and experience each director possess which are crucial to the Group's business. ***Chairman Evaluation*** The evaluation of the Chairman of the Board is undertaken by the RC and the NC, and the results are reviewed by the Board. The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision-making by the Board. He has also to ensure that Board Committees formed were appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.
5.2 The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value.	The NC and the Board reviews its performance against qualitative and quantitative targets on an annual basis. Please refer to Guideline 5.1 above.

Guidelines of the Code	Qian Hu Corporate Governance practices
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.	The primary objective of the board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees. The individual director evaluation exercise assists the NC in determining whether to re-nominate directors who are due for retirement at the forthcoming AGM, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as directors of the Company. Nonetheless, replacement of a director, when it happens, does not necessarily reflect the director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	Qian Hu Corporate Governance practices
6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfill his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	All directors have unrestricted access to the Company's records and information. From time to time, they are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's key management personnel. As a general rule, detailed Board and Board Committees papers prepared for each meeting are normally circulated five days in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the Management on financial impact, business strategies, risk analysis, regulatory implications and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects. The directors have separate and independent access to the Company Secretary and to other key management personnel of the Group at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the directors to make informed decisions is promptly furnished.
6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	The Board receives quarterly management financial statements, cash flow projections, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code		Qian Hu Corporate Governance practices
6.3	Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its board committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between the Management and independent directors. The Company Secretary assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Listing Rules of the SGX-ST, are complied with. As the primary compliance officer for the Group's compliance with the Listing Rules, the Company Secretary is responsible for designing and implementing a framework for the Management to comply with the Listing Rules, including advising the Management to ensure that material information is disclosed on a prompt basis. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.
6.4	The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and the removal of the Company Secretary are subject to the approval of the Board.
6.5	The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the Code		Qian Hu Corporate Governance practices
7.1	The Board should establish a Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	The Board established the RC in July 2002 which consists of three independent directors. Please refer to Table 1 – Board and Board Committee – on the names of the members and the composition of the RC. The key terms of reference of the RC are set out on page 67 of this Annual Report.

Guidelines of the Code	Qian Hu Corporate Governance practices
7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual directors and key management personnel. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies. The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director. In addition, the RC reviews the performance of the Group's key management personnel taking into consideration the CEO's assessment of and recommendation for remuneration and bonus. No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. During the financial year, the RC did not require the service of an external remuneration consultant.
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	Qian Hu Corporate Governance practices
8.1 A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors and key management personnel's performance.	The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code		Qian Hu Corporate Governance practices
		Executive Directors do not receive directors' fees but are remunerated as members of Management. The remuneration package of the Executive Directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. Service contracts for Executive Directors, are for a fixed appointment period and do not contain onerous removal clauses.
8.2	The RC should encourage long-term incentive schemes and review whether executive directors and key management personnel are eligible as well as to evaluate the costs and benefits of the schemes. Offers of shares or granting of options or other forms of deferred remuneration should vest over a period of time using vesting schedules, whereby only a portion of the benefits can be exercised each year. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.
8.3	The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2015 is appropriate and that the independent directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage independent directors to hold shares in the Company.
8.4	Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

	Guidelines of the Code	Qian Hu Corporate Governance practices
9.1	The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters.	Please refer to Table 3 – Remuneration of directors and top five key management personnel
9.2	The company should fully disclose the remuneration of each individual director and the CEO on a named basis. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Please refer to Table 3.
9.3	The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of said top five key management personnel.	Please refer to Table 3.
9.4	The annual remuneration report should disclose, on a name basis, with clear indication of which director or the CEO the employee is related to, the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. Disclosure of remuneration should be in incremental bands of S$50,000.	Please refer to Table 3.
9.5	The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies.	The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.
9.6	The company should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance.	Please refer to Guideline 8.1 above.

CORPORATE GOVERNANCE REPORT (cont'd)

III. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines of the Code	Qian Hu Corporate Governance practices
10.1 The Board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board reviews and approves the results as well as any announcements before its release. Shareholders are provided with the first three quarters and the annual financial reports no later than 20 days from the end of the quarter and within 15 days from the financial year end respectively. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the company's performance, position and prospects. This responsibility is extended to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.
10.2 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board review legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements. In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the directors and executive officers of the Group also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST. For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls. *(Please refer to Guideline 11.3 below)*
10.3 Management should provide all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.	The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. The Management provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. All Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making. The Management also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the company's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code	Qian Hu Corporate Governance practices
11.1 The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Risk assessment and evaluation has become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out on pages 68 to 72 of this Annual Report.
11.2 The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The AC is assisted by the Risk Management Committee ("RMC"), which was formed in FY 2013 as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation, update and maintenance of an adequate and effective risk management and internal control systems. The key terms of reference of the RMC are set out on page 67 of this Annual Report. The Group has done up a documentation on its risk profile which summarizes the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the AC and the Board annually. The documentation provides an overview of the Group's key risks, the appropriate risk tolerance limits set for the respective risks, the key personnel responsible for each identified risk type and the various assurance mechanism in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the AC. During the financial year, the AC reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting identified in the course of the statutory audit, if any, are highlighted by the external auditors to the AC.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code	Qian Hu Corporate Governance practices
11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Please refer to Guideline 11.2 above. The Board has received assurance from the CEO and the CFO at the Board meeting held on 11 January 2016 that the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including financial, operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances. Based on Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the AC, is of the view that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2015.
11.4 The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	Please refer to Guideline 11.2 above.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	Qian Hu Corporate Governance practices
12.1 The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors. The Board should disclose in the company's Annual Report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	The Board established the AC in October 2000 which now consists of four independent directors. Please refer to Table 1 – Board and Board Committee – on the names of the members and the composition of the AC. The key terms of reference of the AC are set out on page 66 of this Annual Report.
12.2 The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The Board considers that Mr Tan Tow Ee, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC. The members of the AC, collectively, have expertise or experience in accounting and related financial management and are qualified to discharge the AC's responsibilities.
12.3 The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly. The AC met four times in the financial year ended 31 December 2015 and the Executive Directors are invited to attend the meetings.

Guidelines of the Code	Qian Hu Corporate Governance practices
12.4 The duties of the AC should include: (a) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;	The AC meets on a quarterly basis to review the quarterly and audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, the AC reviews the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance so as to ensure the integrity of the financial statements.
(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);	The AC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and report to the Board annually.
(c) reviewing the effectiveness of the company's internal audit function;	The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively. The AC examines the internal audit plans, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.
(d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and	The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.
(e) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.
12.5 The AC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually.	The AC meets with the external auditors and the internal auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised.
12.6 The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The AC undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. During the current financial year, there was no non-audit related work carried out by the external auditors; hence, there was no fee paid in this respect. The AC is satisfied with their independence and has recommended the re-appointment of the external auditors at the forthcoming AGM of the Company. The fees payable to auditors is set out on page 118 of this Annual Report. The Company has complied with Rules 712 and 715 read with 716 of the Listing Manual of the SGX-ST in relation to the appointments of its external auditors. The AC and the Board are satisfied with the standard and the effectiveness of the audits performed by the independent auditors, other than those of the Company.

CORPORATE GOVERNANCE REPORT (cont'd)

Guidelines of the Code	Qian Hu Corporate Governance practices
12.7 The AC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Company has established a **Code of Conduct and Business Ethics** that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. Directors, key management personnel and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates. Nonetheless, the Company has put in place a **whistle-blowing** framework, endorsed by the AC, which provides the mechanisms where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to Mr Chang Weng Leong, Chairman of the RC. Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of issues/ concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action. There were no reported incidents pertaining to whistle-blowing for FY 2015.
12.8 The Board should disclose a summary of all the AC's activities in the company's Annual Report. The Board should also disclose in the company's Annual Report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	The AC is guided by the terms of reference which stipulate its principal functions. The primary role of the AC is to assist the Board in ensuring the integrity of the Group's financial reporting system and that a sound internal control system is in place. The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of control is maintained in the Group. On a quarterly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval. The AC is kept abreast by the Management and the external auditors of changes to the financial reportings standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines of the Code	Qian Hu Corporate Governance practices
13.1 The Internal Auditor's ("IA") primary line of reporting should be to the AC Chairman although the Internal Auditor would also report administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.	The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company is out-sourced to Saw Meng Tee & Partners PAC during the financial year ended 31 December 2015. The IA reports primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.
13.2 The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.	The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The IA is a member of the Singapore branch of the Institute of Internal Auditors ("IIA"), an internal professional association for internal auditors which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.
13.5 The AC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the IA may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns. Please refer to Guideline 12.4(c) above on the adequacy and effectiveness of the internal audit function.

CORPORATE GOVERNANCE REPORT (cont'd)

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	Qian Hu Corporate Governance practices
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in Qian Hu.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. In order to provide ample time for the shareholders to review, the notice of AGM, together with the Annual Report 2015, is despatched to all shareholders 21 days before the scheduled AGM date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were explained by the scrutineers at such general meetings.
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	Currently, the Constitution of the Company allows all shareholders (members) to appoint up to two proxies to attend general meeting and vote on their behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	Qian Hu Corporate Governance practices
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	Qian Hu is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns. Full details of the Group's investor relations (IR) initiatives are set out on page 73 of this Annual Report.

Guidelines of the Code	Qian Hu Corporate Governance practices
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the quarterly, half-yearly and full year financial results and the audio casts of the half-yearly and full year results briefing for media and analysts are available on the Company's website – www.qianhu.com. The comprehensive website, which is updated regularly, also contains various others investor-related information on the Company which serves as an important resource for investors.
15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has a team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance. To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on page 1 of this Annual Report as well as on the Company's website. The IR personnel have procedures in place for responding to investors' queries as soon as applicable.
15.4 The Board should state in the company's Annual Report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.	The Company notifies the investors' public in advance of the date of release of its financial results through a SGXNET announcement. Unaudited results for the first three quarters are released to shareholders no later than 20 days from the end of the quarter. Audited full-year results are released within 15 days from the financial year end. Each quarterly announcement is accompanied by a press release in both the English and Chinese languages. Joint briefings for media and analysts, with a PowerPoint presentation, are held in conjunction with the release of the Company's half-year and full year results, with the presence of the CEO, CFO and all the Executive Directors to answer the relevant questions which the media and analysts may have. Outside of the financial announcement periods, when necessary and appropriate, the CEO will meet analysts and fund managers who like to seek a better understanding of the Group's operations. The CEO also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views. When opportunities arise, the CEO conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate. The Board of directors has declared a final dividend of 0.2 Singapore cents per ordinary share for the financial year ended 31 December 2015 which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE REPORT (cont'd)

Conduct of shareholder meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	Qian Hu Corporate Governance practices
16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their Articles of Association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and to vote in place of the shareholder through proxy form sent in advance. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.
16.3 All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	All directors, in particular the Chairpersons of the Executive, Audit, Remuneration, Nominating and Risk Management Committees are in attendance at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's external auditors, KPMG LLP, are also invited to attend the AGM and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.	The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the directors or the Management questions regarding the Company and its operations. Since FY 2003, the Board has developed several channels, which include the Group's website, email or fax, for shareholders who are not able to attend the AGM to contribute their feedback and inputs. Detailed AGM minutes, which include comments and the questions received from shareholders, together with the responses from the Board and the Management, are publicly available on both the SGX website (www.sgx.com) and the Company's website after the meetings.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll at all its AGMs and EGMs since Year 2010. The detailed voting results, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGMs and via SGXNET. With effect from the forthcoming AGM, the Company will put all resolutions to vote by **electronic polling**.

V. OTHER CORPOARTE GOVERNANCE MATTERS

DEALING IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on best practices in respect of dealing in securities, the Group has in place an internal code of conduct which prohibits the directors, key management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period – being two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

All directors are required to seek Board's approval before trading in the Company's shares.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder during the year under review.

INTERESTED PERSON TRANSACTIONS

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the AC, as well as t e Board, meets quarterly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction are carried out based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders .

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. Disclosure of interested person transactions is set out on pages 121 and 122 of this Annual Report. There were no interested person transactions entered into by the Group in excess of $100,000 during the year under review.

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of director	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
Kenny Yap Kim Lee (Executive / Non-independent)	Chairman	-	-	-	Member
Alvin Yap Ah Seng (Executive / Non-independent)	Member	-	-	-	-
Andy Yap Ah Siong (Executive / Non-independent)	Member	-	-	-	-
Lai Chin Yee (Executive / Non-independent)	Member	-	-	-	Member
Tan Tow Ee (Non-executive / Independent)	-	Chairman	-	Member	Chairman
Chang Weng Leong (Non-executive / Independent)	-	Member	Member	Chairman	-
Sharon Yeoh Kar Choo (Non-executive / Independent)	-	Member	Chairman	Member	-
Ling Kai Huat (Non-executive / Independent)	-	Member	Member	-	-

CORPORATE GOVERNANCE REPORT (cont'd)

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of director	Board	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
Number of meetings held	4	12	4	2	2	2
Number of meetings attended :						
Kenny Yap Kim Lee	4	12	4*	1*	1*	2
Alvin Yap Ah Seng	3	12	3*	-	-	-
Andy Yap Ah Siong	4	12	4*	-	-	-
Lai Chin Yee	4	12	4*	-	-	2
Tan Tow Ee	4	-	4	1	2	2
Chang Weng Leong	3	-	3	2	2	-
Sharon Yeoh Kar Choo	4	-	4	2	2	-
Ling Kai Huat (appointed on 1 August 2015)	1	-	1	1	-	-

* *Attendance by invitation of the Committee*

TABLE 3 – REMUNERATION TABLE

Remuneration of directors

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2015 is set out below:

Name of Director	Salary	Bonus	Director's fees	Total remuneration
	$	$	$	$
Kenny Yap Kim Lee	303,850	-	-	303,850
Alvin Yap Ah Seng	273,750	-	-	273,750
Andy Yap Ah Siong	274,200	-	-	274,200
Lai Chin Yee	274,150	-	-	274,150
Tan Tow Ee	-	-	30,000	30,000
Chang Weng Leong	-	-	25,000	25,000
Sharon Yeoh Kar Choo	-	-	25,000	25,000
Ling Kai Huat (appointed on 1 August 2015)	-	-	10,417	10,417
	1,125,950	**-**	**90,417**	**1,216,367**

- The salary and bonus amounts shown are inclusive of Central Provident Fund contributions.
- The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.
- The director's fees are subject to shareholders' approval at the Annual General Meeting.

TABLE 3 – REMUNERATION TABLE (cont'd)

Remuneration of key management personnel

The breakdown of total remuneration of the top five key management personnel of the Group (who are not directors) for the year ended 31 December 2015 is set out below:

Name of management personnel	Salary	Bonus	Allowances & benefits	Total remuneration
	$	$	$	$
Jimmy Tan Boon Kim	258,000	-	-	258,000
Yap Kim Choon *	188,400	-	-	188,400
Lee Kim Hwat	155,148	11,990	-	167,138
Low Eng Hua	141,800	-	-	141,800
Bob Goh Ngian Boon	118,100	-	-	118,100
	861,448	**11,990**	**-**	**873,438**

* *Mr Yap Kim Choon is the brother of Mr Kenny Yap Kim Lee, the Executive Chairman & CEO and cousin of Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong, the Executive Directors.*

- The salary and bonus amounts shown are inclusive of Central Provident Fund contributions.
- The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

Remuneration of immediate family members of CEO and Executive Directors (remuneration amounts exceed $50,000 per annum)

The breakdown of total remuneration of employees who are immediate family members of the CEO and the Executive Directors whose remuneration exceed $50,000 per annum for the year ended 31 December 2015 is set out below:

Name of Executive	Salary	Bonus	Allowances & benefits	Total remuneration
	$	$	$	$
Yap Ping Heng	102,540	-	-	102,540
Yap Hock Huat	103,200	-	-	103,200
Yap Kim Chuan	105,600	-	-	105,600
	311,340			**311,340**

Mr Yap Ping Heng, Mr Yap Hock Huat and Mr Yap Kim Chuan are brothers of Kenny Yap Kim Lee, the Executive Chairman & CEO and cousins of Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong, the Executive Directors.

CORPORATE GOVERNANCE REPORT (cont'd)

APPENDIX – BOARD COMMITTEES' KEY TERMS OF REFERENCE

AUDIT COMMITTEE

- Review financial statements and formal announcements relating to financial performance, as well as discuss major risk areas and significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements before submission for Board approval.
- Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.
- Review the external auditors' proposed audit scope and approach and ensure that no unjustified restrictions or limitations have been placed on the scope.
- Review the cost effectiveness of the external audit, and where external auditors provide non-audit services to the Company, to review the nature, extent and cost of such services and the independence and objectivity of the external auditors.
- Review the internal audit programme with regard to the complementary roles of the external and internal audit functions.
- Receive reports of the external and internal auditors, and ensure that the significant findings and recommendations are discussed and addressed on a timely basis.
- Meet with external auditors and internal auditors, without the presence of management, at least annually.
- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
- Review the adequacy and effectiveness of the Company's internal audit function, at least annually.
- Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
- Approve the hiring, removal evaluation and compensation of the outsourced internal audit function.
- Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- Review and recommend for the Board's approval, all interested person transactions, as specified under Chapter 9 of the Listing Manual, to ensure that the transactions have been conducted on an arm's length basis.
- Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
- Perform such other functions as the Board may determine.

NOMINATING COMMITTEE

- Review the nominations and recommend to the Board the appointment and re-appointment of directors.
- Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and determine the suitable size of the Board which would facilitate decision-making after taking into consideration the scope and nature of the operations of the Company.
- Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.
- Where a director has multiple listed company board representations and/or other principal commitments, to decide whether the director is able to and has been adequately carrying out his duties as director of the Company.
- Recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
- Annual assessment of the effectiveness of the Board as a whole and of the individual directors.
- Review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel, including the training and professional development programmes for board members.
- Perform such other functions as the Board may determine.

REMUNERATION COMMITTEE

- Review and recommend to the Board a framework of remuneration for board members and key management personnel, and the specific remuneration packages for each director (executive and independent) as well as for the key management personnel.
- Review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- Perform such other functions as the Board may determine.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him.

RISK MANAGEMENT COMMITTEE

- Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the Group's overall levels of risk tolerance and risk policies.
- Review and discuss, as and when appropriate, with management on the Group's risk governance structure and its risk policies and risk mitigation and monitoring processes and procedures.
- Receive and review reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- Review the Group's capability to identify and manage new risk types.
- Review and monitor management's responsiveness to the findings and recommendations of the internal risk division.
- Provide timely input to the Board on critical risk issues.
- Perform such other functions as the Board may determine.

RISK FACTORS AND RISK MANAGEMENT

Risk management forms an integral part of business management. The Group's risk and control framework is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness and safeguard of assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosures. It makes management responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The following set out an overview of the key risks faced by Qian Hu, the nature and the extent of the Group's exposure to these risks and the mitigating actions in place that we it could help in managing these risks.

BUSINESS AND STRATRGY RISKS

Business and strategy risks refer to factors affecting businesses such as customer demand, revenue attainment, macroeconomic conditions, competition and regulatory environment. They are normally managed by the respective divisions and subsidiaries within the Group in their pursuit of growth and meeting earnings target.

Strategy and investment risk

The Group grows businesses through organic growth of its existing activities, development of new capabilities (e.g. product innovation) and through new ventures with business partners. Business proposals and investment activities are evaluated through the performance of due diligence exercise and where necessary, supported by external professional advice, to ensure that they are in line with the Group's strategic focus and that they meet the relevant rate of financial returns, taking into consideration other risk factors. All business proposals are reviewed by the senior management before obtaining final Board approval.

Market and political risk

The Group currently operates in six countries with assets and activities spreading mainly across the Asia Pacific. The subsidiaries and associate in these countries are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. In addition, the Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets. Although these circumstances may be beyond its control, the Board and the management consistently keep themselves up-to-date on the changes in political, economic and industrial developments so as to be able to anticipate and/or respond to any adverse changes in market conditions in a timely manner.

As at 31 December 2015, approximately 26% of the Group's assets are located overseas, while revenue from its overseas' customers constitute approximately 71% of the total revenue in FY 2015. As Qian Hu currently exports to more than 80 cities and countries and to more moving forward, the effect of greater geographical diversification reduces the risk of concentration in a single market.

Regulatory risk

The Group's operations are subject to changes in prevailing laws and regulations in their respective jurisdictions, particularly in areas of corporate law, and possible local government interventions impacting the industry. To mitigate this risk, the Group's management team maintains close working relationships with respective local authorities and business partners so as to keep abreast with any changes and/or material regulatory development. All necessary certificates and licences are obtained and renewed on a timely basis in accordance with applicable rules and regulations.

Competition risk

With increasing competition, every company is faced with some level of competitive risk. The Group may possibly loss its competitive edge due to new market entrants or with the growth of existing competitors as well as the emerging of new and better receptive products.

The Group strives to maintain its competitiveness through differentiation of its products and leveraging on its brand name while consistently monitoring and responding to market dynamics. Conscientious efforts are made in attaining high quality products and services while sustaining a low cost operations so as to improve its competitiveness, productivity and profitability.

In addition, Qian Hu has since invested perpetually in research and development activities in order to develop more innovative accessories products with its in-house proprietary technology so as to enhance its market competitiveness.

Reputation risk

The Group may face negative publicity or diminution in public confidence if there are mishandling of transactions or events.

Qian Hu values its reputation and has instilled an open communication programme to ensure timely and effective communication of key information with its stakeholders (such as customers, public media, regulators, investor community, etc). It has a proven track record and reputation associated with its investor/public relations efforts which has won itself many awards in various aspects.

Clear corporate mission statements and guiding principles are also in place and communicated to all employees within the Group so as to uphold the reputation of the Group.

Fraud and corruption risk

The Group places considerable importance on maintaining a strong control environment to ensure that risks are managed and business strategies are executed. Policies and procedures, delegation of authority, internal controls and the Code of Conduct and Business Ethics have been defined and put into practice by all business units. Together with compliance with laws and regulations, these established procedures and internal guidelines form the control environment for which employees are accountable for compliance.

In addition, the Group has since in Year 2006 established a whistle-blowing policy under which employees and outsiders could, through well-defined and accessible channels, raise concerns in confidence about possible improprieties in matters of business activities, financial reporting or other matters to the Whistle-blowing Committee. The Committee is bound to report, within certain established timeline, the results of its investigation to the Audit Committee and to the Board.

Business continuity risk

An organisation may encounter unforeseen circumstances to prevent the continuation of its business operations such as during crisis or disasters.

Qian Hu recognises its exposure to internal and external threats and seeks to increase the resilience of the Group to potential business interruptions so as to minimise any disruptions to its critical business activities, people and assets. Over the years, the Group has focused on refining its business continuity management, including the setting up of an operational prevention and recovery framework, to ensure that it can continue to maintain its competitive advantage and to maximise value for its stakeholders.

OPERATIONAL RISKS

Operational risks refer to persons, processes, products, information technology and practices in the business activities which may not operate as designed or planned.

Operational risk

Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The Group strives to minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. In addition, the Group has been awarded ISO 9001:2008 certification for its local businesses as well as its overseas subsidiaries. It has also achieved ISO 14001:2004 certification for its environmental management system to preserve natural resources and minimise wastage.

Although Qian Hu has always been viewed as a family business largely run and controlled by the Yap family, it is in fact run by a team of dedicated Qian Hu family members and professional managers, not solely by the Yap family members. Although no individual is indispensable, the loss of specialised skills and the leadership of the Executive Chairman & Managing Director, Mr Kenny Yap, and the other founding members, including the key management, could result in business interruptions and a loss in shareholders' confidence. To dispel the worries, the Group has since put in place a structured succession planning program to identify and develop a team of talented employees based on their merit, who can take Qian Hu to the next lap of growth. The Group believes that training a team of next-generation leaders is critical to the continuity of the business which should last beyond this generation.

Product risk

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds at any one point in time is uncommon. The Group has institutionalised a comprehensive health management and quarantine system for all its domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for the fishes. Currently, all the Group's domestic and overseas fish operations have attained ISO 9001:2008 certification, including the breeding of Dragon Fish. There is no known disease that is fatal to the Dragon Fish because of its primitive and prehistoric origin.

Although Dragon Fish sales contributed approximately 10% of the Group's total revenue for the year ended 31 December 2015, it sells over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 cities and countries and are not solely reliant on the sale of any particular type or species of fish or accessories products. The Group is diversified in both its products and markets.

Additionally, the Group has formed an integrated R&D team in FY 2009, focusing on the research of Dragon Fish breeding behaviour, product innovation technology for aquarium accessories, and new form of ornamental fish farming technology.

Climate change and environmental risk

Climate change and environmental risk is a growing concern especially in the past few years. The recent spate of natural disasters and continuing threat of future occurrences have prompted companies such as Qian Hu to embark on strategic reviews on key areas such as infrastructure and logistics, to minimise the business impact of untoward events. The Group will also explore the feasibility of pursuing high-end aquaculture, such as bio-secured farming of selected fish species, to mitigate and manage risks relating to adverse weather conditions, and to ensure consistent supply of these fish species.

FINANCIAL RISKS

Financial risks arise from volatility in the underlying financial market and include factors such as interest rates, foreign exchange and equity prices.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Credit risk is managed through the application of credit approvals, performing credit evaluations, setting credit limits and monitoring procedures.

None of the Group's customers or suppliers contributes more than 5% of its revenue and purchases. It is the Group's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk. Cash terms or advance payments are required for customers with lower credit standing.

While the Group faces the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Accordingly, the Group does not expect to incur material credit losses on its credit risk management.

Interest rate risk

Interest rate risk is managed by the Group on an on-going basis with the objective of limiting the extent to which the Group's results could be affected by an adverse movement in interest rate.

The Group's cash balances are placed with reputable banks and financial institutions. For financing obtained through bank borrowings and finance lease arrangements, the Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The Group is working on improving its debt position and it aims to move towards becoming a debt-free company will also mitigate this risk.

Liquidity risk

The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. To manage liquidity risk, the Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows. Over the years, the Group has enhanced its ability to generate cash from operating activities. Accordingly, the Group envisages that its cash position will continue to improve, hence reducing liquidity risk.

Foreign exchange risk

The foreign exchange risk of the Group arises from sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. Natural hedging is used extensively including matching sales and purchases of the same currency and amount where applicable. The Group continuously monitors the exchange rates of major currencies and may enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact the Group's profitability.

Foreign currencies received are kept in foreign currencies bank accounts and are converted to the respective measurement currencies of the Group's companies on a need-to basis so as to minimise foreign exchange exposure.

Exchange gain or loss which may also arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting purposes. Such currency translation risk, which is inherent for operations outside Singapore, is non-cash in nature and therefore not hedged.

Financial management risk

The Group has formalised operating manuals and standard operating procedures to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies and that the internal controls over financial reporting are adequate so as to minimise such risk. Nonetheless, the system may not prevent or detect all frauds or misstatements in a timely manner, especially with changes in conditions and operations, which may cause the system effectiveness to vary from time to time.

The Group has relied on self-assessment, regular review and its reporting process to ensure proper financial discipline and compliance with established Group's policies and guidelines. External and internal audit reviews carried out annually on the controls and procedures in place also serves as a platform to highlight any irregularities.

Capital structure risk

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings, issued share capital and retained earnings. Regular review are performed to ensure optimal capital structure taking into consideration future capital requirements and capital efficiency, prevailing operating cash flow and profitability as well as projected capital expenditure. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new bank borrowings, sell assets to reduce external borrowings, pay or adjust the amount of dividend payment or return capital to shareholders.

The Group also monitors its gross gearing and net gearing and their trends.

COMPLIANCE RISKS

Compliance risks are the current and prospective risks arising from violation of, or non-conformance with laws, rules, regulations, or ethical standards.

Qian Hu, as a listed company incorporated in Singapore with overseas subsidiaries in various countries, is obligated to comply with all the local statutory and regulatory requirements, such as the Singapore Exchange Listing Manual requirements and the Companies Act, etc. Nonetheless, the rapid changes in laws and regulations and practices in different jurisdictions has made compliance more complicated.

In response to such incumbent statutory and regulatory requirements, Qian Hu has implemented effective compliance frameworks, which include putting in place the relevant internal controls processes, risk management initiatives and corporate governance practices to monitor the level of compliance so as to minimise the level of lapses.

INFORMATION TECHNOLOGY RISKS

Information technology (IT) risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fire, storms or floods.

The Group is aware of the range and the nature of risks to its IT system. It has adopted the necessary IT governance practices to alleviate the risks that are associated with IT and will constantly to put in place the appropriate measures to enhance and ensure the continuity of business activities and the Group's prompt recovery from an IT crisis.




INVESTOR RELATIONS

QIAN HU – FOUR TIME WINNER OF THE COVETED BEST ANNUAL REPORT AWARD

Qian Hu received its fourth Gold in the Best Annual Report Award amongst listed companies with less than $300 million in market capitalisation at the Singapore Corporate Awards held in July 2015.

The Group first won the coveted Award in 2006 when it took the Gold accolade amongst listed companies with less than $500 million in market capitalisation. Since then, Qian Hu has won the same award in 2009 and 2012.

Since the inception of the Singapore Corporate Awards in 2016, Qian Hu has been the only listed company to have bagged the most number of awards – 13 awards in total (eight Gold, two Bronze, two Merit across the Best Managed Board, Best Investor Relations and Best Annual Report Awards as well as one Best Chief Financial Officer Award).

Upon becoming publicly listed in 2000, Qian Hu has always been steadfast in communicating its business strategies and performance on a regular, timely basis to all of its stakeholders - investors, analysts, media and shareholders.

In 2001, Qian Hu was the first listed company to engage the investing community via the Q&A online forum at Shareinvestor.com every quarter.

Twice a year, the Company invites analysts, fund managers, the media and a small group of forum participants from Shareinvestor.com to its half-year and full-year results briefings, hosted by its senior management team. Those who cannot make it to the results briefings can participate through the live audio cast – a service which Qian Hu has provided since 2005. For those who prefer to watch the briefing can also access the delayed video webcast.

Once a year, at the full-year results briefing, the Company takes initiatives to put together all the financial materials including a Chairman's Statement, press releases, presentation slides and the financial statements announcement, bound together in what the Company refers to as a "mini annual report".

Its investor relations website is kept updated regularly with comprehensive data comprising announcements to Singapore Exchange Securities Trading Limited (SGX), calendar of events, financial results, annual reports and investor presentations. It also includes its corporate governance report, investors' Q&As and detailed minutes of AGMs.

The Annual General Meeting is an important platform for shareholder communications. Qian Hu has developed several channels, which include its website, email or fax, for shareholders who are not able to attend the AGM to contribute their feedback and inputs. Detailed AGM minutes are posted on the websites of Qian Hu and SGX after the meeting. It was also the first listed company to provide such detailed minutes, including shareholders' questions and comments, as well as responses from the Board and Management.

Committed to excellence in corporate reporting, Qian Hu continues to adopt international best practices. Since 2011, Qian Hu embraced sustainability reporting when the SGX first published the voluntary "Guide to Sustainability Report for Listed Companies". It has started incorporating its Sustainability Report, which received the entry-level C rating issue by the Global Reporting Initiative (GRI), in its Annual Reports to shareholders from 2011 to 2014.

AWARDS & ACCOLADES

2001

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Winner in SESDAQ & Small Caps (up to $100 million) category

2002

Business Times' Corporate Transparency Index (CTI) - 1st Position

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Winner in SESDAQ & Small Caps (up to $100 million) category

2003

Best Managed Board Award - Special Mention

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Winner in Services/Utilities/ Agriculture category & Golden Circle Special Merit Award

2004

Business Times' Corporate Transparency Index (CTI) - 1st Position

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Winner in Mainboard Small Caps (up to $100 million) category & Runner-up in Services/Utilities/ Agriculture category

Singapore Quality Award - Awarded by SQA Governing Council, SPRING Singapore

2005

Business Times' Corporate Transparency Index (CTI) - 1st Position

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Runner-up in Mainboard Small Caps (up to $100 million) category

2006

Business Times' Corporate Transparency Index (CTI) - 1st Position

Singapore Corporate Awards -
Best Annual Report Award
(Gold - Companies with less than $500 million in market capitalisation)
Best Investor Relations Award
(Gold - Companies with less than $500 million in market capitalisation)

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Runner-up in Mainboard Small Caps (up to $100 million) category

People Developer Standard - Awarded by SPRING Singapore

2007

Business Times' Corporate Transparency Index (CTI) - 1st Position

SIAS Most Transparent Company Award - Awarded by Securities Investors Association (Singapore) - Winner in Mainboard Small Caps category

IR Magazine Southeast Asia Awards -
Grand Prix for Best Overall Investor Relations
(Winner - Small or Mid-Cap)
Best Corporate Governance
(Winner - Small or Mid-Cap)
Best Financial Reporting
(Highly Recommended – Small or Mid-Cap)
Most Progress in Investor Relations
(Highly Recommended – Small or Mid-Cap)

Professional Enterprise Award - Awarded By Asian Management Association and Certified Consultant Academy

2008

Business Times' Corporate Transparency Index (CTI) - 1st Position

Singapore Corporate Awards -
Best Managed Board Award
(Merit - Companies with less than $500 million in market capitalisation)

SIAS Most Transparent Company Award -
Awarded by Securities Investors Association (Singapore) - Winner in Mainboard Small Caps category

SQC Innovation Class -
Awarded by SPRING Singapore

Pro-Family Business Mark Certification -
Awarded By Singapore Productivity Association

2009

Singapore Corporate Awards -
Chief Financial Officer of The Year -
Ms Lai Chin Yee
(Companies with less than $300 million in market capitalisation)
Best Managed Board Award
(Merit - Companies with less than $300 million in market capitalisation)
Best Annual Report Award
(Gold - Companies with less than $300 million in market capitalisation)
Best Investor Relations Award
(Bronze - Companies with less than $300 million in market capitalisation)

SIAS Most Transparent Company Award -
Awarded by Securities Investors Association (Singapore) - Winner in Mainboard Small Caps category

People Excellence Award -
Awarded by SQA Governing Council,
SPRING Singapore

Singapore Quality Award -
Awarded by SQA Governing Council,
SPRING Singapore

2010

Singapore Corporate Awards -
Best Managed Board Award
(Gold - Companies with less than $300 million in market capitalisation)

SIAS Most Transparent Company Award -
Awarded by Securities Investors Association (Singapore) - Winner in Mainboard Small Caps category

2011

Singapore Corporate Awards -
Best Investors Relations Award
(Gold - Companies with less than $300 million in market capitalisation)

SIAS Most Transparent Company Award -
Awarded by Securities Investors Association (Singapore) – Winner in Mainboard Small Caps category

Global Performance Excellence Award -
Awarded by Asia Pacific Quality Organisation - Best in Class 2011 (Small Service Organisation)

2012

Singapore Sustainability Awards -
Awarded by Singapore Business Federation - Top Honours (Small & Medium Enterprise)

Singapore Corporate Awards -
Best Annual Report Award
(Gold - Companies with less than $300 million in market capitalisation)

Service Excellent (Silver Award) -
Awarded by SPRING Singapore

2013

Singapore Corporate Awards -
Best Managed Board Award
(Bronze - Companies with less than $300 million in market capitalisation)

Midas Touch Asia Enterprise Award 2013 -
Awarded to enterprises in Asia Pacific which have the potential for exponential growth in the next decade

Innovation Excellence Award -
Awarded by SQA Governing Council,
SPRING Singapore

SIAS Singapore Corporate Governance Award -
Awarded by Securities Investors Association (Singapore) - Merit in Small Caps Category

2014

Singapore Corporate Awards -
Best Investor Relations Award
(Gold - Companies with less than $300 million in market capitalisation)

2015

Singapore Corporate Awards -
Best Annual Report Award
(Gold - Companies with less than $300 million in market capitalisation)

SIAS Most Transparent Company Award -
Awarded by Securities Investors Association (Singapore) - Runner-up in Food and Beverages category

SBR Listed Companies Awards 2015 -
Awarded by Singapore Business Review - Winner in Agriculture category

FINANCIAL CALENDAR

2015

12 JANUARY	FY 2014 Full year results announcement (with media and analysts briefing)
19 MARCH	Annual General Meeting
16 APRIL	1Q 2015 results announcement
17 APRIL	Payment of dividend
16 JULY	2Q 2015 results announcement (with media and analysts briefing)
16 OCTOBER	3Q 2015 results announcement

2016

12 JANUARY	FY 2015 Full year results announcement (with media and analysts briefing)
23 MARCH	Annual General Meeting
18 APRIL	1Q 2016 results announcement
21 APRIL	Payment of dividend (Subject to Shareholders' approval at AGM)
19 JULY	2Q 2016 results announcement (with media and analysts briefing)
17 OCTOBER	3Q 2016 results announcement

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 82 to 133 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance and changes in equity of the Group and the Company, and of the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors
The directors in office at the date of this statement are as follows:

Kenny Yap Kim Lee
Alvin Yap Ah Seng
Andy Yap Ah Siong
Lai Chin Yee
Tan Tow Ee
Chang Weng Leong
Sharon Yeoh Kar Choo
Ling Kai Huat (appointed on 1 August 2015)

Directors' interests
According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director				Holdings in which the director is deemed to have an interest		
	1/1/2015	Share consolidation*	31/12/2015	11/1/2016	1/1/2015	31/12/2015	11/1/2016
The Company							
Ordinary shares							
Kenny Yap Kim Lee	14,000,000	(10,500,000)	3,500,000	3,500,000	–	–	–
Alvin Yap Ah Seng	15,804,552	(11,863,414)	3,951,138	3,951,138	–	–	–
Andy Yap Ah Siong	15,700,000	(11,775,000)	3,925,000	3,925,000	–	–	–
Lai Chin Yee	321,400	(241,050)	80,350	80,350	–	–	–
Chang Weng Leong	138,600	(103,950)	34,650	34,650	–	–	–
Tan Tow Ee	200,000	(150,000)	50,000	50,000	–	–	–

* *During the financial year, Qian Hu Corporation Limited ("QHCL") has completed a share consolidation exercise to consolidate every four ordinary shares into one consolidated share.*

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

The Singapore Exchange Listing Manual requires a company to provide a statement as at the 21st day after the end of the financial year, showing the direct and deemed interests of each director of the Company in the share capital of the Company. As the Directors' Statement of the Company is dated 12 January 2016, the Company is unable to comply with the 21 days' requirement. However, for the purpose of best practice, the Company has disclosed the direct and deemed interests of each director of the Company at the last business trading day before the date of the Directors' Statement.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at the end of the financial year, no options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

No warrants or options to take up unissued shares of the Company or its subsidiaries were outstanding as at the end of the financial year.

Audit committee

At the date of this statement, the Audit Committee comprises the following members, all of whom are non-executive and independent:

- Tan Tow Ee (Chairman of the Audit Committee)
- Chang Weng Leong
- Sharon Yeoh Kar Choo
- Ling Kai Huat

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT (cont'd)

Auditors
The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Kenny Yap Kim Lee	Alvin Yap Ah Seng
Director	*Director*

12 January 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Qian Hu Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of Qian Hu Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statements of profit or loss, statements of comprehensive income and statements of changes in equity of the Group and the Company, and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 82 to 133.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance and changes in equity of the Group and of the Company, and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
Assets		$	$	$	$
Property, plant and equipment	4	8,076,128	7,737,925	5,377,236	5,313,275
Intangible assets	6	343,048	343,048	343,048	343,048
Biological assets	5	8,365,583	8,555,082	8,365,583	8,555,082
Subsidiaries	7	–	–	2,295,785	2,295,785
Associate	8	307,463	353,112	412,600	412,600
Other receivables	9	–	1,240,000	–	1,240,000
Non-current assets		17,092,222	18,229,167	16,794,252	18,159,790
Biological assets	5	24,780	44,440	24,780	44,440
Inventories	10	15,747,853	16,539,943	7,043,358	7,223,770
Trade and other receivables	9	35,180,171	33,317,200	34,211,287	33,700,682
Cash and cash equivalents	11	7,771,930	8,557,302	4,287,591	5,011,121
Current assets		58,724,734	58,458,885	45,567,016	45,980,013
Total assets		75,816,956	76,688,052	62,361,268	64,139,803
Equity					
Share capital	12	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	13	17,899,904	18,775,333	11,354,087	11,581,698
Equity attributable to owners of the Company		48,672,692	49,548,121	42,126,875	42,354,486
Non-controlling interests		1,635,086	1,505,172	–	–
Total equity		50,307,778	51,053,293	42,126,875	42,354,486
Liabilities					
Loans and borrowings	14	141,535	155,492	824	19,155
Deferred tax liabilities	15	428,582	410,000	380,000	380,000
Non-current liabilities		570,117	565,492	380,824	399,155
Loans and borrowings	14	14,427,293	13,836,462	13,971,253	13,382,542
Trade and other payables	16	10,089,641	10,808,651	5,674,859	7,796,163
Current tax payable		422,127	424,154	207,457	207,457
Current liabilities		24,939,061	25,069,267	19,853,569	21,386,162
Total liabilities		25,509,178	25,634,759	20,234,393	21,785,317
Total equity and liabilities		75,816,956	76,688,052	62,361,268	64,139,803

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

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Revenue	17	77,970,464	83,525,832	45,163,948	49,450,939
Cost of sales		(55,806,087)	(60,326,850)	(33,418,299)	(36,783,220)
Gross profit		22,164,377	23,198,982	11,745,649	12,667,719
Other income		216,531	33,347	1,252,704	1,296,415
Selling and distribution expenses		(1,521,222)	(1,596,254)	(780,168)	(822,065)
General and administrative expenses		(19,968,628)	(20,308,600)	(11,711,838)	(12,366,796)
Results from operating activities		891,058	1,327,475	506,347	775,273
Finance income		6,044	10,267	2,137	1,999
Finance costs		(301,991)	(256,090)	(263,582)	(221,305)
Net finance costs	18	(295,947)	(245,823)	(261,445)	(219,306)
Share of (losses) profits of associates, net of tax		(45,649)	15,908	–	–
Profit before tax	19	549,462	1,097,560	244,902	555,967
Tax expense	20	(277,894)	(405,151)	(11,968)	(59,447)
Profit for the year		271,568	692,409	232,934	496,520
Profit attributable to:					
Owners of the Company		18,762	391,881	232,934	496,520
Non-controlling interests		252,806	300,528	–	–
Profit for the year		271,568	692,409	232,934	496,520

	Note	Group	
		2015	2014
			Restated
Earnings per share (cents)	22		
Basic		0.02	0.35
Diluted		0.02	0.35

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Profit for the year	271,568	692,409	232,934	496,520
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations, net of tax	(484,977)	158,147	(6,439)	(8,895)
Other comprehensive income for the year, net of tax	(484,977)	158,147	(6,439)	(8,895)
Total comprehensive income for the year	(213,409)	850,556	226,495	487,625
Total comprehensive income attributable to:				
Owners of the Company	(421,323)	493,013	226,495	487,625
Non-controlling interests	207,914	357,543	–	–
Total comprehensive income for the year	(213,409)	850,556	226,495	487,625

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Attributable to owners of the Company					
		Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$
Group							
At 1 January 2014		30,772,788	(730,156)	19,466,582	49,509,214	1,485,309	50,994,523
Total comprehensive income for the year							
Profit for the year		–	–	391,881	391,881	300,528	692,409
Other comprehensive income							
Foreign currency translation differences for foreign operations, net of tax		–	101,132	–	101,132	57,015	158,147
Total other comprehensive income		–	101,132	–	101,132	57,015	158,147
Total comprehensive income for the year		–	101,132	391,881	493,013	357,543	850,556
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends to owners of the Company	23	–	–	(454,106)	(454,106)	–	(454,106)
Dividends to non-controlling interests		–	–	–	–	(337,680)	(337,680)
Total transactions with owners of the Company		–	–	(454,106)	(454,106)	(337,680)	(791,786)
At 31 December 2014		30,772,788	(629,024)	19,404,357	49,548,121	1,505,172	51,053,293

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

Year ended 31 December 2015

	Note	Attributable to owners of the Company Share capital $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Group							
At 1 January 2015		30,772,788	(629,024)	19,404,357	49,548,121	1,505,172	51,053,293
Total comprehensive income for the year							
Profit for the year		–	–	18,762	18,762	252,806	271,568
Other comprehensive income							
Foreign currency translation differences for foreign operations, net of tax		–	(440,085)	-	(440,085)	(44,892)	(484,977)
Total other comprehensive income		–	(440,085)	-	(440,085)	(44,892)	(484,977)
Total comprehensive income for the year		–	(440,085)	18,762	(421,323)	207,914	(213,409)
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends to owners of the Company	23	–	–	(454,106)	(454,106)	–	(454,106)
Dividends to non-controlling interests		–	–	–	–	(78,000)	(78,000)
Total transactions with owners of the Company		–	–	(454,106)	(454,106)	(78,000)	(532,106)
At 31 December 2015		30,772,788	(1,069,109)	18,969,013	48,672,692	1,635,086	50,307,778

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

	Note	Share capital $	Retained earnings $	Translation reserve $	Total equity $
Company					
At 1 January 2014		30,772,788	11,574,672	(26,493)	42,320,967
Total comprehensive income for the year					
Profit for the year		–	496,520	–	496,520
Other comprehensive income					
Foreign currency translation differences for foreign operations, net of tax		–	–	(8,895)	(8,895)
Total other comprehensive income		–	–	(8,895)	(8,895)
Total comprehensive income for the year		–	496,520	(8,895)	487,625
Transactions with owners, recognised directly in equity					
Distributions to owners					
Dividends to owners of the Company	23	–	(454,106)	–	(454,106)
Total transactions with owners of the Company		–	(454,106)	–	(454,106)
At 31 December 2014		30,772,788	11,617,086	(35,388)	42,354,486
Total comprehensive income for the year					
Profit for the year		–	232,934	–	232,934
Other comprehensive income					
Foreign currency translation differences for foreign operations, net of tax		–	–	(6,439)	(6,439)
Total other comprehensive income		–	–	(6,439)	(6,439)
Total comprehensive income for the year		–	232,934	(6,439)	226,495
Transactions with owners, recognised directly in equity					
Distributions to owners					
Dividends to owners of the Company	23	–	(454,106)	–	(454,106)
Total transactions with owners of the Company		–	(454,106)	–	(454,106)
At 31 December 2015		30,772,788	11,395,914	(41,827)	42,126,875

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2015

Group	Note	2015 $	2014 $
Cash flows from operating activities			
Profit before tax		549,462	1,097,560
Adjustments for:			
Allowances for (Write back of allowance for):			
- doubtful trade receivables		181,522	476,381
- inventory obsolescence		(50,000)	(15,000)
Bad trade receivables written off		43,402	57,122
Depreciation of:			
- property, plant and equipment		1,427,321	1,405,599
- biological assets		189,499	189,500
Property, plant and equipment written off		–	5,112
(Gain) Loss on disposal of:			
- property, plant and equipment		(46,953)	(24,395)
- an associate		–	134,009
Change in fair value less estimated point-of-sale costs of breeder stocks		17,200	20,450
Share of losses (profits) of associates		45,649	(15,908)
Finance income		(6,044)	(10,267)
Finance costs		301,991	256,090
		2,653,049	3,576,253
Changes in working capital:			
Inventories		731,479	98,579
Breeder stocks		2,460	6,860
Trade and other receivables		(1,148,086)	717,006
Trade and other payables		(424,548)	(33,043)
Cash generated from operations		1,814,354	4,365,655
Tax paid		(276,166)	(417,847)
Net cash from operating activities		1,538,188	3,947,808
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,719,423)	(1,953,171)
Interest received		6,044	10,267
Proceeds from disposal of:			
- property, plant and equipment		49,354	32,284
- an associate		–	140,000
Net cash used in investing activities		(1,664,025)	(1,770,620)

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

Group	Note	2015 $	2014 $
Cash flows from financing activities			
Repayment to:			
- a major shareholder of the Company		–	(500,000)
Dividends paid to:			
- owners of the Company		(454,106)	(454,106)
- non-controlling interests		(78,000)	(337,680)
Drawdown of bank term loans		500,000	2,295,872
Interest paid		(299,882)	(256,685)
Payment of finance lease liabilities		(145,118)	(150,796)
Repayment of:			
- bank term loans		(74,880)	(1,000,000)
Net cash used in financing activities		(551,986)	(403,395)
Net (decrease) increase in cash and cash equivalents		(677,823)	1,773,793
Cash and cash equivalents at beginning of year		8,557,302	6,712,349
Effect of exchange rate fluctuations on cash held		(107,549)	71,160
Cash and cash equivalents at end of year	11	7,771,930	8,557,302

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 January 2016.

1 Domicile and activities

Qian Hu Corporation Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 71 Jalan Lekar, Singapore 698950.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's investment in associate. The financial statements of the Company as at and for the financial year 31 December 2015 do not include other entities.

The principal activities of the Company are those relating to import, export, farming, breeding and distribution of ornamental fishes and aquarium and pet accessories. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost.
- Biological assets (breeder stock) are measured at fair value less estimated point-of-sale costs.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

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

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

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

- Note 5 – estimated useful lives of brooder stocks
- Note 6 – key assumptions used in discounted cash flow projections
- Note 8 – impairment assessment of investment in associate
- Note 9 – recoverability of receivables

2.4 Use of estimates and judgements (continued)

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, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

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

- Note 5 – biological assets
- Note 26 – financial risk management

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3.1 Basis of consolidation (continued)

Business combinations (continued)

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

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

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

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

3.1 Basis of consolidation (continued)

Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less any accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below).

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Financial instruments (continued)

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and assets under construction are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3.4 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	20 years
Leasehold land	over the remaining lease terms
Leasehold buildings	over the remaining lease terms
Leasehold improvements	over the remaining lease terms
Motor vehicles	5 - 10 years
Computers	3 years
Furniture, fittings and office equipment	5 - 10 years
Equipment and tools	8 - 10 years
Machinery and equipment	5 - 10 years
Electrical and installation	8 -10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

Other intangible assets

(a) *Trademarks/Customer acquisition costs*

Trademarks/Customer acquisition costs are estimated to have indefinite lives because based on the current market share of the trademarks, management believes there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group.

Such intangible assets are tested for impairment annually as described in Note 6.

(b) *Product listing fees*

Product listing fees with finite lives are stated at cost less accumulated amortisation and any impairment losses.

These costs are amortised on a straight-line basis over 3 years.

The amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Biological assets

The Group is engaged in the breeding of dragon fish for commercial sale and accounts for its brooder and breeder stocks as follows:

Brooder stocks

Brooder stocks are parent stocks of dragon fish, held for the breeding of dragon fish. As the fair value of brooder stocks cannot be reliably measured, the brooder stocks have been stated at cost less accumulated depreciation and any impairment losses. The brooder stocks are depreciated on a straight line basis over their estimated useful lives of 50 years.

3.6 Biological assets (continued)

Breeder stocks

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

3.7 Leased assets

Leased assets in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories comprise raw materials, work-in-progress, manufactured goods and ornamental fishes acquired from suppliers.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present condition and location. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs to make the sale.

3.9 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level.

An impairment loss (allowance for doubtful receivables) in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of allowance for doubtful receivables subsequently decreases and the decrease can be related objectively to an event occurring after the allowance was recognised, then the previously recognised allowance is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3.9 Impairment (continued)

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 8. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.13 Finance income and finance costs

Finance income comprises interest income on bank deposits and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss in the year in which they are incurred using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3.15 Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman and Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

4 Property, plant and equipment

Group	Freehold land and buildings $	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $	Computers $	Furniture, fittings and office equipment $	Equipment and tools $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
Cost											
At 1 January 2014	193,500	9,795,026	1,240,890	2,638,570	1,556,693	1,341,118	404,962	5,040,845	1,602,961	222,238	24,036,803
Translation differences on consolidation	7,500	24,595	31,667	10,728	2,399	7,568	15	8,944	(10,975)	–	82,441
Additions	442,200	–	167,761	150,351	208,760	59,556	3,546	116,134	12,776	899,815	2,060,899
Disposals/Write offs/ Transfers	–	–	–	(155,778)	(61,095)	(5,060)	(54,420)	(19,115)	–	–	(295,468)
Reclassifications	–	–	–	–	–	650	(1,906)	1,906	(650)	–	–
At 31 December 2014	643,200	9,819,621	1,440,318	2,643,871	1,706,757	1,403,832	352,197	5,148,714	1,604,112	1,122,053	25,884,675
Translation differences on consolidation	(19,200)	(25,552)	(21,438)	(77,409)	(43,963)	(72,972)	(25,240)	(72,507)	(113,904)	–	(472,185)
Additions	–	–	544,590	260,670	86,012	63,571	2,761	337,101	39,293	533,292	1,867,290
Disposals/Write offs/ Transfers	–	–	–	(184,997)	–	–	–	(66,379)	–	–	(251,376)
At 31 December 2015	624,000	9,794,069	1,963,470	2,642,135	1,748,806	1,394,431	329,718	5,346,929	1,529,501	1,655,345	27,028,404
Accumulated depreciation											
At 1 January 2014	60,440	6,795,079	723,807	1,797,895	1,296,844	996,366	368,497	3,477,947	1,458,281	–	16,975,156
Translation differences on consolidation	2,343	14,130	22,506	6,911	745	7,872	(458)	4,532	(10,118)	–	48,463
Depreciation charge for the year	10,050	260,012	122,465	328,478	142,123	89,907	10,971	387,555	54,038	–	1,405,599
Disposals/Write offs/ Transfers	–	–	–	(147,890)	(61,095)	(5,031)	(50,128)	(18,324)	–	–	(282,468)
Reclassifications	–	–	–	–	–	314	(2,239)	2,239	(314)	–	–
At 31 December 2014	72,833	7,069,221	868,778	1,985,394	1,378,617	1,089,428	326,643	3,853,949	1,501,887	–	18,146,750
Translation differences on consolidation	(2,175)	(12,018)	(18,465)	(52,271)	(36,493)	(51,900)	(25,169)	(65,570)	(108,759)	–	(372,820)
Depreciation charge for the year	9,750	259,380	230,875	253,514	152,170	83,676	9,321	398,793	29,842	–	1,427,321
Disposals/Write offs/ Transfers	–	–	–	(182,596)	–	–	–	(66,379)	–	–	(248,975)
At 31 December 2015	80,408	7,316,583	1,081,188	2,004,041	1,494,294	1,121,204	310,795	4,120,793	1,422,970	–	18,952,276
Carrying amounts											
At 1 January 2014	133,060	2,999,947	517,083	840,675	259,849	344,752	36,465	1,562,898	144,680	222,238	7,061,647
At 31 December 2014	570,367	2,750,400	571,540	658,477	328,140	314,404	25,554	1,294,765	102,225	1,122,053	7,737,925
At 31 December 2015	543,592	2,477,486	882,282	638,094	254,512	273,227	18,923	1,226,136	106,531	1,655,345	8,076,128

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4 Property, plant and equipment (continued)

	Leasehold land and buildings	Leasehold improvements	Motor vehicles	Computers	Furniture, fittings and office equipment	Machinery and equipment	Electrical and installation	Construction in-progress	Total
	$	$	$	$	$	$	$	$	$
Company									
Cost									
At 1 January 2014	8,940,534	402,869	1,184,820	1,041,772	469,420	2,573,082	425,924	222,238	15,260,659
Additions	–	145,236	36,773	64,226	26,295	44,957	–	899,815	1,217,302
Disposals/Write-offs	–	–	(51,800)	(39,135)	–	(13,338)	–	–	(104,273)
Translation differences	–	2,168	683	16	157	5,722	–	–	8,746
At 31 December 2014	8,940,534	550,273	1,170,476	1,066,879	495,872	2,610,423	425,924	1,122,053	16,382,434
Additions	–	168,135	–	30,146	14,269	197,704	–	533,292	943,546
Translation differences	–	4,632	1,054	63	257	5,721	–	–	11,727
At 31 December 2015	8,940,534	723,040	1,171,530	1,097,088	510,398	2,813,848	425,924	1,655,345	17,337,707
Accumulated depreciation									
At 1 January 2014	6,427,520	151,030	847,378	901,707	372,215	1,236,404	346,945	–	10,283,199
Depreciation charge for the year	237,870	53,003	159,017	90,184	30,294	300,418	15,865	–	886,651
Disposals/Write-offs	–	–	(51,800)	(39,135)	–	(13,039)	–	–	(103,974)
Translation differences	–	617	342	3	58	2,263	–	–	3,283
At 31 December 2014	6,665,390	204,650	954,937	952,759	402,567	1,526,046	362,810	–	11,069,159
Depreciation charge for the year	237,871	121,329	101,607	74,975	29,733	304,887	15,265	–	885,667
Translation differences	–	1,290	602	20	124	3,609	–	–	5,645
At 31 December 2015	6,903,261	327,269	1,057,146	1,027,754	432,424	1,834,542	378,075	–	11,960,471
Carrying amounts									
At 1 January 2014	2,513,014	251,839	337,442	140,065	97,205	1,336,678	78,979	222,238	4,977,460
At 31 December 2014	2,275,144	345,623	215,539	114,120	93,305	1,084,377	63,114	1,122,053	5,313,275
At 31 December 2015	2,037,273	395,771	114,384	69,334	77,974	979,306	47,849	1,655,345	5,377,236

4 Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment of the Group and the Company include amounts totalling $341,211 (2014: $359,230) and $31,802 (2014: $93,206) respectively, in respect of property, plant and equipment acquired under finance lease arrangements.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,867,290 (2014: $2,060,899), of which $147,867 (2014: $107,728) were acquired under finance leases. Cash payments of $1,719,423 (2014: $1,953,171) were made to purchase property, plant and equipment.

Details of properties held by the Group and the Company as at 31 December are as follows:

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2015	Carrying amount 2014
				$	$
Held by the Company					
- Leasehold buildings					
69 & 71 Jalan Lekar, Singapore	Fish farming	3 years from 11 November 2013	41,776	62,660	137,858
- Leasehold land and buildings					
78 Jalan Lekar, Singapore	Fish farming	20 years from 20 February 2008	19,343	1,974,613	2,137,286
Held through subsidiaries					
- Leasehold land and buildings					
30/25 & 30/26 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2014 to 31 December 2015	3,290	48,862	54,450
30/23 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2014 to 31 December 2015	1,740	–	–
30/24 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2015 to 31 December 2016	1,740	–	–
JL. Raya Brantamulya Tengsaw No. 9 Tarik Kolot, Kecamatan Citeureup Bogor – Indonesia 16810	Fish Farming	30 years from 1 May 2013	1,343	391,351	420,806
Held through subsidiaries					
- Freehold land and buildings					
761 Rangsit - Nakornayok 52 Road, Pachatipat, Tanyaburi, Pathumtani, 12130 Thailand	Residential	Freehold	444	114,592	128,167
Land No. 3903 Tambol Samreuan Amphur Meuang Ratchaburi Province 70000	Fish Farming	Freehold	44,800	429,000	442,200
				3,021,078	3,320,767

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5 Biological assets

	Brooder stocks	
	Group and Company	
	2015	2014
	$	$
Cost		
At 1 January and 31 December	9,475,000	9,475,000
Accumulated depreciation		
At 1 January	919,918	730,418
Depreciation charge for the year	189,499	189,500
At 31 December	1,109,417	919,918
Net carrying amount		
At 31 December	8,365,583	8,555,082
Estimated quantity at year end	1,850	1,850

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

The brooder stocks are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the brooder stocks to be 50 years. Management monitors the mortality rate of the brooder stocks on a continuing basis and is not aware of any developments or research findings that would require a revision of the useful lives for the brooder stocks.

	Brooder stocks	
	Group and Company	
	2015	2014
	$	$
At 1 January	44,440	71,750
Change in fair value less estimated point-of-sale costs	(17,200)	(20,450)
Decreases due to sales	(497,970)	(597,880)
Net increase due to births	495,510	591,020
At 31 December	24,780	44,440
Estimated quantity at year end	173	184

During the financial year, the brooder stocks of the Group and the Company bred approximately 4,349 (2014: 2,746) of dragon fish.

The Group is exposed to a number of risks related to its brooder stocks and breeder stocks:

5 Biological assets (continued)

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of breeder stocks. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to manage the breeding program.

Climate and other risks

The Group's brooder stocks and breeder stocks are exposed to the risk of damage and fatalities from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry disease surveys.

6 Intangible assets

	Trademarks/ Customer acquisition costs	Product listing fees	Total
Group	$	$	$
Cost			
At 1 January 2014	937,041	196,153	1,133,194
Disposal	(15,302)	–	(15,302)
Translation differences on consolidation	(242)	–	(242)
At 31 December 2014 and 2015	921,497	196,153	1,117,650
Accumulated amortisation			
At 1 January 2014	593,993	196,153	790,146
Disposal	(15,302)	–	(15,302)
Translation differences on consolidation	(242)	–	(242)
At 31 December 2014 and 2015	578,449	196,153	774,602
Carrying amounts			
At 1 January 2014, 31 December 2014 and 2015	343,048	–	343,048
Company			
Cost			
At 1 January 2014, 31 December 2014 and 2015	921,497	196,153	1,117,650
Accumulated amortisation			
At 1 January 2014, 31 December 2014 and 2015	578,449	196,153	774,602
Carrying amounts			
At 1 January 2014, 31 December 2014 and 2015	343,048	–	343,048

The amortisation charged is recognised in selling and distribution expenses in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6 Intangible assets (continued)

Impairment tests for cash-generating units containing trademarks/customer acquisition costs

Trademarks/Customer acquisition costs are costs paid for the acquisition and registration of brands and trademarks of pet food.

The recoverable amounts of the above balances are based on value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2015 was determined in a similar manner as in 2014. No impairment loss was required for the carrying amount of trademarks/customer acquisition costs at 31 December 2015 and 31 December 2014 as the recoverable value was in excess of the carrying value.

Key assumptions used in discounted cash flow projection calculations

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

	Discount rate		Terminal value growth rate		Budgeted revenue growth	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Pet food	9.3%	9.4%	3.0%	3.0%	5.0%	10.0%

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 management in their discounted cash flow models. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the country in which the division is based and the long-term compound annual growth rate in 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.

7 Subsidiaries

	Company	
	2015	**2014**
	$	**$**
Unquoted equity investments, at cost	2,295,785	2,295,785

7 Subsidiaries (continued)

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Ownership interest		Cost of investment by the Company	
			2015	2014	2015	2014
			%	%	$	$
* Qian Hu Tat Leng Plastic Pte. Ltd.	Manufacture of plastic bags	Singapore	100	100	57,050	57,050
^ Qian Hu Aquarium and Pets (M) Sdn. Bhd. and its subsidiary:	Trading and distribution of ornamental fish and aquarium and pet accessories	Malaysia	100	100	171,951	171,951
^ Qian Hu The Pet Family (M) Sdn. Bhd.	Trading of ornamental fish and aquarium accessories	Malaysia	100	100	–	–
^ Beijing Qian Hu Aquarium and Pets Co., Ltd	Import and export of cold water ornamental fish and distribution of aquarium accessories	People's Republic of China	100	100	171,824	171,824
^ Shanghai Qian Hu Aquarium and Pets Co., Ltd	Trading and distribution of ornamental fish and aquarium accessories	People's Republic of China	100	100	1,086,516	1,086,516
^ Guangzhou Qian Hu OF Feed Co., Ltd	Manufacture of fish feed	People's Republic of China	100	100	126,170	126,170
^ Qian Hu Marketing Co Ltd	Distribution of aquarium and pet accessories	Thailand	74♦	74♦	148,262	148,262
^ Thai Qian Hu Company Limited and its subsidiary:	Trading of ornamental fish	Thailand	60	60	121,554	121,554
^ Advance Aquatic Co., Ltd	Trading of ornamental fish	Thailand	60	60	–	–
^ NNTL (Thailand) Limited	Investment holding	Thailand	49@	49@	30,999	30,999
^ P.T. Qian Hu Joe Aquatic Indonesia	Trading of ornamental fish	Indonesia	90	90	381,459	381,459
					2,295,785	2,295,785

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7 Subsidiaries (continued)

KPMG LLP Singapore is the auditor of the Singapore-incorporated subsidiary.

* *Audited by KPMG LLP Singapore.*

^ *Audited by other certified public accountants. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary is considered significant if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.*

◆ *This represents the Group's effective interest in Qian Hu Marketing Co Ltd. The Company holds a 49% direct interest in Qian Hu Marketing Co Ltd and the remaining effective interest of 25% is held through a subsidiary, NNTL (Thailand) Limited.*

@ *NNTL (Thailand) Limited is considered a subsidiary of the Company as the Company has voting control at general meetings and Board meetings of NNTL (Thailand) Limited.*

There are no subsidiaries that have NCI that are material to the Group.

8 Associate

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Investment in associate, at cost	812,600	812,600	812,600	812,600
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
Share of post-acquisition losses	(283,358)	(237,709)	–	–
	307,463	353,112	412,600	412,600

Investment in associate at 31 December 2015 includes goodwill of $134,289 (2014: $134,289).

Details of the associate are as follows:

	Arcadia Products PLC
Nature of relationship with the Group	Strategic customer providing access to the European aquarium market
Principle place of business/Country of incorporation	United Kingdom
Ownership interest/Voting rights held	20% (2014: 20%)

The associate is audited by other certified public accountants. This associate is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, an associated company is considered significant if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The summarised financial information relating to the associate is not adjusted for the percentage of ownership held by the Group.

8 Associate (continued)

The financial information of the associate is as follows:

	2015	2014
	$	$
Assets and liabilities		
Total assets	5,986,520	6,892,373
Total liabilities	3,370,236	4,121,469
Results		
Revenue	7,275,503	7,227,730
Expenses	7,390,760	6,981,225
(Loss) Profit after taxation	(115,256)	246,505

Impairment of investment in associate

Significant judgement is required in determining the impairment of this associate at each reporting date and this requires the management to make estimates and assumptions that affect the financial statements.

Management is required to exercise judgement in determining whether there is objective evidence that an impairment loss has occurred.

Management has performed an impairment review to assess the recoverable amount of the associate. An impairment loss of $221,779 and $400,000 was recognised at the Group and at the Company, respectively, for the year ended 31 December 2012 to write down the carrying amount of the associate to its recoverable amounts.

Management has performed an impairment review as at 31 December 2015 and determined that no additional or reversal of impairment loss is required in 2015. The estimate of the recoverable amount of the investment has been determined by management based on the net assets value of the associate as at 31 December 2015, which approximates the recoverable amount of the investment in the associate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables	27,917,547	28,634,479	21,562,976	22,240,593
Allowance for doubtful trade receivables	(2,360,006)	(2,715,862)	(2,283,520)	(2,623,466)
Net receivables	25,557,541	25,918,617	19,279,456	19,617,127
Deposits	423,534	353,735	67,385	77,520
Tax recoverable	32,771	15,351	–	–
Other receivables	3,940,304	3,988,572	3,842,681	3,888,327
Amounts due from:				
- subsidiaries (trade)	–	–	6,233,190	6,871,287
- subsidiaries (non-trade)	–	–	1,274,808	1,276,078
- associate (trade)	811,940	651,581	811,940	651,581
Loans and receivables	30,766,090	30,927,856	31,509,460	32,381,920
Deposits for purchase of property, plant and equipment	1,048,863	523,241	379,053	14,716
Prepayments	1,185,774	751,682	213,473	313,410
Advances to suppliers	2,179,444	2,354,421	2,109,301	2,230,636
	35,180,171	34,557,200	34,211,287	34,940,682
Non-current	–	1,240,000	–	1,240,000
Current	35,180,171	33,317,200	34,211,287	33,700,682
	35,180,171	34,557,200	34,211,287	34,940,682

Outstanding non-trade balances with subsidiaries and associate are unsecured, interest-free and are repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

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

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
US Dollar	3,227,253	3,524,790	2,022,736	2,303,622
Euro	101,103	1,976,399	26,148	1,933,762
Malaysian Ringgit	1,340,780	1,437,882	–	–
Thai Baht	726,770	659,735	–	–
Chinese Renminbi	2,997,268	3,537,842	1,965,525	2,126,048
Indonesian Rupiah	18,022	462	–	–

9 Trade and other receivables (continued)

Allowance for doubtful loans and receivables

The ageing of loans and receivables at the reporting date is:

	Gross loans and receivables	Allowance for doubtful loans and receivables	Gross loans and receivables	Allowance for doubtful loans and receivables
	2015	2015	2014	2014
	$	$	$	$
Group				
Not past due	8,588,483	–	9,723,981	–
Past due 1 – 30 days	3,807,388	–	3,153,288	–
Past due 31 – 60 days	1,598,034	–	1,899,617	–
Past due 61 – 90 days	1,105,702	–	1,139,939	–
Past due more than 90 days	18,026,489	2,360,006	17,726,893	2,715,862
	33,126,096	2,360,006	33,643,718	2,715,862
Company				
Not past due	13,031,358	–	14,818,978	–
Past due 1 – 30 days	2,068,182	–	1,510,139	–
Past due 31 – 60 days	909,645	–	1,085,097	–
Past due 61 – 90 days	459,737	–	802,244	–
Past due more than 90 days	17,324,058	2,283,520	16,788,928	2,623,466
	33,792,980	2,283,520	35,005,386	2,623,466

The change in allowance for doubtful trade receivables during the financial year is as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
At 1 January	2,715,862	2,620,154	2,623,466	2,495,234
Allowance for doubtful trade receivables recognised	181,522	476,381	172,111	449,696
Amount written off against allowance made	(525,074)	(379,128)	(512,057)	(321,464)
Translation differences on consolidation	(12,304)	(1,545)	–	–
At 31 December	2,360,006	2,715,862	2,283,520	2,623,466

Trade and other receivables of the Group and Company as at 31 December 2015 include approximately $10.5 million (2014: $11.0 million) owing by Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (GZQH), a former subsidiary of the Group, which is repayable on demand. These include trade receivables of $9.1 million (2014: $9.6 million) and non-trade receivables of $1.4 million (2014: $1.4 million), of which the recoverability of $8.3 million (2014: $9.0 million) owing by GZQH prior to its disposal is guaranteed by a major shareholder of the Company and a director of the Company as disclosed in Note 24. Management is of the view that these amounts are not impaired as GZQH will be able to repay the debts from its operating or other cash flows and substantial amount is guaranteed as stated above.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 Trade and other receivables (continued)

***Allowance for doubtful loans and receivables* (continued)**

Included in other receivables of the Group and Company as at 31 December 2015 is a non-trade amount of approximately $1.1 million (2014: $1.1 million) and $2.6 million (2014: $2.6 million) owing by Kim Kang Aquaculture Sdn. Bhd. (KKSB), a former subsidiary of the Group and the purchasers of KKSB respectively. These include overdue receivables of $2.5 million (2014: $1.2 million) which is guaranteed by one of the purchasers of KKSB.

Except for the abovementioned, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. Many of these customers are internationally dispersed, engage in a wide spectrum of distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

10 Inventories

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Fish	3,053,139	3,602,557	2,314,237	2,663,101
Accessories	11,807,893	12,104,341	4,729,121	4,560,669
Raw materials – plastic products	363,295	299,332	–	–
Finished goods – plastic products	523,526	533,713	–	–
	15,747,853	16,539,943	7,043,358	7,223,770

11 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash and bank balances	7,771,930	8,557,302	4,287,591	5,011,121

Cash and bank balances earn interests at floating rates based on daily bank deposits rates from 0% to 0.1% (2014: 0% to 0.1%) per annum.

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

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
US Dollar	1,194,032	1,045,779	953,098	892,174
Euro	205,091	177,936	131,232	59,047
Malaysian Ringgit	603,423	589,597	–	–
Thai Baht	1,136,859	1,299,315	–	–
Chinese Renminbi	801,666	962,494	45,237	231,048
Indonesian Rupiah	22,330	18,124	–	–

12 Share capital

	Company			
	2015	2015	2014	2014
	$	No. of shares	$	No. of shares
Fully paid ordinary shares, with no par value:				
At 1 January	30,772,788	454,106,350	30,772,788	454,106,350
Share consolidation	–	(340,579,883)	–	–
At 31 December	30,772,788	113,526,467	30,772,788	454,106,350

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

On 6 August 2015, the Company has completed a share consolidation exercise to consolidate every four ordinary shares in the capital of the Company held by the shareholders into one consolidated share, so as to comply with the Minimum Trading Price ("MTP") requirement as implemented by the SGX-ST as an additional continuing listing requirement. The issued share capital of the Company as at 31 December 2015 comprises 113,526,467 consolidated shares, after disregarding any fraction of consolidated shares arising from the share consolidation exercise.

Capital management

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

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

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

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Net debt	16,886,539	16,243,303	15,359,345	16,186,739
Total equity	50,307,778	51,053,293	42,126,875	42,354,486
Total capital	67,194,317	67,296,596	57,486,220	58,541,225
Gearing ratio	0.25	0.24	0.27	0.28

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2014 and 2015. There were no changes in the Group's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13 Reserves

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Retained earnings	18,969,013	19,404,357	11,395,914	11,617,086
Translation reserve	(1,069,109)	(629,024)	(41,827)	(35,388)
	17,899,904	18,775,333	11,354,087	11,581,698

The translation reserve of the Group and the Company comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the translation of monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met.

14 Loans and borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Non-current liabilities				
Finance lease liabilities	141,535	155,492	824	19,155
	141,535	155,492	824	19,155
Current liabilities				
Singapore dollar short-term loans (unsecured)	13,500,000	13,000,000	13,500,000	13,000,000
Thai Baht fixed rate loan (secured)	212,160	295,872	–	–
Bills payable to banks (unsecured)	580,308	408,515	452,922	345,986
Finance lease liabilities	134,825	132,075	18,331	36,556
	14,427,293	13,836,462	13,971,253	13,382,542
Total borrowings	14,568,828	13,991,954	13,972,077	13,401,697

The Thai Baht loan is secured by a mortgage on the subsidiary's freehold land and is callable on demand. It bears interest at 6.75% per annum and is payable in 50 monthly instalments commencing September 2014.

The unsecured short-term loans are revolving bank loans which bear interest at rates from 1.88% to 2.30% (2014: 1.28% to 1.78%) per annum and are repayable within the next 12 months from the reporting date.

The weighted average effective interest rates per annum relating to the bills payable to banks, at the reporting date for the Group and the Company are 5.65% (2014: 5.65%) and 5.25% (2014: 5.25%) respectively. These bills mature within 1 to 4 months from the reporting date.

14 Loans and borrowings (continued)

Finance lease liabilities

At 31 December, the Group and the Company had obligations under finance leases that are payable as follows:

	<---------------------- 2015 ---------------------->			<---------------------- 2014---------------------->		
	Principal	Interest	Payments	Principal	Interest	Payments
	$	$	$	$	$	$
Group						
Repayable within 1 year	134,825	15,213	150,038	132,075	17,590	149,665
Repayable after 1 year but within 5 years	141,535	20,694	162,229	155,492	20,969	176,461
	276,360	35,907	312,267	287,567	38,559	326,126
Company						
Repayable within 1 year	18,331	2,896	21,227	36,556	4,902	41,458
Repayable after 1 year but within 5 years	824	138	962	19,155	3,033	22,188
	19,155	3,034	22,189	55,711	7,935	63,646

Lease terms range from 1 to 5 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The average discount rates implicit in the Group's and the Company's finance lease obligations are 4.37% (2014: 4.93%) and 4.56% (2014: 4.91%) respectively.

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

		Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
Group					
2015					
Bills payable to banks	580,308	613,095	613,095	–	–
S$ floating rate loans	13,500,000	13,782,150	13,782,150	–	–
Thai Baht fixed rate loan	212,160	226,481	226,481	–	–
Finance lease liabilities	276,360	312,267	150,038	162,229	–
Trade and other payables	10,089,641	10,089,641	10,089,641	–	–
	24,658,469	25,023,634	24,861,405	162,229	–
2014					
Bills payable to banks	408,515	431,596	431,596	–	–
S$ floating rate loans	13,000,000	13,198,900	13,198,900	–	–
Thai Baht fixed rate loan	295,872	315,843	315,843	–	–
Finance lease liabilities	287,567	326,126	149,665	176,461	–
Trade and other payables	10,808,651	10,808,651	10,808,651	–	–
	24,800,605	25,081,116	24,904,655	176,461	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14 Loans and borrowings (continued)

	Carrying amount	Cash flows: Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
Company					
2015					
Bills payable to banks	452,922	476,700	476,700	–	–
S$ floating rate loans	13,500,000	13,782,150	13,782,150	–	–
Finance lease liabilities	19,155	22,189	21,227	962	–
Trade and other payables	5,674,859	5,674,859	5,674,859	–	–
	19,646,936	19,955,898	19,954,936	962	–
2014					
Bills payable to banks	345,986	364,150	364,150	–	–
S$ floating rate loans	13,000,000	13,198,900	13,198,900	–	–
Finance lease liabilities	55,711	63,646	41,458	22,188	–
Trade and other payables	7,796,163	7,796,163	7,796,163	–	–
	21,197,860	21,422,859	21,400,671	22,188	–

In addition to the above table, the Company also has liquidity risk arising from issued financial guarantees to certain banks in respect of banking facilities granted to certain subsidiaries amounting to $1,700,000 (2014: $1,800,000), which fall within the 1 year category (refer to Note 26).

15 Deferred tax liabilities

	Group 2015	Group 2014	Company 2015	Company 2014
	$	$	$	$
Deferred tax liabilities				
Property, plant and equipment and biological assets	428,582	410,000	380,000	380,000

Movement in deferred tax liabilities

	Group 2015	Group 2014	Company 2015	Company 2014
	$	$	$	$
At 1 January	410,000	410,000	380,000	380,000
Recognised in profit or loss	18,582	–	–	–
At 31 December	428,582	410,000	380,000	380,000

Deferred tax assets have not been recognised in respect of tax losses for certain subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

16 Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade payables	5,968,974	6,388,559	2,268,637	2,738,546
Accrued operating expenses	400,843	290,670	316,555	185,923
Other payables	2,054,809	2,071,464	1,840,129	1,811,409
Accrued staff costs	1,198,177	1,668,803	771,872	1,326,128
Advance received from customers	466,838	389,155	222,343	282,742
Amounts due to subsidiaries				
- trade	–	–	208,666	147,005
- non-trade	–	–	46,657	1,304,410
	10,089,641	10,808,651	5,674,859	7,796,163

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

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

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
US Dollar	275,879	396,311	–	73,175
Euro	1,243	231,378	1,243	231,378
Malaysian Ringgit	961,789	664,987	10,267	6,784
Japanese Yen	–	54,041	–	54,041
Thai Baht	195,417	132,459	–	–
Chinese Renminbi	2,237,751	2,128,278	945,560	839,841
Australian Dollar	213,922	204,441	213,922	204,441
Hong Kong Dollar	43,600	–	43,600	–
New Taiwan Dollar	63,565	53,157	24,840	53,157
Indonesian Rupiah	61,334	28,109	–	–

17 Revenue

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Sale of goods				
- fish	31,372,573	35,370,557	21,988,966	24,528,207
- accessories	35,399,118	37,523,165	23,174,982	24,922,732
- plastics	11,198,773	10,632,110	–	–
	77,970,464	83,525,832	45,163,948	49,450,939

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18 Net finance costs

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Interest income				
- bank deposits	6,044	10,267	2,137	1,999
Interest expense				
- bank loans and overdrafts	(244,224)	(192,278)	(244,224)	(185,670)
- bills payable to banks	(19,638)	(32,433)	(14,456)	(28,368)
- finance lease liabilities	(38,129)	(31,379)	(4,902)	(7,267)
	(301,991)	(256,090)	(263,582)	(221,305)
Net finance costs	(295,947)	(245,823)	(261,445)	(219,306)

19 Profit before tax

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

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Allowance for (Write back of allowance for)				
- doubtful trade receivables	181,522	476,381	172,111	449,696
- inventory obsolescence	(50,000)	(15,000)	(50,000)	(15,000)
Bad trade receivables written off	43,402	57,122	35,569	45,273
Auditors' remuneration				
- auditors of the Company	105,000	99,000	90,000	85,000
- other auditors	15,687	13,879	–	–
Non-audit fees				
- other auditors	24,590	28,790	17,700	21,900
Depreciation of				
- property, plant and equipment	1,427,321	1,405,599	885,667	886,651
- biological assets	189,499	189,500	189,499	189,500
Exchange gain, net	(494,779)	(535,765)	(394,315)	(261,701)
Operating lease expenses	1,102,458	1,039,882	192,112	217,672
Property, plant and equipment written off	–	5,112	–	299
Staff costs				
- salaries and bonus	10,975,613	11,166,958	6,872,461	7,093,586
- provident fund contributions	763,745	758,505	463,967	443,508
- staff welfare benefits	849,193	765,453	564,002	549,009
Directors' fees				
- directors of the Company	90,417	80,000	90,417	80,000
Change in fair value less estimated point-of-sale costs of breeder stocks	17,200	20,450	17,200	20,450
Other (income) expenses				
- gain on disposal of property, plant and equipment	(46,953)	(24,395)	–	(2,774)
- dividend income received from subsidiaries	–	–	(1,159,678)	(1,494,467)
- loss on disposal of an associate	–	134,009	–	262,600
- sundry income	(169,578)	(142,961)	(93,026)	(61,774)

20 Tax expense

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Tax recognised in profit or loss				
Current tax expense				
Current year	314,262	419,628	11,968	59,447
Over provision in respect of prior years	(54,950)	(14,477)	–	–
	259,312	405,151	11,968	59,447
Deferred tax expense				
Origination and reversal of temporary differences	18,582	–	–	–
	18,582	–	–	–
Total tax expense	277,894	405,151	11,968	59,447

Reconciliation of effective tax rate

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Profit before tax	549,462	1,097,560	244,902	555,967
Tax using Singapore tax rate of 17% (2014: 17%)	93,409	186,585	41,633	94,514
Expenses not deductible for tax purposes	56,037	46,921	50,000	50,000
Income not subject to tax	(60,566)	(29,122)	(223,070)	(254,467)
Withholding tax	11,968	–	11,968	–
Effect of different tax rates in other countries	28,087	62,599	–	–
Over provision in respect of prior years	(54,950)	(14,477)	–	–
Others	203,909	152,645	131,437	169,400
Tax expense	277,894	405,151	11,968	59,447

Tax recognised in other comprehensive income

There is no tax effect on the translation differences relating to financial statements of foreign operations in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21 Directors' remuneration

Company's directors receiving remuneration from the Group:

	Group Number of directors 2015	Group Number of directors 2014
Remuneration of:		
$500,000 and above	–	–
$250,000 to $499,999	4	4
Below $250,000	4	3
	8	7

Names of director	Salary $	Bonus $	Directors' fees $	Total $
Group				
2015				
Kenny Yap Kim Lee	303,850	–	–	303,850
Alvin Yap Ah Seng	273,750	–	–	273,750
Andy Yap Ah Siong	274,200	–	–	274,200
Lai Chin Yee	274,150	–	–	274,150
Tan Tow Ee	–	–	30,000	30,000
Chang Weng Leong	–	–	25,000	25,000
Sharon Yeoh Kar Choo	–	–	25,000	25,000
Ling Kai Huat (appointed on 1 August 2015)	–	–	10,417	10,417
Total	1,125,950	–	90,417	1,216,367
2014				
Kenny Yap Kim Lee	303,600	–	–	303,600
Alvin Yap Ah Seng	273,600	–	–	273,600
Andy Yap Ah Siong	273,600	–	–	273,600
Lai Chin Yee	267,600	36,250	–	303,850
Tan Tow Ee	–	–	30,000	30,000
Chang Weng Leong	–	–	25,000	25,000
Sharon Yeoh Kar Choo	–	–	25,000	25,000
Total	1,118,400	36,250	80,000	1,234,650

22 Earnings per share

	Group	
	2015	2014
Profit attributable to equity holders of the Company ($)	18,762	391,881

	Group	
	2015	2014
		Restated*
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 per share (cents)	0.02	0.35

* *comparative figures for earnings per share have been adjusted for the share consolidation exercise to consolidate every four ordinary shares into one consolidated share.*

The calculation of basic earnings per share at 31 December 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 earnings per share at 31 December 2015 and 31 December 2014.

23 Dividends

	Group and Company	
	2015	2014
	$	$
Final dividend paid of 0.1 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2013	–	454,106
Final dividend paid of 0.1 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2014	454,106	–
	454,106	454,106

The directors have proposed a final dividend of $0.002 (2014: $0.001) per ordinary share, one-tier tax exempt, totalling $227,053 (2014: $454,106) in respect of the financial year ended 31 December 2015. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2016.

24 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the authorities of the entity. The directors are considered as key management personnel of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24 Significant related party transactions (continued)

Key management personnel compensation (continued)

Key management personnel compensation comprised:

	Group	
	2015	2014
	$	$
Short-term employee benefits		
- directors of the Company	1,216,367	1,234,650
- other key management personnel	1,018,064	1,227,938
	2,234,431	2,462,588

Other related party transactions

As mentioned in Note 9, trade and other receivables amounting to approximately $8.3 million (2014: $9.0 million) due from a former subsidiary are guaranteed by a major shareholder of the Company and a director of the Company. The Company is charged a guarantee fee of 0.5% per annum with effect from January 2012 for the guarantee from a major shareholder of the Company.

Other than disclosed elsewhere in the financial statements, the transactions with related parties at terms agreed between the parties, are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Sales to subsidiaries	–	–	4,728,326	6,118,407
Purchases from subsidiaries	–	–	1,350,690	734,797
Sales to associate	1,251,442	762,591	1,251,442	762,591
Purchases from associate	8,861	37,127	8,861	37,127
Fees paid to a company in which a director has an interest	8,600	14,500	8,600	14,500
Guarantee fee paid to a major shareholder of the Company	37,000	40,000	37,000	40,000
Consultancy fees paid to a company in which a director has a substantial interest	8,300	8,300	8,300	8,300

25 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products. For each of the strategic business units, the Group's Executive Chairman and Managing Director reviews internal management reports on a monthly basis.

The Group's reportable operating segments are as follows:

(i) Fish – includes fish farming, breeding, distribution and trading of ornamental fish;

(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.

25 Operating segments (continued)

The accounting policies of the reportable segments are the same as described in Note 3. Information regarding the results of each reportable segment is included below. Performance is measured based on profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman and Managing Director. Profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Certain financing costs are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on mutually agreed terms.

Segment expenditure for non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

Information about reportable segments

	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
2015					
Revenue					
External revenue	31,372	35,399	11,199	–	77,970
Inter-segment revenue	2,025	6,023	227	(8,275)	–
Total revenue	33,397	41,422	11,426	(8,275)	77,970
Results					
EBITDA*	1,820	1,705	849	(1,866)	2,508
Depreciation and amortisation	(1,006)	(486)	(125)	–	(1,617)
Interest expense	(28)	(29)	(1)	(244)	(302)
Interest income	4	2	–	–	6
Operating profit	790	1,192	723	(2,110)	595
Share of losses of associate	–	(46)	–	–	(46)
Profit (Loss) before tax	790	1,146	723	(2,110)	549
Tax expense	(182)	(60)	(35)	–	(277)
Profit (Loss) for the year	608	1,086	688	(2,110)	272
Assets and liabilities					
Segment assets	31,179	37,014	3,847	3,777	75,817
Investment in associate	–	307	–	–	307
Segment liabilities	4,943	4,975	1,757	13,834	25,509
Other segment information					
Expenditure for non-current assets	1,254	445	168	–	1,867
Other non-cash items:					
Bad trade receivables written off	40	3	–	–	43
Allowance for (Write back of allowance for)					
- doubtful trade receivables	160	22	–	–	182
- inventory obsolescence	–	(50)	–	–	(50)
Change in fair value less estimated point-of-sale costs of breeder stocks	17	–	–	–	17
Gain on disposal of property, plant and equipment	–	(44)	(3)	–	(47)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
2014					
Revenue					
External revenue	35,371	37,523	10,632	–	83,526
Inter-segment revenue	1,758	6,917	158	(8,833)	–
Total revenue	37,129	44,440	10,790	(8,833)	83,526
Results					
EBITDA*	2,059	2,456	513	(1,972)	3,056
Depreciation and amortisation	(934)	(571)	(90)	–	(1,595)
Interest expense	(27)	(42)	–	(186)	(255)
Interest income	7	3	–	–	10
Operating profit	1,105	1,846	423	(2,158)	1,216
Loss on disposal of an associate	–	(134)	–	–	(134)
Share of profits of associates	–	16	–	–	16
Profit (Loss) before tax	1,105	1,728	423	(2,158)	1,098
Tax expense	(223)	(165)	(17)	–	(405)
Profit (Loss) for the year	882	1,563	406	(2,158)	693
Assets and liabilities					
Segment assets	31,386	37,917	3,431	3,954	76,688
Investment in associate	–	353	–	–	353
Segment liabilities	5,170	5,236	1,742	13,487	25,635
Other segment information					
Expenditure for non-current assets	1,588	303	170	–	2,061
Other non-cash items:					
Bad trade receivables written off	54	3	–	–	57
Property, plant and equipment written off	–	5	–	–	5
Allowance for (Write back of allowance for)					
- doubtful trade receivables	387	85	4	–	476
- inventory obsolescence	–	(15)	–	–	(15)
Change in fair value less estimated point-of-sale costs of breeder stocks	20	–	–	–	20
Gain on disposal of property, plant and equipment	(7)	(16)	(1)	–	(24)

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

Geographical segments

Geographical segments are analysed by four principal geographical areas, namely Singapore, other Asian countries, Europe and Others (i.e., the rest of the world). In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and segment assets are based on the geographical location of the assets.

25 Operating segments (continued)

Geographical Information

	Singapore	Other Asian countries	Europe	Others	Consolidated
	$'000	$'000	$'000	$'000	$'000
2015					
Revenue from external customers	22,784	38,059	9,368	7,759	77,970
Segment non-current assets	14,407	2,378	307	–	17,092
Segment assets	55,992	19,518	307	–	75,817
2014					
Revenue from external customers	22,932	44,694	9,603	6,297	83,526
Segment non-current assets	15,406	2,470	353	–	18,229
Segment assets	56,660	19,675	353	–	76,688

Major customers

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

26 Financial risk management

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily the United States Dollar, Euro, Malaysian Ringgit and Chinese Renminbi.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	Company
	$	$
31 December 2015		
US Dollar	(414,541)	(297,583)
Euro	(30,495)	(15,614)
Malaysian Ringgit	(98,241)	1,027
Thai Baht	(166,821)	–
Chinese Renminbi	(156,118)	(106,520)
Australian Dollar	21,392	21,392
Hong Kong Dollar	4,360	4,360
New Taiwan Dollar	6,357	2,484
Indonesian Rupiah	2,098	–
31 December 2014		
US Dollar	(417,426)	(312,262)
Euro	(192,296)	(176,143)
Malaysian Ringgit	(136,249)	678
Japanese Yen	5,404	5,404
Thai Baht	(182,659)	–
Chinese Renminbi	(237,206)	(151,725)
Australian Dollar	20,444	20,444
New Taiwan Dollar	5,316	5,316
Indonesian Rupiah	952	–

26 Financial risk management (continued)

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Business risk

The main risk arising from the Group's livestock is business risk. The Group has institutionalised a comprehensive health management and quarantine system for all its domestic and overseas operations to ensure a consistently high standard of good healthcare management and hygiene for its livestock. Currently, all its domestic and overseas fish operations have attained ISO 9001 : 2008 certification.

Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The following table sets out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group and the Company that are exposed to interest rate risk:

	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group			
2015			
Financial liabilities			
Fixed rate			
Thai Baht loan	212	–	212
Bills payable to banks	580	–	580
Finance lease liabilities	135	141	276
Floating rate			
Bank term loans	13,500	–	13,500
Company			
2015			
Financial liabilities			
Fixed rate			
Bills payable to banks	453	–	453
Finance lease liabilities	18	1	19
Floating rate			
Bank term loans	13,500	–	13,500

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group			
2014			
Financial liabilities			
Fixed rate			
Thai Baht loan	296	–	296
Bills payable to banks	409	–	409
Finance lease liabilities	132	156	288
Floating rate			
Bank term loans	13,000	–	13,000
Company			
2014			
Financial liabilities			
Fixed rate			
Bills payable to banks	346	–	346
Finance lease liabilities	37	19	56
Floating rate			
Bank term loans	13,000	–	13,000

Sensitivity analysis

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

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

26 Financial risk management (continued)

	Profit or loss	
	100 bp	100 bp
	Increase	Decrease
Group	$	$
31 December 2015		
Floating rate instruments	(135,000)	135,000
31 December 2014		
Floating rate instruments	(130,000)	130,000
Company		
31 December 2015		
Floating rate instruments	(135,000)	135,000
31 December 2014		
Floating rate instruments	(130,000)	130,000

Intra-group financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries or related parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $1.7 million (2014: $1.8 million).

Accounting classifications and fair values

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26 Financial risk management (continued)

	Loans and receivables $	Liabilities at amortised cost $	Total carrying amount $
2015			
Group			
Financial assets			
Trade and other receivables	30,766,090	–	30,766,090
Cash and cash equivalents	7,771,930	–	7,771,930
	38,538,020	–	38,538,020
Financial liabilities			
Finance lease liabilities	–	(276,360)	(276,360)
Bank term loans	–	(13,712,160)	(13,712,160)
Bills payable to banks	–	(580,308)	(580,308)
Trade and other payables	–	(10,089,641)	(10,089,641)
	–	(24,658,469)	(24,658,469)
Company			
Financial assets			
Trade and other receivables	31,509,460	–	31,509,460
Cash and cash equivalents	4,287,591	–	4,287,591
	35,797,051	–	35,797,051
Financial liabilities			
Finance lease liabilities	–	(19,155)	(19,155)
Bank term loans	–	(13,500,000)	(13,500,000)
Bills payable to banks	–	(452,922)	(452,922)
Trade and other payables	–	(5,674,859)	(5,674,859)
	–	(19,646,936)	(19,646,936)
2014			
Group			
Financial assets			
Trade and other receivables	30,927,856	–	30,927,856
Cash and cash equivalents	8,557,302	–	8,557,302
	39,485,158	–	39,485,158
Financial liabilities			
Finance lease liabilities	–	(287,567)	(287,567)
Bank term loans	–	(13,295,872)	(13,295,872)
Bills payable to banks	–	(408,515)	(408,515)
Trade and other payables	–	(10,808,651)	(10,808,651)
	–	(24,800,605)	(24,800,605)

26 Financial risk management (continued)

	Loans and receivables	Liabilities at amortised cost	Total carrying amount
	$	$	$
2014			
Company			
Financial assets			
Trade and other receivables	32,381,920	–	32,381,920
Cash and cash equivalents	5,011,121	–	5,011,121
	37,393,041	–	37,393,041
Financial liabilities			
Finance lease liabilities	–	(55,711)	(55,711)
Bank term loans	–	(13,000,000)	(13,000,000)
Bills payable to banks	–	(345,986)	(345,986)
Trade and other payables	–	(7,796,163)	(7,796,163)
	–	(21,197,860)	(21,197,860)

27 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumption made in determining fair value is disclosed in the notes specific to that asset or liability.

Interest-bearing bank loans

The carrying value of interest-bearing bank loans that reprice within six months of the reporting date is assumed to approximate their fair values. The carrying amounts of the term loans also approximate fair value as it is subject to floating interest rates which in turn approximate the current market interest rate for similar loan at reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

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

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27 Determination of fair values (continued)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2015				
Breeder stocks	–	–	24,780	24,780
2014				
Breeder stocks	–	–	44,440	44,440

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

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets		
Breeder stocks	• Premiums on quality, estimated based on colour and size • Estimated future breeder market price	As the estimated fair value increases, the higher is the estimated selling price and premium of breeder.

Valuation processes applied by the Group

The assessment of fair value of breeder stocks is performed by the Group's finance department and operations team on a quarterly basis. The finance department reports to the Group's Finance Director (FD).

28 Commitments

At 31 December, the Group has operating lease commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2015	2014
	$	$
Payable:		
- Within 1 year	114,773	336,094
- After 1 year but within 5 years	–	114,773
	114,773	450,867

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

29 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Except for FRS 109, *Financial Instruments*, as indicated below, the directors expect the adoption of the other standards will have no material impact on the financial statements in the period of initial applications.

FRS 109, *Financial Instruments*

FRS 109, when effective, will replace most of the existing guidance in FRS 39, *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial assets, a new expected credit loss model for calculating impairment of financial assets, and a new general hedge accounting requirement. It will change the existing accounting standards and guidance applied by the Group and the Company in accounting for financial instruments. The Group is currently assessing the potential impact of adopting this new standard on the financial statements of the Group and the Company.

FRS 109 is effective for annual periods beginning on or after 1 January 2018.

The Group and the Company do not plan to adopt these standards early.

STATISTICS OF SHAREHOLDERS

(As at 10 February 2016)

Class of Shares	:	Ordinary shares
Number of Shares Issued	:	113,526,467
Issued and Fully Paid-Up Capital	:	$30,772,788
Voting Rights	:	On a poll - One vote for each ordinary share
Number of Treasury Shares	:	Nil

Analysis of Shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	192	7.36	6,578	0.01
100 - 1,000	437	16.76	214,770	0.19
1,001 - 10,000	1,170	44.88	5,467,915	4.81
10,001 - 1,000,000	789	30.27	38,543,921	33.95
1,000,001 and above	19	0.73	69,293,283	61.04
Total	2,607	100.00	113,526,467	100.00

Substantial Shareholders

		Shareholdings registered in the name of the substantial shareholders		Shareholdings held by substantial shareholders in the name of nominees	
	Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Qian Hu Holdings Pte Ltd	27,250,000	24.00	–	–
2	Yap Ah Seng Alvin*	3,951,138	3.48	–	–
3	Yap Ah Siong Andy*	3,925,000	3.46	–	–
4	Yap Kim Choon*	3,925,000	3.46	–	–
5	Yap Kim Lee Kenny*	3,500,000	3.08	–	–
6	Yap Hock Huat*	3,000,000	2.64	–	–
7	Yap Ping Heng*	3,000,000	2.64	–	–
8	Yap Kim Chuan*	1,505,498	1.33	2,419,501	2.13

* *Each has a shareholding of 14.04% in Qian Hu Holdings Pte Ltd ("QHHPL") except for Yap Kim Lee Kenny whose shareholding in QHHPL is 15.76%.*

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	Qian Hu Holdings Pte Ltd	27,250,000	24.00
2	Yap Ah Seng Alvin	3,951,138	3.48
3	Yap Ah Siong Andy	3,925,000	3.46
4	Yap Kim Choon	3,925,000	3.46
5	Yap Kim Lee Kenny	3,500,000	3.08
6	Yap Hock Huat	3,000,000	2.64
7	Yap Ping Heng	3,000,000	2.64
8	Hong Leong Finance Nominees Pte Ltd	2,507,000	2.21
9	Choo Chee Kiong	2,500,000	2.20
10	Yap Chew Ring	2,424,475	2.14
11	Wong Bei Keen	1,827,500	1.61
12	Yap Hey Cha	1,750,000	1.54
13	Ang Kim Sua	1,723,500	1.52
14	Phillip Securities Pte Ltd	1,641,031	1.45
15	Yap Kim Chuan	1,505,498	1.33
16	Tan Boon Kim	1,330,581	1.17
17	Lim Yew Hoe	1,293,750	1.14
18	Royal Inst of Construction Economists Pte Ltd	1,225,200	1.08
19	DBS Nominees Pte Ltd	1,013,610	0.89
20	Ang Han Kiong & Teo Kay Lan Foundation Pte Ltd	951,750	0.84
	Total	**70,245,033**	**61.88**

Shareholding Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 44.17% of the issued share capital of the Company was held in the hands of the public as at 10 February 2016. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at No. 71 Jalan Lekar, Singapore 698950 on Wednesday, 23 March 2016 at 11.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a final dividend of 0.2 cents Singapore Dollar per ordinary share one-tier tax exempt for the financial year ended 31 December 2015. **[Resolution 2]**

3. To re-elect Mr Alvin Yap Ah Seng, who is retiring by rotation in accordance with Regulation 89 of the Company's Constitution, as Director of the Company. **[Resolution 3]**

4. To re-elect Ms Lai Chin Yee, who is retiring by rotation in accordance with Regulation 89 of the Company's Constitution, as Director of the Company. **[Resolution 4]**

5. To re-elect Mr Tan Tow Ee, who is retiring by rotation in accordance with Regulation 89 of the Company's Constitution, as Director of the Company. **[Resolution 5]**
   [See Explanatory Note (a)]

6. To re-elect Dr Ling Kai Huat, who is retiring in accordance with Regulation 88 of the Company's Constitution, as Director of the Company. **[Resolution 6]**
   [See Explanatory Note (b)]

7. To approve the sum of S$90,417 as Directors' fees for the financial year ended 31 December 2015. (2014: $80,000) **[Resolution 7]**

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 8]**

9. To transact any other business that may be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications: -

10. **General Mandate to authorise the Directors to issue shares or convertible securities**

"That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act"), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):

(i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the Company's total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:-

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution 9]**

[See Explanatory Note (c)]

11. **Renewal of Share Buyback Mandate**

"That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") transacted through the SGX-ST's ready market or, as the case may be, on another stock exchange on which the Shares are listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected pursuant to an equal access scheme (as defined in Section 76C of the Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Act and the Listing Rules,

be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting ("**AGM**") of the Company is held or required by the law to be held;

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied; or

(iii) the date on which Share Buybacks are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Limit" means 10% of the Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as hereafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days period; and

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **[Resolution 10]**

[See Explanatory Note (d)]

By Order of the Board

Lai Chin Yee
Company Secretary

Singapore
1 March 2016

Explanatory Notes:

(a) Mr Tan Tow Ee, if re-elected, will remain as a member of the Company's Audit Committee and Remuneration Committee and will also continue to remain as Chairman of the Audit Committee. Mr Tan Tow Ee will be considered as an Independent Director of the Company.

(b) Dr Ling Kai Huat, if re-elected, will remain as a member of the Company's Audit Committee and Nominating Committee. Dr Ling Kai Huat will be considered as an Independent Director of the Company.

(c) The ordinary resolution 9, under item 10 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares excluding treasury shares in the capital of the Company, of which the aggregate number issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 15% of the total number of issued shares excluding treasury shares in the capital of the Company, as more particularly set out in the resolution.

(d) The ordinary resolution 10 under item 11 above, if passed, will renew the Share Buyback Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 are set out in greater detail in the Appendix enclosed together with the Annual Report.

Note:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time set for the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Notice of Books Closure and Dividend Payment Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 12 April 2016 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 11 April 2016 will be registered to determine shareholders' entitlements to the said dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 11 April 2016 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Seventeenth Annual General Meeting to be held on 23 March 2016, will be paid on 21 April 2016.

By Order of the Board

Lai Chin Yee
Company Secretary

Singapore
1 March 2016

Dear Shareholders

We realise that you may not be able to attend our forthcoming Annual General Meeting ("AGM") for some reason or other. As in the previous years, we have set up several channels to communicate with our investors and shareholders. All because we deeply value your feedback and input.

You may now channel your questions and feedback to us via the following methods:

- **By sending us an email through *investor@qianhu.com or* feedback@qianhu.com**
- **By faxing us your feedback through 6766 3995**

We will look into all your questions and feedback and answer them during the AGM, provided that they reach us before 23 March 2016. A copy of the minutes of the AGM will be posted both on our website and on the SGX website.

Kenny Yap Kim Lee
Executive Chairman and Managing Director
Qian Hu Corporation Limited

To facilitate your attendance at our Annual General Meeting (AGM) on **23 March 2016,** at **No. 71 Jalan Lekar, Singapore 698950 at 11.00 a.m.**, transport arrangements have been made available for you.

We have chartered a bus to ferry you from the **Choa Chu Kang Bus Interchange (next to Choa Chu Kang MRT Station)** to our meeting venue.

Please proceed to the **Choa Chu Kang Bus Interchange Berth B5.** The bus will leave at **10.40 a.m. sharp.**

Transport will also be provided back to the Choa Chu Kang Bus Interchange after the meeting.

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

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____

being a member/members of **QIAN HU CORPORATION LIMITED** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at No. 71 Jalan Lekar, Singapore 698950 on Wednesday, 23 March 2016 at 11.00 a.m. and at any adjournment thereof.

I/We have directed my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any other matters arising at the AGM. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM, as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	For*	Against*
AS ORDINARY BUSINESS			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed final dividend		
3	Re-election of Mr Alvin Yap Ah Seng as director		
4	Re-election of Ms Lai Chin Yee as director		
5	Re-election of Mr Tan Tow Ee as director		
6	Re-election of Dr Ling Kai Huat as director		
7	Approval of directors' fees		
8	Re-appointment of KPMG LLP as auditors		
AS SPECIAL BUSINESS			
9	Authority to issue shares		
10	Renewal of Share Buyback Mandate		

* Please indicate your vote "For" or "Against" with a "√" within the boxes provided

Dated this __________ day of ________________ 2016

Total Number of Shares Held

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

Fold and seal here

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the Annual General Meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary is either:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time set for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 March 2016.

Fold and seal here

Affix
Postage
Stamp

M & C SERVICES PRIVATE LIMITED

Share Registrar for

Qian Hu Corporation Limited

112 Robinson Road
#05-01
Singapore 068902
Republic of Singapore

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