Corporate Governance Report

The Board of Directors (the "Board") and Management continue to be committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Singapore Code of Corporate Governance 2005 (the "Code") issued by the Ministry of Finance on 14 July 2005.

This report, set out in a tabular form, describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code. The Board is pleased to confirm that for the financial year ended 31 December 2010, the Company has generally adhered to the principles and guidelines as set out in the Code, except for Guideline 3.1 (Chairman and CEO should be separate persons), the reason for which deviation is explained below.

BOARD MATTERS

The Board's Conduct of its 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 success of the company. The Board works with Management to achieve this and the 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 aims, 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 risk to be assessed and managed; (c) review management performance; and (d) set the company's values and standards, and ensure that obligations to shareholders and others are understood and met.	The primary function of the Board is 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 objectives and directions; • oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance; • ensure management discharges business leadership and management skills with the highest level of integrity; • approve major investment and divestment proposals, material acquisitions and disposal of assets, major corporate policies on key areas of operations, annual budget, the release of the Group's quarterly, half year and full year results and interested person transactions of a material nature; and • assume responsibility for corporate governance.
1.2 All directors must objectively take decisions in the interests of the company.	The Board is obliged to act in good faith and consider at all times the interest of the Company.
1.3 If authority to make decisions on certain board matters is delegated by the Board to any Board Committee, 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") and Nominating Committee ("NC") have been constituted with clearly defined terms of reference. These terms of reference are reviewed on a regular basis to ensure their continued relevance. Minutes of the Board Committee meetings are available to all Board members. Please refer to Table 1 – Board and Board Committees.

Guidelines of the Code		Qian Hu Corporate Governance practices
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 to provide for telephonic and videoconference meetings. The number of board and board committee meetings 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 Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled 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	Companies should adopt internal guidelines setting forth matters that require board approval, and specify in their corporate governance disclosures the type of material transactions that require board approval under such guidelines.	The Company has adopted a set of Approving Authority & Limit, setting out the level of authorisation required for specified transactions, including those that require Board approval.
1.6	Every director should receive appropriate training when he is first appointed to the Board. This should include an orientation program to ensure that incoming directors are familiar with the company's business and governance practices. It is equally important that directors should receive further relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.	All new directors undergo comprehensive orientation and training programme to provide them with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. The Board as a whole is updated regularly on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards.
1.7	Upon appointment of each director, companies should provide a formal letter to the director, setting out the director's duties and obligations.	A formal letter is sent to newly-appointed directors upon their appointment explaining, among other matters, their roles, duties and responsibilities as members of the Board.
1.8	The company is encouraged to provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.	The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars. These include programmes run by the Singapore Institute of Directors or other training institutions.

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. 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 seven directors of which three are independent directors. Please refer to Table 1 – Board and Board Committee.
2.2	If the company 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 reviewed annually by the NC. 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. With three of the directors deemed to be independent, including independence from the substantial shareholders of the Company, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.
2.3	The Board should, taking into account the scope and nature of the operations of the company, examine the size and determine an appropriate size for the Board, which facilitates effective decision making.	The Board believes that its current board size and composition effectively serves the Group. It provides sufficient diversity without interfering with efficient decision-making.
2.4	The Board should comprise directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	The NC 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.
2.5	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 independent directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning and leadership development and the remuneration of the Executive Directors.
2.6	Non-executive directors are encouraged to meet regularly without management present in order to facilitate a more effective check on management.	Where necessary, the Company co-ordinates informal meeting sessions for independent directors to meet without the presence of the Management.

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Guidelines of the Code	Qian Hu Corporate Governance practices
3.1 The Chairman and chief executive officer ("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 CEO should be clearly established, set out in writing and agreed by the Board. In addition, companies should disclose the relationship between the Chairman and CEO where they are related to each other.	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.
3.2 The Chairman should: (a) lead the Board to ensure its effectiveness on all aspects of its role and set its agenda; (b) ensure that the directors receive accurate, timely and clear information; (c) ensure effective communication with shareholders; (d) encourage constructive relations between the Board and Management; (e) facilitate the effective contribution of non-executive directors in particular; (f) encourage constructive relations between executive directors and non-executive directors; and (g) 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 the day-to-day running 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 Secretaries, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and the Management and between the executive directors and the independent directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.
3.3 Companies may appoint an independent non-executive director to be the lead independent director where the Chairman and the CEO is the same person, where the Chairman and the CEO are related by close family ties, or where the Chairman and the CEO are both part of the executive management team. The lead independent director should be available to shareholders where they have concerns which contact through the normal channels of the Chairman, CEO or Finance Director has failed to resolve or for which such contact is inappropriate.	The Board has appointed Mr Robson Lee Teck Leng 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 Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Executive Chairman and CEO or Finance Director has failed to resolve or for which such contact is inappropriate.

Board Membership

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

Guidelines of the Code	Qian Hu Corporate Governance practices
4.1 Companies should: (a) establish a Nominating Committee ("NC") comprising at least three directors, a majority of whom, including the Chairman, should be independent of any substantial shareholders; and (b) disclose the membership in the annual report The NC should have written terms of reference that describe the responsibilities of its members.	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. The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments and oversee the Company's succession plans *(more details are set out in the "Qian Hu's succession planning" section on page 46 of this Annual Report).* Please refer to Table 1 – Board and Board Committee – on the composition of the NC.
4.2 The NC should be charged with the responsibility of re-nomination having regard to the director's 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-election at regular intervals and at least every three years.	The role of the NC also includes the responsibility for re-nomination of directors who retire by rotation, having regard to the directors' contribution and performance (such as attendance, participation, preparedness and candour). All directors, including the CEO, submit themselves for re-nomination and re-election 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-election at the Company's Annual General Meeting ("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-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected 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 valuable 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 if a director is independent, bearing in mind the circumstances set forth in Guideline 2.1 and any other salient factors. If the NC determines that a director who has one or more of the relationships mentioned therein can be considered independent, the company should make such disclosure as stated in Guideline 2.2.	The NC conducts an annual review of directors' independence and is of the view that Mr Tan Tow Ee, Mr Robson Lee Teck Leng and Mr Chang Weng Leong are independent and that, no individual or small group of individual dominates the Board's decision-making process.

Guidelines of the Code	Qian Hu Corporate Governance practices
4.4 The NC should decide if a director who has multiple board representations is able to and has been adequately carrying out his/her duties as a director of the company. Internal guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards.	All directors are required to declare their board representations. The NC has reviewed and is satisfied that Mr Robson Lee Teck Leng and Ms Lai Chin Yee, who sit on multiple boards, have been able to devote adequate time and attention to the affairs of the Company to fulfill their duties as directors of the Company, notwithstanding their multiple board appointments. None of the directors hold more than six directorships in listed companies concurrently.
4.5 A description of the process for the selection and appointment of new directors to the Board, including the search and nomination process, should be disclosed.	When 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, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC then meets with the shortlisted potential candidates before nominating the most suitable candidate to the Board for appointment as director.
4.6 The following information regarding directors, should be disclosed in the annual report of the Company: • academic and professional qualifications; • shareholding in the company and its subsidiaries; • board committees served on (as a member or Chairman), date of first appointment and last-election as a director; • directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments; • indicate which directors are executive, non-executive or considered by the NC to be independent; and • the names of the directors submitted for election or re-election 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 18 and 19 of this Annual Report. Please refer to Table 3 – Date of Directors' initial appointment & last re-election and their directorships. Except as disclosed in Table 3, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

Board Performance

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole 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 for assessing the contribution by each individual director to the effectiveness of the Board. This assessment process should be disclosed in the annual report.	The Board, through the NC, has used its best effort to ensure that directors appointed to the Board, 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 as well as to assess the contribution of individual directors. During the financial year, all directors are requested to complete a Board Evaluation Questionnaire to assess the overall effectiveness of the Board. The results of the exercise are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board effectiveness. Individual director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, the degree of preparedness, the knowledge and experience each director posses which are crucial to the Group's business.
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 shareholders' value.	Please refer to Guideline 5.1 above.
5.3 Performance evaluation should also consider the company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers.	Please refer to Guideline 5.5 below.
5.4 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties). The Chairman should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.	Please refer to Guideline 5.1 above. Replacement of directors, when it happens, does not reflect their contributions to date, but may be driven by the need to align the Board with the medium or long term needs of the Group.

Guidelines of the Code	Qian Hu Corporate Governance practices
5.5 Other performance criteria that may be used include return on assets ("ROA"), return on equity ("ROE"), return on investment ("ROI") and economic value added ("EVA") over a longer-term period.	The Board has taken the view that financial indicators, as set out in the Code as a guide for the evaluation of the Board and its directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to directors.

Access to Information

Principle 6: *In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.*

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 fulfil his or her duties properly. Hence, the Board should have separate and independent access to the company's senior management.	All directors have unrestricted access to the Company's records and information. From time to time, they are furnished with detailed information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. As a general rule, detailed Board papers prepared for each meeting are normally circulated five days in advance of each meeting so that the directors may better understand the matters prior to the Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the directors or formal presentations made by senior management staff in attendance at Board meetings, or by external consultants engaged on specific projects. The Board has separate and independent access to the Company Secretaries and to other senior management executives of the Company and of the Group at all times in carrying out their duties.
6.2 Information provided should include background or explanatory information relating to matters to be brought before the Board, 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 monthly management financial statements, annual budgets and explanation on forecasts variances to enable them to oversee the Group's operational and financial performance. Directors are also informed of any significant developments or events relating to the Group.

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 committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	Complied. The Company Secretaries attend all Board meetings and meetings of the Board Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with.
6.4	The appointment and the removal of the company secretary should be a matter for the Board as a whole.	Complied.
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, at the company's expense.	Where the directors, whether individually or as a group, require independent professional advice in furtherance of their duties, the Company Secretaries will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice, with cost to be borne by the Company.

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 set up a Remuneration Committee ("RC") comprising entirely of non-executive directors, the majority of whom, including the Chairman, should be independent, to minimize the risk of any potential conflict of interest.	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 composition of the RC.
7.2	The RC will recommend to the Board a framework of remuneration and the specific remuneration packages for each director and the CEO (or executive of equivalent rank) if the CEO is not a director. 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, and benefits in kind. The RC will also review the remuneration of senior management.	The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. 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. No director is involved in deciding his own remuneration.

Guidelines of the Code		Qian Hu Corporate Governance practices
7.3	The RC should seek expert advice inside and/or outside the company on remuneration of all directors.	The RC has access to expert advice in the field of executive compensation outside the Company where required.

Level and Mix of Remuneration

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

Guidelines of the Code		Qian Hu Corporate Governance practices
8.1	The performance-related elements of remuneration should be designed to align interests of executive directors with those of shareholders and link rewards to corporate and individual performance. There should be appropriate and meaningful measures for the purpose of assessing executive directors' performance.	The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and senior management 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 executives) is reviewed periodically by the RC and the Board.
8.2	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 and should not be over-compensated to the extent that their independence may be compromised.	The independent directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, 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 and thereby maximise shareholder value. Directors' fees are recommended by the Board for approval at the Company's AGM.
8.3	There should be a fixed appointment period for all executive directors in their service contract which should not be excessively long or with onerous removal clauses.	Executive directors do not receive directors' fees but are remunerated as members of Management. Their remuneration package 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. Service contracts for executive directors, are for a fixed appointment period and do not contain onerous removal clauses.
8.4	The RC should encourage long-term incentive schemes and review whether directors 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. Directors should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.	The Company has no employee share option scheme or any long-term scheme in place.

Guidelines of the Code		Qian Hu Corporate Governance practices
8.5	The company should be aware of pay and employment conditions within the industry and in comparable companies when setting remuneration packages.	In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.
8.6	Notice periods in service contracts should be set at a period of six months or less.	All executive directors have in their service contracts notice period of six months or less.

Disclosure on Remuneration

Principle 9: *Each company should provide clear disclosure of its remuneration policy, 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 executives, 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 and at least the top 5 key executives (who are not also directors) of the company.	Please refer to Table 4 – Remuneration of Directors and top 6 key executives
9.2	The report should set out the names of directors and at least the top 5 key executives (who are not also directors) earning remuneration which falls within bands of S$250,000. Companies are however encouraged, as best practice, to fully disclose the remuneration of each individual director.	Please refer to Table 4.
9.3	The annual report should disclose, on a no-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$150,000 during the year.	Please refer to Table 4.
9.4	The annual 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 has no employee share option scheme or any long-term scheme in place.

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).	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.
10.2 Management should provide all members of the Board with management accounts which present a balanced and understandable assessment of the company's performance, position and prospects on a monthly 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. On a monthly basis, Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

Audit Committee

Principle 11: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

Guidelines of the Code	Qian Hu Corporate Governance practices
11.1 The AC should comprise at least three directors, all non-executive, the majority of whom, including the Chairman, should be independent.	The Board established the AC in October 2000 which consists of three independent directors. Please refer to Table 1 – Board and Board Committee – on the composition of the AC.
11.2 The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members should have accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.
11.3 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 executive officer to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

Guidelines of the Code	Qian Hu Corporate Governance practices
11.4 The duties of the AC should include:	
(a) reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. Where the 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 balance the maintenance of objectivity and value for money;	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.
(b) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any formal 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 financials.
(c) reviewing the adequacy of the company's internal controls;	The AC evaluates the adequacy of the internal control system of the Company through discussion with Management and its auditors.
(d) reviewing the effectiveness of the company's internal audit function; and	The AC discusses with the Management the significant internal audit observations, together with the management's responses and actions to correct any deficiencies. It also reviews the internal audit plans, determines the scope of audit examination and approves the internal audit budget.
(e) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.	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.
11.5 The AC should meet with the external auditors, and with the internal auditors, without the presence of the company's Management, at least annually.	The AC meets with the internal auditor and the external auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised.
11.6 The AC should review the independence of the external auditors annually.	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 fees awarded to them. During the current financial year, there was no non-audit related work carried out by the external auditors. The AC is satisfied with their independence; hence recommending their re-appointment.

Guidelines of the Code	Qian Hu Corporate Governance practices
11.7 The AC should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.	The Company has established a Code of Conduct and Business Ethics that sets the principles of our 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 executives 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 about possible corporate 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 such matters and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law.
11.8 The Board should disclose the names of the members of the AC and details of the Committee's activities in the company's annual report.	Please refer to Table 1 – Board and Board Committee – on names of the members of the AC. The AC meets regularly with the Management and the external auditors to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. The AC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses accounting implications of major transactions including significant financial reporting issues.

Internal Controls

Principle 12: *The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*

Guidelines of the Code	Qian Hu Corporate Governance practices
12.1 The AC should, with the assistance of internal and/or public accountants, review the adequacy of the company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management at least annually.	The external and internal auditors conducted annual review of the effectiveness of the Company's key internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance and 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, the AC, on behalf of the Board, reviewed the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting the operations. Based on the reports submitted by the external and internal auditors and the various controls put in place by the Management, the AC is satisfied that there are adequate internal control processes to meet the needs of the Group in its current business environment.
12.2 The Board should comment on the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems in the company's annual report.	The Board acknowledges that it is responsible for 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 takes place as an integral part of the annual strategic planning cycle. Having identified the risks to the achievement of their strategic objectives, each business is required to document the mitigating actions in place and proposed in respect of each significant risk. The approach to risk management and internal controls are set out in the "Operating and Financial Review" section on page 32 of this Annual Report.

Internal Audit

Principle 13: *The company should establish an internal audit function that is 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 Chairman of the AC although the Internal Auditor would also report administratively to the CEO.	The Company's internal audit function is serviced in-house. The internal auditor's functional reporting line is to the Chairman of the AC. Administratively, the internal auditor reports to the CEO.
13.2 The IA should meet or exceed 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 internal auditor is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing pronounced by The Institute of Internal Auditors.
13.3 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 either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent 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. The role of the internal auditor 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.
13.4 The AC should, at least annually, ensure the adequacy 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 internal auditor may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on internal control weaknesses identified.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: : *Companies should engage in regular, effective and fair communication with shareholders.*

Guidelines of the Code	Qian Hu Corporate Governance practices
14.1 Companies should regularly convey pertinent information, gather views or inputs, and address shareholders' concerns. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	The Company has adopted quarterly results reporting since 2001. In line with the continuous disclosure obligations of the Company pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner all material developments that impact the Group through SGXNET and press releases on an immediate basis.
14.2 Companies should disclose information on a timely basis. Where there is inadvertent disclosure made to a selected group, companies should make the same disclosure publicly to all others as soon as practicable. This could be through the use of modern technology such as Internet websites.	All material information on the performance and development of the Group and of the Company is disclosed in a timely manner. Shareholders are provided with quarterly and annual financial reports within 18 days of the quarter end and within 14 days of the financial year end respectively. The Company notifies the investors' public in advance of the date of release of its financial results through a SGXNET announcement. Joint briefings for media and analysts are held in conjunction with the release of the Company's half-year and full year results, with the presence of the CEO, Finance Director and the executive directors to answer the relevant questions which the media and analysts may have. 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 website also contains various others investor-related information on the Company which serves as an important resource for investors.

Greater Shareholder Participation

Principle 15: *Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Guidelines of the Code	Qian Hu Corporate Governance practices
15.1 Shareholders should have the opportunity to participate effectively and to vote in AGMs. They should be allowed to vote in person or in absentia. Companies are encouraged to make the appropriate provisions in their Articles of Association to allow for absentia voting methods such as by mail, email, fax, etc, if the shareholders so consent.	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. If shareholders are unable to attend the meeting, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. 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. To have total transparency in the voting process, effective from the last AGM, the Company conducts the voting of all its resolutions by poll at the AGM. The detailed voting results of each of the resolutions tabled at the AGM are announced immediately at the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET. The Board has also lowered its share issue mandate by reducing the limit for non-pro rata shares issues from 20% of the total number of issued shares in the capital of the Company to 15% of the total number of issued shares in the capital of the Company so as to protect shareholders against dilution.
15.2 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. Where resolutions are "bundled", companies should explain the reasons and material implications.	Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.
15.3 The chairpersons of the Audit, Nomination and Remuneration committees should be present and available to address questions at general 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.	The Chairmen of the Executive, Audit, Remuneration and Nominating 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 their auditors' report.

Guidelines of the Code	Qian Hu Corporate Governance practices
15.4 Companies are encouraged to amend their Articles of Association to avoid imposing a limit on the number of proxies for nominee companies so that shareholders who hold shares through nominees can attend AGMs as proxies.	Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs.
15.5 Companies are encouraged to prepare minutes or notes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and management, and to make these minutes or notes available to shareholders upon their requests.	The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions 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, an automated hotline, 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, together with the responses to them from the Board and the Management, are publicly available on both the SGX website (www.sgx.com) and the Company's website after the meeting.

DEALING IN SECURITIES

The Group has in place an internal code of conduct which prohibits the directors, key executives 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 executives 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.

INTERESTED PERSON TRANSACTIONS

Disclosure of interested person transactions is set out on pages 120 and 121 of this Annual Report. 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.

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 Company has taken the following steps:

- The 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 Board will ensure that the Company complies with the requisite rules under Chapter 9.

- The Audit Committee also meets once every three months to review if the Company will be entering into an interested person transaction, and if so, the Audit Committee ensures that the relevant rules under Chapter 9 are complied with.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee
Kenny Yap Kim Lee	Executive/Non-independent	Chairman	–	–	–
Alvin Yap Ah Seng	Executive/Non-independent	Member	–	–	–
Andy Yap Ah Siong	Executive/Non-independent	Member	–	–	–
Lai Chin Yee	Executive/Non-independent	Member	–	–	–
Robson Lee Teck Leng	Non-executive/Independent	–	Chairman	Member	Member
Chang Weng Leong	Non-executive/Independent	–	Member	Member	Chairman
Tan Tow Ee	Non-executive/Independent	–	Member	Chairman	Member

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	Board	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	12	4	1	2
Number of meetings attended:					
Kenny Yap Kim Lee	4	12	4*	–	–
Alvin Yap Ah Seng	4	12	4*	–	–
Andy Yap Ah Siong	4	12	4*	–	–
Lai Chin Yee	4	12	4*	–	–
Robson Lee Teck Leng	4	–	4	1	2
Chang Weng Leong	4	–	4	1	2
Tan Tow Ee	4	–	4	1	2

* *attendance by invitation of the Committee.*

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION AND THEIR DIRECTORSHIPS

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present Directorships in Listed Companies	Past Directorships in Listed Companies
Kenny Yap Kim Lee	45	12 December 1998	11 March 2009	Qian Hu Corporation Limited	–
Alvin Yap Ah Seng	45	12 December 1998	11 March 2009	Qian Hu Corporation Limited	–
Andy Yap Ah Siong	44	12 December 1998	16 March 2010	Qian Hu Corporation Limited	–
Lai Chin Yee	45	1 November 2004	16 March 2010	Qian Hu Corporation Limited China Sports International Limited (appointed on 4 June 2007) Ryobi Kiso Holdings Ltd. (appointed on 7 December 2009) CCM Group Limited (appointed on 12 March 2010)	–
Robson Lee Teck Leng	42	18 October 2000	11 March 2008	Qian Hu Corporation Limited Sim Lian Group Limited (appointed on 18 September 2002) Serial System Ltd (appointed on 30 December 2002) Best World International Ltd (appointed on 24 May 2004) Youcan Foods International Ltd (appointed on 30 September 2004) Matex International Limited (appointed on 25 April 2006)	China Energy Limited (resigned on 29 September 2008) Man Wah Holdings Limited (delisted from SGX-ST on 15 September 2009)
Chang Weng Leong	48	18 October 2000	16 March 2010	Qian Hu Corporation Limited	–
Tan Tow Ee	48	1 May 2002	11 March 2009	Qian Hu Corporation Limited	–

According to Article 89 of the Company's Articles of Association, Mr Kenny Yap Kim Lee, Mr Robson Lee Teck Leng and Mr Tan Tow Ee will retire at the Company's forthcoming AGM and be eligible for re-election.

The shareholdings of the individual directors of the Company are set out on page 74 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

TABLE 4 – REMUNERATION OF DIRECTORS AND TOP 6 KEY EXECUTIVES

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2010 is set out below:

Name of Director	Salary $	Bonus $	Allowances & Benefits $	Director's Fees $	Total Remuneration $
Kenny Yap Kim Lee	289,924	–	–	–	289,924
Alvin Yap Ah Seng	247,924	–	–	–	247,924
Andy Yap Ah Siong	247,924	–	–	–	247,924
Lai Chin Yee	240,724	50,000	–	–	290,724
Robson Lee Teck Leng	–	–	–	25,000	25,000
Chang Weng Leong	–	–	–	25,000	25,000
Tan Tow Ee	–	–	–	25,000	20,000
	1,026,496	50,000	–	75,000	1,151,496

- The salary and bonus amounts shown are inclusive of Central Provident Fund contributions.
- The Company has no employee share option scheme in place.
- The director's fees are subject to shareholders' approval at the Annual General Meeting.

The breakdown of total remuneration of the top 6 key executives of the Group (who are not directors) for the year ended 31 December 2010 is set out below:

Name of Executive	Salary $	Bonus $	Allowances & Benefits $	Total Remuneration $
Yap Kim Choon*	187,024	32,475	–	219,499
Jimmy Tan Boon Kim	175,924	43,375	–	219,299
Lee Kim Hwat	153,376	23,630	–	177,006
Goh Siak Ngan	140,784	25,140	–	165,924
Alex Chang Kuok Weai	139,924	17,250	–	157,174
Low Eng Hua	139,924	17,250	–	157,174

- The salary and bonus amounts shown are inclusive of Central Provident Fund contributions.
- The Company has no employee share option scheme in place.

* *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.*

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Directors' Report

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 2010.

Directors

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

Kenny Yap Kim Lee
Alvin Yap Ah Seng
Andy Yap Ah Siong
Lai Chin Yee
Robson Lee Teck Leng
Chang Weng Leong
Tan Tow Ee

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		
	1/1/2010	**31/12/2010**	**11/1/2011**	**1/1/2010**	**31/12/2010**	**11/1/2011**
The Company						
Ordinary shares						
Kenny Yap Kim Lee	17,000,000	13,700,000	13,700,000	–	–	–
Alvin Yap Ah Seng	18,700,000	15,804,552	15,804,552	–	–	–
Andy Yap Ah Siong	18,700,000	15,700,000	15,700,000	–	–	–
Lai Chin Yee	321,400	321,400	321,400	–	–	–
Robson Lee Teck Leng	6,600	6,600	6,600	–	–	–
Chang Weng Leong	138,600	138,600	138,600	–	–	–
Tan Tow Ee	30,000	200,000	200,000	360,000	–	–
Warrants*						
Kenny Yap Kim Lee	2,700,000	–	–	–	–	–
Alvin Yap Ah Seng	3,104,552	–	–	–	–	–
Andy Yap Ah Siong	3,104,552	–	–	–	–	–
Tan Tow Ee	805,000	–	–	60,000	–	–

* *The above directors have exercised all their warrants during the year.*

Except as disclosed in this report, 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 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' Report of the Company is dated 12 January 2011, 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' Report.

Directors' interests (cont'd)

Except as disclosed under the "Share Options and Warrants" section of this report, 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.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 20 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options and Warrants

Warrants

Details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants outstanding at 1/1/2010	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31/12/2010	Date of expiration
25/9/2007	32,594,353	–	31,939,033	655,320	–	17/9/2010

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of $0.035 per share. The warrants do not entitle the holders of the warrants, by virtual of such holdings, to any rights to participate in any share issue of any other company. During the financial year, the Company issued 31,939,033 shares pursuant to the exercise of warrants as disclosed above. The warrants expired on 17 September 2010.

As at the end of the financial year, except as reported above, no other 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

The members of the Audit Committee during the financial year and at the date of this report are:

- Robson Lee Teck Leng (Chairman), non-executive director
- Chang Weng Leong, non-executive director
- Tan Tow Ee, non-executive director

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' report. In performing its functions, the Audit Committee met with the Company's external and internal 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 internal and 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).

Director's Report (cont'd)

Audit committee (cont'd)

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.

Auditors

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

On behalf of the Board of Directors

Kenny Yap Kim Lee
Director

Alvin Yap Ah Seng
Director

12 January 2011

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 79 to 129 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results 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.

On behalf of the Board of Directors

Kenny Yap Kim Lee
Director

Alvin Yap Ah Seng
Director

12 January 2011

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 2010, the income statements and statements of comprehensive income and 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 79 to 129.

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 profit and loss accounts and balance sheets 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, income statement and statements of comprehensive income and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results 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 the subsidiary 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
Certified Public Accountants

Singapore

12 January 2011

Statements of Financial Position

As at 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Non-current assets					
Property, plant and equipment	3	13,783,353	15,941,572	5,872,096	6,490,153
Biological assets	4	30,249,743	30,315,749	3,050,422	3,118,922
Intangible assets	5	2,308,668	2,308,668	343,048	343,048
Subsidiaries	6	–	–	12,012,586	11,991,086
Associates	7	1,103,239	1,170,729	1,215,200	1,215,200
		47,445,003	49,736,718	22,493,352	23,158,409
Current assets					
Biological assets	4	1,283,395	1,505,620	426,195	420,250
Inventories	8	24,083,701	20,953,851	6,801,252	6,013,978
Trade and other receivables	9	22,905,982	21,724,273	31,754,972	30,835,504
Cash and cash equivalents	10	11,690,547	9,846,614	6,103,306	5,321,261
		59,963,625	54,030,358	45,085,725	42,590,993
Total assets		107,408,628	103,767,076	67,579,077	65,749,402
Equity attributable to equity holders of the Company					
Share capital	11	30,772,788	29,654,922	30,772,788	29,654,922
Reserves	12	31,950,533	29,571,319	17,217,641	16,163,180
		62,723,321	59,226,241	47,990,429	45,818,102
Non-controlling interests		10,306,875	9,993,905	–	–
Total equity		73,030,196	69,220,146	47,990,429	45,818,102
Non-current liabilities					
Financial liabilities	13	372,818	321,502	114,626	97,980
Deferred tax liabilities	14	4,329,093	4,056,264	556,595	100,000
		4,701,911	4,377,766	671,221	197,980
Current liabilities					
Trade and other payables	15	12,936,863	12,380,460	7,673,272	8,583,839
Financial liabilities	13	16,020,985	16,538,452	10,929,990	10,582,299
Current tax payable		718,673	1,250,252	314,165	567,182
		29,676,521	30,169,164	18,917,427	19,733,320
Total liabilities		34,378,432	34,546,930	19,588,648	19,931,300
Total equity and liabilities		107,408,628	103,767,076	67,579,077	65,749,402

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

Income Statements

Year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Revenue	16	91,163,006	94,611,213	47,733,411	47,246,120
Cost of sales		(61,915,915)	(61,901,011)	(33,259,115)	(32,683,007)
Gross profit		29,247,091	32,710,202	14,474,296	14,563,113
Other income		114,464	131,525	1,327,349	1,030,128
Selling and distribution expenses		(1,585,368)	(1,820,758)	(796,364)	(819,529)
General and administrative expenses		(21,913,916)	(20,879,123)	(11,232,140)	(10,565,637)
Results from operating activities		5,862,271	10,141,846	3,773,141	4,208,075
Finance income		4,523	6,063	913	2,149
Finance expenses		(500,316)	(687,671)	(187,026)	(262,441)
Net finance expenses	17	(495,793)	(681,608)	(186,113)	(260,292)
Share of losses of associates, net of income tax		(67,490)	(19,665)	–	–
Profit before income tax	18	5,298,988	9,440,573	3,587,028	3,947,783
Income tax expense	19	(781,830)	(1,795,006)	(290,866)	(372,193)
Profit for the year		4,517,158	7,645,567	3,296,162	3,575,590
Attributable to:					
Equity holders of the Company		4,209,083	6,544,291	3,296,162	3,575,590
Non-controlling interests		308,075	1,101,276	–	–
Profit for the year		4,517,158	7,645,567	3,296,162	3,575,590
Earnings per share (cents)	21				
Basic		0.94	1.56		
Diluted		0.93	1.48		

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

Statements of Comprehensive Income

Year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Profit for the year		4,517,158	7,645,567	3,296,162	3,575,590
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries, net of tax	19	624,087	(460,256)	–	–
Other comprehensive income for the year, net of tax		624,087	(460,256)	–	–
Total comprehensive income for the year		5,141,245	7,185,311	3,296,162	3,575,590
Attributable to:					
Equity holders of the Company		4,620,915	6,232,417	3,296,162	3,575,590
Non-controlling interests		520,330	952,894	–	–
Total comprehensive income for the year		5,141,245	7,185,311	3,296,162	3,575,590

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

Statement of Changes in Equity

Year ended 31 December 2010

Group	Note	Share capital $	Currency translation reserve $	Accumulated profits $	Total attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 January 2009		29,411,915	(1,159,199)	25,338,447	53,591,163	9,143,011	62,734,174
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares							
– Exercise of warrants issued	11	243,007	–	–	243,007	–	243,007
Dividends to equity holders		–	–	(840,346)	(840,346)	–	(840,346)
Dividends to non-controlling shareholder of a subsidiary		–	–	–	–	(102,000)	(102,000)
Total transactions with owners of the Company		243,007	–	(840,346)	(597,339)	(102,000)	(699,339)
Total comprehensive income for the year							
Profit for the year		–	–	6,544,291	6,544,291	1,101,276	7,645,567
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries, net of tax		–	(311,874)	–	(311,874)	(148,382)	(460,256)
Total other comprehensive income		–	(311,874)	–	(311,874)	(148,382)	(460,256)
Total comprehensive income for the year		–	(311,874)	6,544,291	6,232,417	952,894	7,185,311
At 31 December 2009		29,654,922	(1,471,073)	31,042,392	59,226,241	9,993,905	69,220,146

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

Group	Note	Share capital $	Currency translation reserve $	Accumulated profits $	Total attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 January 2010		29,654,922	(1,471,073)	31,042,392	59,226,241	9,993,905	69,220,146
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares							
– Exercise of warrants issued	11	1,117,866	–	–	1,117,866	–	1,117,866
Dividends to equity holders		–	–	(2,241,701)	(2,241,701)	–	(2,241,701)
Dividends to non-controlling shareholder of a subsidiary		–	–	–	–	(207,360)	(207,360)
Total transactions with owners of the Company		1,117,866	–	(2,241,701)	(1,123,835)	(207,360)	(1,331,195)
Total comprehensive income for the year							
Profit for the year		–	–	4,209,083	4,209,083	308,075	4,517,158
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries, net of tax		–	411,832	–	411,832	212,255	624,087
Total other comprehensive income		–	411,832	–	411,832	212,255	624,087
Total comprehensive income for the year		–	411,832	4,209,083	4,620,915	520,330	5,141,245
At 31 December 2010		30,772,788	(1,059,241)	33,009,774	62,723,321	10,306,875	73,030,196

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

Statement of Changes in Equity (cont'd)

Year ended 31 December 2010

	Note	Share capital $	Accumulated profits $	Total equity $
Company				
At 1 January 2009		29,411,915	13,427,936	42,839,851
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Issue of shares				
– Exercise of warrants issued	11	243,007	–	243,007
Dividends to equity holders		–	(840,346)	(840,346)
Total transactions with owners of the Company		243,007	(840,346)	(597,339)
Total comprehensive income for the year				
Profit for the year		–	3,575,590	3,575,590
Other comprehensive income				
Total other comprehensive income		–	–	–
Total comprehensive income for the year		–	3,575,590	3,575,590
At 31 December 2009		29,654,922	16,163,180	45,818,102
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Issue of shares				
– Exercise of warrants issued	11	1,117,866	–	1,117,866
Dividends to equity holders		–	(2,241,701)	(2,241,701)
Total transactions with owners of the Company		1,117,866	(2,241,701)	(1,123,835)
Total comprehensive income for the year				
Profit for the year		–	3,296,162	3,296,162
Other comprehensive income				
Total other comprehensive income		–	–	–
Total comprehensive income for the year		–	3,296,162	3,296,162
At 31 December 2010		30,772,788	17,217,641	47,990,429

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

Statement of Cash Flows

Year ended 31 December 2010

Group	2010 $	2009 $
Operating activities		
Profit before income tax	5,298,988	9,440,573
Adjustments for:		
Amortisation of intangible assets	–	8,323
Allowances for (Write back of):		
– doubtful trade receivables	620,550	299,085
– inventory obsolescence	(170,000)	129,000
Bad trade receivables:		
– written off	7,621	479
– recovered	(710)	(755)
Depreciation of:		
– property, plant and equipment	2,128,116	2,030,705
– biological assets	663,010	594,626
Property, plant and equipment written off	10,692	43,648
Loss (Gain) on disposal of property, plant and equipment	22,625	(33,373)
Change in fair value less estimated point-of-sale costs of breeder stocks	(234,888)	105,960
Share of losses of associates	67,490	19,665
Interest income	(4,523)	(6,063)
Interest expense	500,316	687,671
	8,909,287	13,319,544
Changes in working capital:		
Inventories	(2,789,831)	65,351
Breeder stocks	457,113	(16,410)
Trade and other receivables	(1,871,603)	1,738,886
Trade and other payables	501,401	(1,702,961)
Cash generated from operations	5,206,367	13,404,410
Income taxes paid	(1,149,736)	(1,166,744)
Cash flows from operating activities	4,056,631	12,237,666
Investing activities		
Purchase of:		
– property, plant and equipment	(1,251,806)	(3,427,793)
– biological assets	–	(3,303,960)
– intangible assets	–	(111,599)
Proceeds from disposal of property, plant and equipment	1,690,103	53,297
Interest received	4,523	6,063
Investment in an associate	–	(402,600)
Cash flows from (used in) investing activities	442,820	(7,186,592)

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

Statement of Cash Flows (cont'd)

Year ended 31 December 2010

	Note	2010 $	2009 $
Group			
Financing activities			
Interest paid		(503,578)	(692,457)
Drawdown of:			
– bank term loans		500,000	813,000
Repayment of:			
– bank term loans		(1,155,324)	(1,026,814)
– loans from non-controlling shareholder of a subsidiary		–	(119,833)
Payment of finance lease liabilities		(217,488)	(203,256)
Dividends paid to equity holders		(2,241,701)	(840,346)
Dividends paid to non-controlling shareholder of a subsidiary		(207,360)	(102,000)
Proceeds from issuance of new shares		1,117,866	243,007
Cash flows used in financing activities		(2,707,585)	(1,928,699)
Net increase in cash and cash equivalents		1,791,866	3,122,375
Cash and cash equivalents at beginning of year		9,846,614	6,704,033
Effect of exchange rate fluctuations on cash held		52,067	20,206
Cash and cash equivalents at end of year	10	11,690,547	9,846,614

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 2011.

1. Domicile and activities

Qian Hu Corporation Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 71 Jalan Lekar, Singapore 698950.

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 6 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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 are measured at fair value less estimated point-of-sale costs.

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

The preparation of financial statements in conformity with FRS 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 4 – estimated useful lives of brooder stocks
- Note 5 – key assumptions used in discounted cash flow projections

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 – key assumptions used in discounted cash flow projections
- Note 9 – recoverability of trade receivables

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, except as explained in note 2.2, which addressed changes in accounting policies.

2.2 Changes in accounting policies

Overview

Starting as of 1 January 2010 on adoption of new/revised FRS, the Group has changed its accounting policies in the following areas:

(i) Accounting for business combinations
(ii) Accounting for acquisitions of non-controlling interests

(i) Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 *Business Combinations* (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 2.3).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to the income statement in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements* (2009) in accounting for acquisitions of non-controlling interests. See note 2.3 for the new accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

2.3 Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration 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 the income statement.

When share-based payment awards (replacement awards) are required to be 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.

2.3 Consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. 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 non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, 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.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

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.

Accounting for subsidiaries and associates by the Company

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

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. 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.

Foreign currency differences arising on retranslation are recognised in the income statement, 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).

2.4 Foreign currencies (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2006, 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 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 non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement 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 non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

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 presented in the translation reserve in equity.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and 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, and the cost of dismantling and removing the items, 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 cost of replacing part 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Freehold land and assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement 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.

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	5 years
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
Ponds and concrete tanks	3 – 10 years
Electrical and installation	10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.6 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 impairment losses. The brooder stocks are depreciated on a straight line basis over their estimated useful lives of 50 years.

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 the income statement. 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.

2.7 Inventories

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

Inventories are stated the lower of cost and net realisable value. Cost 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.

2.8 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2.2(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 assets, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

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 2.11.

(b) Product listing fees

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

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

The amortisation period and method are reviewed at least at each financial year end.

2.9 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

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 as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss 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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group 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 the income statement.

Intra-group financial guarantees are eliminated on consolidation.

2.9 Financial instruments (cont'd)

Share capital

Ordinary shares are classified as equity.

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

2.10 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease 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.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.11 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 or amortisation, if no impairment loss had been recognised.

2.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

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

A provision 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.

2.13 Provisions

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.

2.14 Revenue recognition

Revenue from the sale of goods 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 buyer, 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.

2.15 Finance income and expenses

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 expenses comprise interest expense on borrowings. All borrowing costs are recognised in the income statement 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.

2.16 Government grants – Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

2.17 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income 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.

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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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 the temporary differences 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.

2.18 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 assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

Group	Freehold land/ buildings	Leasehold land/ buildings	Leasehold improvements	Motor vehicles
	$	$	$	$
Cost				
At 1 January 2009	7,117,732	6,000,127	490,945	2,209,534
Translation differences on consolidation	(130,705)	2,241	3,507	(14,783)
Additions	25,044	2,127,224	23,963	286,525
Reclassifications	1,105,060	828,552	–	–
Disposals/write offs/transfers	–	–	–	(264,042)
At 31 December 2009	8,117,131	8,958,144	518,415	2,217,234
Translation differences on consolidation	178,037	6,717	11,028	16,489
Additions	94,156	35,948	83,848	480,693
Disposals/write offs/transfers	(1,773,955)	–	–	(159,615)
At 31 December 2010	6,615,369	9,000,809	613,291	2,554,801
Accumulated depreciation and impairment losses				
At 1 January 2009	915,045	2,931,073	293,606	1,388,845
Translation differences on consolidation	(17,171)	1,178	2,098	(9,431)
Depreciation charge for the year	213,683	557,192	82,475	280,414
Disposals/write offs/transfers	–	–	–	(249,886)
At 31 December 2009	1,111,557	3,489,443	378,179	1,409,942
Translation differences on consolidation	24,381	3,885	8,046	10,911
Depreciation charge for the year	198,334	807,390	48,982	318,843
Disposals/write offs/transfers	(297,094)	–	–	(151,324)
At 31 December 2010	1,037,178	4,300,718	435,207	1,588,372
Carrying amount				
At 1 January 2009	6,202,687	3,069,054	197,339	820,689
At 31 December 2009	7,005,574	5,468,701	140,236	807,292
At 31 December 2010	5,578,191	4,700,091	178,084	966,429

Computers	Furniture, fittings and office equipment	Equipment and tools	Machinery and equipment	Ponds and concrete tanks	Electrical and installation	Assets under construction	Total
$	$	$	$	$	$	$	$
978,337	1,287,587	1,326,415	4,624,475	175,640	1,550,739	1,603,486	27,365,017
(4,807)	(12,131)	(23,211)	(40,681)	–	(18,538)	(14,832)	(253,940)
289,351	130,761	39,020	164,348	–	56,773	417,599	3,560,608
–	(21,351)	93,992	–	–	–	(2,006,253)	–
(68,239)	(49,537)	(88,250)	(75,390)	–	–	–	(545,458)
1,194,642	1,335,329	1,347,966	4,672,752	175,640	1,588,974	–	30,126,227
5,329	12,528	19,406	(54,792)	–	4,181	–	198,923
131,922	105,838	62,245	304,899	–	212,136	–	1,511,685
(4,752)	(19,769)	(513,203)	(9,598)	(175,640)	(19,826)	–	(2,676,358)
1,327,141	1,433,926	916,414	4,913,261	–	1,785,465	–	29,160,477
813,332	768,188	680,797	3,649,724	175,640	1,109,389	–	12,725,639
(3,600)	(4,899)	(11,538)	(34,015)	–	(12,425)	–	(89,803)
100,182	143,836	163,704	334,400	–	154,819	–	2,030,705
(68,239)	(29,765)	(59,962)	(74,034)	–	–	–	(481,886)
841,675	877,360	773,001	3,876,075	175,640	1,251,783	–	14,184,655
3,219	4,332	12,017	(55,617)	–	6,119	–	17,293
137,816	120,453	75,960	251,243	–	169,095	–	2,128,116
(4,682)	(8,186)	(288,480)	(7,708)	(175,640)	(19,826)	–	(952,940)
978,028	993,959	572,498	4,063,993	–	1,407,171	–	15,377,124
165,005	519,399	645,618	974,751	–	441,350	1,603,486	14,639,378
352,967	457,969	574,965	796,677	–	337,191	–	15,941,572
349,113	439,967	343,916	849,268	–	378,294	–	13,783,353

3. Property, plant and equipment (cont'd)

Company	Leasehold land/ buildings $	Leasehold improvements $	Motor vehicles $
Cost			
At 1 January 2009	5,686,646	–	834,557
Additions	2,127,224	–	98,475
Reclassifications	828,552	–	–
Disposals/write-offs	–	–	(142,624)
At 31 December 2009	8,642,422	–	790,408
Additions	35,948	83,848	138,870
Disposals/write-offs	–	–	(60,980)
At 31 December 2010	8,678,370	83,848	868,298
Accumulated depreciation and impairment losses			
At 1 January 2009	2,766,132	–	539,587
Depreciation charge for the year	540,737	–	98,172
Disposals/write-offs	–	–	(142,624)
At 31 December 2009	3,306,869	–	495,135
Depreciation charge for the year	775,035	8,547	117,243
Disposals/write-offs	–	–	(60,980)
At 31 December 2010	4,081,904	8,547	551,398
Carrying amount			
At 1 January 2009	2,920,514	–	294,970
At 31 December 2009	5,335,553	–	295,273
At 31 December 2010	4,596,466	75,301	316,900

Computers $	Furniture, fittings and office equipment $	Machinery and equipment $	Electrical and installation $	Assets under construction $	Total $
624,692	345,093	926,451	323,593	828,552	9,569,584
184,912	63,794	139,273	37,023	–	2,650,701
–	–	–	–	(828,552)	–
(50,543)	(12,513)	(9,011)	–	–	(214,691)
759,061	396,374	1,056,713	360,616	–	12,005,594
98,792	24,702	139,237	4,964	–	526,361
(4,606)	–	(4,380)	–	–	(69,966)
853,247	421,076	1,191,570	365,580	–	12,461,989
550,911	231,969	521,116	279,505	–	4,889,220
56,444	36,066	89,282	19,620	–	840,321
(50,543)	(12,393)	(8,540)	–	–	(214,100)
556,812	255,642	601,858	299,125	–	5,515,441
95,275	36,465	96,274	15,292	–	1,144,131
(4,536)	–	(4,163)	–	–	(69,679)
647,551	292,107	693,969	314,417	–	6,589,893
73,781	113,124	405,335	44,088	828,552	4,680,364
202,249	140,732	454,855	61,491	–	6,490,153
205,696	128,969	497,601	51,163	–	5,872,096

3. Property, plant and equipment (cont'd)

The carrying amounts of property, plant and equipment of the Group and the Company include amounts totalling $622,133 (2009: $659,537) and $272,968 (2009: $289,678) respectively, in respect of machinery and motor vehicles acquired under finance lease arrangements.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,511,685 (2009: $3,560,608), of which $259,879 (2009: $132,815) were acquired under finance leases. Cash payments of $1,251,806 (2009: $3,427,793) were made to purchase property, plant and equipment.

The Group's freehold land with a carrying amount of $Nil (2009: $381,009) is subject to a first charge to secure banking facilities for a subsidiary.

Freehold land of a subsidiary with a net book value of $530,387 (2009: $518,994) is held by a director of the subsidiary in trust for the subsidiary.

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 (sqm)	Net carrying amount 2010 $	Net carrying amount 2009 $
Held by the Company					
– Leasehold buildings					
Nos. 69 & 71 Jalan Lekar, Singapore	Fish farming	20 years from 11 November 1993	41,776	1,819,407	2,396,098
– Leasehold land and buildings					
ST 78 Jalan Lekar, Singapore	Fish farming	20 years from 20 February 2008	19,343	2,777,059	2,939,455
Held through subsidiaries					
– Leasehold land and buildings					
30/25 & 30/26 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 August 2008 to 31 December 2010	3,290	103,625	117,918
30/23 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 August 2008 to 31 December 2010	1,740	–	15,228
Held through subsidiaries					
– Freehold land and buildings					
761 Rangsit – Nakornayok 52 Road, Pachatipat, Tanyaburi, Pathumtani Province, 12130, Thailand	Residential	Freehold	444	180,962	187,767
		Balance carried forward		4,881,053	5,656,466

3. Property, plant and equipment (cont'd)

Location	Description and existing use	Tenure/ unexpired Term	Land area (sqm)	Net carrying amount 2010 $	Net carrying amount 2009 $
		Balance brought forward		4,881,053	5,656,466
Lot No 722 GM No 714 Mukim of Minyak Beku, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	11,761	–	1,445,139
Lot No 1140 MLO No 775 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	24,281		
Lot No 1646, 1647, 4138, 4139, 4141, 4937 & 4938 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	153,729	3,933,470	3,937,024
Lot No 4137 GM No 3164 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	43,478		
Lot No 4153 GM No 2096 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	13,759		
Lot No 4774 GM No 549 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	8,903		
Lot No 5092 GRN 50300 Mukim of Linau, District of Batu Pahat, Johor, Malaysia	Fish farming	Freehold	118,875	1,463,759	1,435,646
				10,278,282	12,474,275

4. Biological assets

	Brooder stocks			
	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Cost				
At 1 January	32,512,011	28,410,881	3,425,000	1,459,500
Translation differences on consolidation	638,496	(517,742)	–	–
Additions	–	5,056,650	–	1,965,500
Disposals	–	(437,778)	–	–
At 31 December	33,150,507	32,512,011	3,425,000	3,425,000
Accumulated depreciation and impairment loss				
At 1 January	2,196,262	1,664,988	306,078	262,710
Translation differences on consolidation	41,492	(28,764)	–	–
Depreciation charge for the year	663,010	594,626	68,500	43,368
Disposals	–	(34,588)	–	–
At 31 December	2,900,764	2,196,262	374,578	306,078
Carrying amount				
At 31 December	30,249,743	30,315,749	3,050,422	3,118,922
Estimated quantity at year end	11,670	11,670	750	750

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. 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.

In 2009, the Group acquired brooder stocks with an aggregate cost of $5,056,650, of which $1,752,690 were acquired via exchange of fish inventories. There was no such transaction in current year.

	Brooder stocks			
	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
At 1 January	1,505,620	1,595,170	420,250	444,690
Change in fair value less estimated point-of-sale costs	234,888	(105,960)	70,995	(64,740)
Decreases due to sales	(3,160,065)	(1,650,310)	(1,202,445)	(617,250)
Net increase due to births	2,702,952	1,666,720	1,137,395	657,550
At 31 December	1,283,395	1,505,620	426,195	420,250
Estimated quantity at year end	1,357	4,134	668	720

4. Biological assets (cont'd)

During the financial year, the brooder stocks of the Group and the Company bred approximately 4,759 and 1,725 (2009: 5,368 and 1,142) of Dragon Fish, respectively.

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

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.

5. Intangible assets

Group	Trademarks/ customer acquisition costs $	Product listing fees $	Goodwill on consolidation $	Total $
Cost				
At 1 January 2009	826,774	196,153	1,965,620	2,988,547
Translation differences on consolidation	(322)	–	–	(322)
Additions through acquisitions	111,599	–	–	111,599
At 31 December 2009	938,051	196,153	1,965,620	3,099,824
Translation differences on consolidation	363	–	–	363
Additions through acquisitions	–	–	–	–
At 31 December 2010	938,414	196,153	1,965,620	3,100,187
Accumulated amortisation and impairment loss				
At 1 January 2009	595,325	187,830	–	783,155
Translation differences on consolidation	(322)	–	–	(322)
Amortisation charge for the year	–	8,323	–	8,323
At 31 December 2009	595,003	196,153	–	791,156
Translation differences on consolidation	363	–	–	363
Amortisation charge for the year	–	–	–	–
At 31 December 2010	595,366	196,153	–	791,519
Carrying amount				
At 1 January 2009	231,449	8,323	1,965,620	2,205,392
At 31 December 2009	343,048	–	1,965,620	2,308,668
At 31 December 2010	343,048	–	1,965,620	2,308,668

5. Intangible assets (cont'd)

	Trademarks/ customer acquisition costs $	Product listing fees $	Total $
Company			
Cost			
At 1 January 2009	809,898	196,153	1,006,051
Additions	111,599	–	111,599
At 31 December 2009	921,497	196,153	1,117,650
Additions	–	–	–
At 31 December 2010	921,497	196,153	1,117,650
Accumulated amortisation			
At 1 January 2009	578,449	187,830	766,279
Amortisation charge for the year	–	8,323	8,323
At 31 December 2009	578,449	196,153	774,602
Amortisation charge for the year	–	–	–
At 31 December 2010	578,449	196,153	774,602
Carrying amount			
At 1 January 2009	231,449	8,323	239,772
At 31 December 2009	343,048	–	343,048
At 31 December 2010	343,048	–	343,048

The amortisation is recognised in selling and distribution expenses in the income statement.

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

Goodwill is allocated to the following CGU:

	Group 2010 $	Group 2009 $
Malaysia – fish division	1,965,620	1,965,620

Goodwill on consolidation arose from the acquisition of Kim Kang Aquaculture Sdn Bhd in financial year 2003, whose principal business activities are those relating to the breeding and trading of ornamental fish and Dragon Fish.

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

5. Intangible assets (cont'd)

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 2010 was determined in a similar manner as in 2009. No impairment loss was required for the carrying amount of goodwill and trademarks/customer acquisition costs at 31 December 2010 and 31 December 2009 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 goodwill and trademarks/customer acquisition costs are discount rates and growth rates. These assumptions are as follows:

	Discount rate		Terminal value growth rate		Budgeted revenue growth	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Fish	12.3%	11.9%	3.0%	3.0%	8.4%	7.0%
Pet food	12.0%	9.1%	3.0%	3.0%	7.0%	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.

6. Subsidiaries

	Company	
	2010	**2009**
	$	**$**
Unquoted equity investments, at cost	12,012,586	11,991,086

6. **Subsidiaries** (cont'd)

Details of subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %	Cost of investment by the Company 2010 $	Cost of investment by the Company 2009 $
*	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	150,451
^	Qian Hu The Pet Family (M) Sdn. Bhd.	Trading of ornamental fish and aquarium accessories	Malaysia	100	100	–	–
#	Kim Kang Aquaculture Sdn. Bhd.	Breeding, and trading of ornamental fish	Malaysia	65	65	8,538,391	8,538,391
^	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
^	Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd	Manufacture of aquarium and pet accessories	People's Republic of China	100	100	1,686,039	1,686,039
^	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
^	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	–	–	–
^	NNTL (Thailand) Limited	Investment holding	Thailand	49@	49@	30,999	30,999
						12,012,586	11,991,086

6. Subsidiaries (cont'd)

In November 2010, Thai Qian Hu Company Limited incorporated a wholly owned subsidiary in Thailand, Advance Aquatic Co., Ltd., with a paid-up ordinary share capital of $216,000.

KPMG LLP Singapore is the auditor of the Singapore-incorporated subsidiary. A member firm of KPMG International is auditor of a significant foreign-incorporated subsidiary. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual 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.

* *Audited by KPMG LLP Singapore.*

\# *Audited by KPMG Malaysia, a member firm of KPMG International.*

^ *Audited by other certified public accountants. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.*

^^ *Statutory audit is not required as at 31 December 2010.*

♦ *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 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.*

7. Associates

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Investment in associates, at cost	1,215,200	1,215,200	1,215,200	1,215,200
Share of post-acquisition losses	(111,961)	(44,471)	–	–
	1,103,239	1,170,729	1,215,200	1,215,200

Investment in associates at 31 December 2010 includes goodwill of $134,289 (2009: $134,289).

Details of associates are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
^ Arcadia Products PLC	Manufacture and distribution of aquarium lamps	United Kingdom	20	20
^ Qian Hu Aquastar (India) Private Limited	Manufacture of fish food and aquarium accessories	India	50	50

^ *The associates are audited by other certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.*

7. Associates (cont'd)

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

The financial information of the associates is as follows:

	2010 $	2009 $
Assets and liabilities		
Total assets	7,184,081	6,892,197
Total liabilities	4,466,359	4,683,771
Results		
Revenue	9,977,003	10,606,651
Expenses	4,771,639	5,104,129
Loss after taxation	107,553	147,404

8. Inventories

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Fish	5,859,770	5,740,255	2,222,362	2,325,058
Accessories	17,323,943	14,516,630	4,578,890	3,688,920
Raw materials – plastic products	387,369	283,461	–	–
Finished goods – plastic products	512,619	413,505	–	–
	24,083,701	20,953,851	6,801,252	6,013,978

9. Trade and other receivables

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Trade receivables	21,385,406	20,141,960	10,889,881	9,333,135
Allowance for doubtful trade receivables	(2,203,499)	(2,046,937)	(1,975,435)	(1,817,541)
Net receivables	19,181,907	18,095,023	8,914,446	7,515,594
Deposits	349,101	309,718	60,230	58,630
Deposit for purchase of property, plant and equipment	80,518	–	52,546	–
Prepayments	596,424	676,562	174,835	197,031
Advances to suppliers	254,479	301,616	251,930	300,135
Tax recoverable	681,043	661,321	–	–
Other receivables	334,359	342,225	128,730	144,215
Amounts due from:				
– subsidiaries (trade)	–	–	18,417,476	18,364,613
– subsidiaries (non–trade)	–	–	3,739,571	4,111,996
– associates (trade)	1,428,151	1,337,808	15,208	143,290
	22,905,982	21,724,273	31,754,972	30,835,504

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

9. Trade and other receivables (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
US Dollar	2,732,257	3,068,578	1,095,740	730,393
Euro	50,085	1,312,618	30,835	207,869
Ringgit Malaysia	2,184,996	2,078,135	–	–
Thai Baht	525,609	663,484	–	–
Chinese Renminbi	4,001,588	3,817,165	324,717	197,476

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross receivables 2010 $	Impairment loss 2010 $	Gross receivables 2009 $	Impairment loss 2009 $
Group				
Not past due	6,865,385	–	7,306,184	–
Past due 0 – 30 days	4,634,888	–	4,104,885	–
Past due 31 – 60 days	2,283,313	–	1,648,445	–
Past due 61 – 90 days	1,806,999	–	1,773,038	–
Past due more than 90 days	5,794,821	2,203,499	5,309,408	2,046,937
	21,385,406	2,203,499	20,141,960	2,046,937
Company				
Not past due	3,764,218	–	3,383,939	–
Past due 0 – 30 days	1,909,943	–	1,625,730	–
Past due 31 – 60 days	829,114	–	544,214	–
Past due 61 – 90 days	666,838	–	558,095	–
Past due more than 90 days	3,719,768	1,975,435	3,221,157	1,817,541
	10,889,881	1,975,435	9,333,135	1,817,541

The change in impairment loss in respect of trade receivables during the financial year is as follows:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
At 1 January	2,046,937	2,246,703	1,817,541	1,900,481
Impairment loss recognised	620,550	299,085	622,013	295,776
Amount written off against allowance made	(464,119)	(496,437)	(464,119)	(378,716)
Translation differences on consolidation	131	(2,414)	–	–
At 31 December	2,203,499	2,046,937	1,975,435	1,817,541

9. Trade and other receivables (cont'd)

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. 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. Cash and cash equivalents

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Fixed deposits with a financial institution	24,560	24,560	24,560	24,560
Cash and bank balances	11,665,987	9,822,054	6,078,746	5,296,701
	11,690,547	9,846,614	6,103,306	5,321,261

Fixed deposits bear effective interest rate of 0.7% (2009: 1.14%) per annum. The fixed deposits are pledged to a financial institution to secure performance guarantees issued by that financial institution.

Cash and bank balances earn interests at floating rates based on daily bank deposit rates from 0% to 0.05% (2009: 0% to 0.05%) per annum.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
US Dollar	580,646	479,082	421,721	297,140
Euro	51,599	79,013	25,218	32,411
Ringgit Malaysia	1,759,960	928,943	–	–
Thai Baht	2,041,391	1,593,572	–	–
Chinese Renminbi	573,775	699,922	–	–

11. Share capital

	Company			
	2010	**2009**	**2010**	**2009**
	No. of shares	**No. of shares**	**$**	**$**
Fully paid ordinary shares, with no par value:				
At 1 January	422,167,317	415,224,269	29,654,922	29,411,915
Issue of new shares				
– Exercise of warrants	31,939,033	6,943,048	1,117,866	243,007
At 31 December	454,106,350	422,167,317	30,772,788	29,654,922

During the financial year, the Company issued 31,939,033 (2009: 6,943,048) shares at $0.035 (2009: $0.035) each fully paid for cash upon the exercise of warrants which were outstanding at the end of the previous year.

Each warrant carried the right to subscribe for one new share in the Company at an exercise price of $0.035 for each new share.

As at the end of the previous financial year, there were 32,594,353 warrants outstanding. There were no warrants outstanding at the end of the financial year as all outstanding warrants expired on 17 September 2010.

11. Share capital (cont'd)

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.

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 non-controlling interests. 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 include 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	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Net debt	17,640,119	19,393,800	12,614,582	13,942,857
Total equity	73,030,196	69,220,146	47,990,429	45,818,102
Total capital	90,670,315	88,613,946	60,605,011	59,760,959
Gearing ratio	0.19	0.22	0.21	0.23

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2009 and 2010. 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.

12. Reserves

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Accumulated profits	33,009,774	31,042,392	17,217,641	16,163,180
Currency translation reserve	(1,059,241)	(1,471,073)	–	–
	31,950,533	29,571,319	17,217,641	16,163,180

The currency translation reserve of the Group 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.

13. Financial liabilities

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Non-current liabilities				
Finance lease liabilities	372,818	321,502	114,626	97,980
Current liabilities				
Singapore dollar short-term loans (unsecured)	10,300,000	9,800,000	10,300,000	9,800,000
Ringgit Malaysia ("RM") long-term loans:				
– secured	–	73,401	–	–
– unsecured	1,180,104	2,194,930	–	–
Bills payable to banks (unsecured)	4,362,995	4,290,129	572,412	709,078
Finance lease liabilities	177,886	179,992	57,578	73,221
	16,020,985	16,538,452	10,929,990	10,582,299
Total borrowings	16,393,803	16,859,954	11,044,616	10,680,279

The unsecured short-term loans are revolving bank loans which bear interest at rates from 1.31% to 1.43% (2009: 1.48% to 2.18%) per annum and are repayable within the next 12 months from the reporting date.

The Group has classified bank term loans of $797,096 (2009: $1,735,234) not scheduled for repayment within twelve months from the reporting date as current liabilities as the Group does not have the unconditional right at the reporting date to defer settlement for at least twelve months after the reporting period and these loans can be called by the bank lenders at any time even if there is no default.

The long-term loans, taken by a subsidiary, comprise:

- 10-year unsecured bank loan of RM2.5 million, bears interest at 7.80% (2009: 7.05%) per annum and is repayable in 120 monthly instalments commencing March 2007; and

- 5-year unsecured bank loan of RM3.0 million, bears interest at 7.30% (2009: 6.55%) per annum and is repayable in 60 monthly instalments commencing May 2009.

In addition, included in the long-term loans outstanding as at 31 December 2009, there was a 7-year bank loan of RM0.5 million (secured by a mortgage on a subsidiary's freehold land, repayable in 84 monthly instalments commencing January 2005) which bore interest at 6.80% per annum and a 5-year bank loan of RM1.85 million (unsecured, repayable in 60 monthly instalments commencing August 2006) which bore interest at 7.05% per annum. These amounts have since been fully repaid in April and July 2010 respectively.

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 4.41% (2009: 3.77%) and 5.25% (2009: 5.25%) respectively. These bills mature within 1 to 3 months from the reporting date.

Bills payable to banks denominated in foreign currencies other than the Company's functional currency comprise:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Ringgit Malaysia	3,790,583	3,581,051	–	–
Australian Dollar	142,444	199,579	142,444	199,579
Japanese Yen	56,336	54,027	56,336	54,027

13. Financial liabilities (cont'd)

Finance lease liabilities

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

	2010 Principal $	2010 Interest $	2010 Payments $	2009 Principal $	2009 Interest $	2009 Payments $
Group						
Repayable within 1 year	177,886	24,753	202,639	179,992	22,088	202,080
Repayable after 1 year but within 5 years	372,818	44,238	417,056	321,502	34,684	356,186
	550,704	68,991	619,695	501,494	56,772	558,266
Company						
Repayable within 1 year	57,578	9,820	67,398	73,221	10,186	83,407
Repayable after 1 year but within 5 years	114,626	19,893	134,519	97,980	16,901	114,881
	172,204	29,713	201,917	171,201	27,087	198,288

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 4.94% (2009: 4.76%) and 6.71% (2009: 6.58%) respectively.

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

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
Group					
2010					
Bills payable to banks	4,362,995	4,411,097	4,411,097	–	–
S$ floating rate loans	10,300,000	10,441,110	10,441,110	–	–
RM floating rate loans	1,180,104	1,272,152	412,883	772,433	86,836
Finance lease liabilities	550,704	619,695	202,639	417,056	–
Trade and other payables*	11,104,994	11,104,994	11,104,994	–	–
	27,498,797	27,849,048	26,572,723	1,189,489	86,836

* *Excludes accrued expenses*

13. Financial liabilities (cont'd)

Group	Carrying amount $	Cash flows: Contractual cash flows $	Within 1 year $	Within 1 to 5 years $	More than 5 years $
2009					
Bills payable to banks	4,290,129	4,333,282	4,333,282	–	–
S$ floating rate loans	9,800,000	9,979,340	9,979,340	–	–
RM floating rate loans	2,268,331	3,060,941	685,725	2,072,517	302,699
Finance lease liabilities	501,494	558,266	202,080	356,186	–
Trade and other payables*	10,038,673	10,038,673	10,038,673	–	–
	26,898,627	27,970,502	25,239,100	2,428,703	302,699
Company					
2010					
S$ floating rate loans	10,300,000	10,441,110	10,441,110	–	–
Finance lease liabilities	172,204	201,917	67,398	134,519	–
Bills payable to banks	572,412	579,925	579,925	–	–
Trade and other payables*	6,354,937	6,354,937	6,354,937	–	–
Recognised financial liabilities	17,399,553	17,577,889	17,443,370	134,519	–
Intra-group financial guarantees (drawndown amount)	–	4,970,687	4,970,687	–	–
	17,399,553	22,548,576	22,414,057	134,519	–
2009					
S$ floating rate loans	9,800,000	9,979,340	9,979,340	–	–
Finance lease liabilities	171,201	198,288	83,407	114,881	–
Bills payable to banks	709,078	717,602	717,602	–	–
Trade and other payables*	6,883,959	6,883,959	6,883,959	–	–
Recognised financial liabilities	17,564,238	17,779,189	17,664,308	114,881	–
Intra-group financial guarantees (drawndown amount)	–	5,849,382	5,849,382	–	–
	17,564,238	23,628,571	23,513,690	114,881	–

* *Excludes accrued expenses*

14. Deferred tax liabilities

Deferred tax assets and liabilities of the Group and Company (prior to offsetting of balances) are attributable to the following:

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Deferred tax liabilities				
Property, plant and equipment and biological assets	4,329,093	4,058,060	556,595	100,000
Deferred tax assets				
Provisions	–	(1,796)	–	–

14. Deferred tax liabilities (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deferred tax liabilities	4,329,093	4,056,264	556,595	100,000

Movement in deferred tax liabilities

	Note	Group $	Company $
At 1 January 2009		3,594,196	100,000
Recognised in income statement	19	545,511	–
Translation differences on consolidation		(83,443)	–
At 31 December 2009		4,056,264	100,000
Recognised in income statement	19	192,856	456,595
Translation differences on consolidation		79,973	–
At 31 December 2010		4,329,093	556,595

The Group has unutilised tax losses of approximately $87,799 (2009: $381,318) that are available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The tax losses do not expire under current tax legislation. 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.

15. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Trade payables	8,445,380	7,663,353	3,262,353	3,391,840
Accrued operating expenses	254,596	321,336	154,504	145,822
Other payables	1,992,147	2,347,739	1,706,259	1,974,513
Accrued staff costs	1,577,273	2,020,451	1,163,831	1,554,058
Advance received from customers	667,467	27,581	93,321	5,578
Amounts due to subsidiaries				
– trade	–	–	63,004	82,028
– non-trade	–	–	1,230,000	1,430,000
	12,936,863	12,380,460	7,673,272	8,583,839

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.

15. Trade and other payables (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
US Dollar	547,556	799,723	284,759	517,799
Euro	427,052	–	427,052	–
Ringgit Malaysia	2,210,967	1,250,989	13,045	711
Japanese Yen	55,837	–	55,837	–
Thai Baht	1,248,771	1,029,872	–	–
Chinese Renminbi	362,422	335,268	23,440	7,440
Australian Dollar	149,056	–	149,056	–
Hong Kong Dollar	3,828	62,978	3,828	62,978
New Taiwan Dollar	151,293	86,541	127,740	70,354

16. Revenue

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Sale of goods				
– fish	45,174,746	46,993,026	26,960,803	27,385,340
– accessories	34,433,301	37,028,999	20,772,608	19,860,780
– plastics	11,554,959	10,589,188	–	–
	91,163,006	94,611,213	47,733,411	47,246,120

17. Net finance expenses

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Interest income				
– bank deposits	4,523	6,063	913	2,149
Interest expense				
– bank loans and overdrafts	(278,300)	(493,799)	(143,329)	(224,168)
– bills payable to banks	(186,727)	(161,015)	(31,448)	(27,284)
– finance lease liabilities	(35,289)	(32,857)	(12,249)	(10,989)
	(500,316)	(687,671)	(187,026)	(262,441)
Net finance expenses	(495,793)	(681,608)	(186,113)	(260,292)

18. Profit before income tax

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Allowance for (Write back of)				
– doubtful trade receivables	620,550	299,085	622,013	295,776
– inventory obsolescence	(170,000)	129,000	(170,000)	129,000
Amortisation of intangible assets	–	8,323	–	8,323
Bad trade receivables				
– written off	7,621	479	231	–
– recovered	(710)	(755)	(291)	–
Auditors' remuneration				
– auditors of the Company	77,000	77,000	65,000	65,000
– other auditors	28,582	24,867	–	–
Non-audit fees				
– other auditors	24,200	40,650	18,200	34,650
Depreciation of				
– property, plant and equipment	2,128,116	2,030,705	1,144,131	840,321
– biological assets	663,010	594,626	68,500	43,368
Exchange gain, net	(495,568)	(422,147)	(273,524)	(302,096)
Operating lease expense	1,142,431	1,051,823	158,432	141,250
Property, plant and equipment written off	10,692	43,648	287	591
Staff costs				
– salaries and bonus	10,973,139	10,533,433	6,382,453	6,250,798
– provident fund contributions	804,827	746,641	419,904	377,877
– staff welfare benefits	693,178	628,288	306,968	284,188
Directors' fees				
– directors of the Company	75,000	60,000	75,000	60,000
Change in fair value less estimated point-of-sale costs of breeder stocks	(234,888)	105,960	(70,995)	64,740
Other income				
– loss (gain) on disposal of property, plant and equipment	22,625	(33,373)	(484)	(5,800)
– dividend income received from a subsidiary	–	–	(1,308,659)	(951,933)
– sundry income	(137,089)	(98,152)	(18,206)	(72,395)

During the financial year, the Group and the Company received $64,753 and $56,681 (2009: $344,238 and $300,318), respectively, of government grants in relation to the jobs credit scheme which were offset against staff costs.

19. Income tax expense

Income tax recognised in income statement	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Current tax expense					
Current year		1,061,910	1,261,632	290,866	405,193
Over provision in respect of prior years		(472,937)	(12,137)	(456,595)	(33,000)
		588,973	1,249,495	(165,729)	372,193
Deferred tax expense					
Origination and reversal of temporary differences		(164,617)	545,511	42,937	–
Over provision in respect of prior year		357,473	–	413,658	–
	14	192,856	545,511	456,595	–
Total income tax expense		781,829	1,795,006	290,866	372,193
Reconciliation of effective tax rate					
Profit before income tax		5,298,988	9,440,573	3,587,028	3,947,783
Income tax using Singapore tax rate of 17% (2009: 17%)		900,828	1,604,897	609,795	671,123
Expenses not deductible for tax purposes		62,224	91,268	9,380	18,866
Income not subject to tax		(168,426)	(314,645)	(265,033)	(263,979)
Effect of different tax rates in other countries		230,185	604,694	–	–
Over provision in respect of prior year		(115,474)	(12,137)	(42,937)	(33,000)
Recognition of previously unrecognised deferred tax assets		(104,818)	(184,784)	–	–
Deferred tax assets not recognised		–	21,919	–	–
Others		(22,690)	(16,206)	(20,339)	(20,817)
Income tax expense		781,829	1,795,006	290,866	372,193

Income tax recognised in other comprehensive income

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

20. Directors' remuneration

Company's directors receiving remuneration from the Group:

	Number of directors 2010	Number of directors 2009
Remuneration of:		
$500,000 and above	–	–
$250,000 to $499,999	2	4
Below $250,000	5	3
	7	7

20. Directors' remuneration (cont'd)

Names of director	Salary* $	Bonus* $	Directors' fees $	Total $
2010				
Kenny Yap Kim Lee	289,924	–	–	289,924
Alvin Yap Ah Seng	247,924	–	–	247,924
Andy Yap Ah Siong	247,924	–	–	247,924
Lai Chin Yee	240,724	50,000	–	290,724
Robson Lee Teck Leng	–	–	25,000	25,000
Chang Weng Leong	–	–	25,000	25,000
Tan Tow Ee	–	–	25,000	25,000
Total	1,026,496	50,000	75,000	1,151,496
2009				
Kenny Yap Kim Lee	271,836	60,000	–	331,836
Alvin Yap Ah Seng	232,236	60,000	–	292,236
Andy Yap Ah Siong	232,236	60,000	–	292,236
Lai Chin Yee	225,636	60,000	–	285,636
Robson Lee Teck Leng	–	–	20,000	20,000
Chang Weng Leong	–	–	20,000	20,000
Tan Tow Ee	–	–	20,000	20,000
Total	961,944	240,000	60,000	1,261,944

* *The salary and bonus amounts shown are inclusive of Central Provident Fund contributions.*

21. Earnings per share

	2010	2009
Profit attributable to equity holders of the Company ($)	4,209,083	6,544,291
Ordinary shares at 1 January	422,167,317	415,224,269
Effect of shares issued on the exercise of warrants	24,438,666	4,952,109
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	446,605,983	420,176,378
Dilutive effect of warrants	5,943,069	23,176,777
Weighted average number of ordinary shares for calculation of diluted earnings per share	452,549,052	443,353,155
Basic earnings per share (cents)	0.94	1.56
Diluted earnings per share (cents)	0.93	1.48

21. Earnings per share (cont'd)

The calculation of basic earnings per share at 31 December was based on profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per share at 31 December was based on profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The average market value of the Company's shares for purposes of calculating the dilutive effect of warrants was based on quoted market prices for the period that the warrants were outstanding. The average fair value of one ordinary share during financial year 2010 was $0.14 (2009: $0.12) per share.

22. Dividends

	Group and Company	
	2010	**2009**
	$	**$**
First and final dividend paid of 0.2 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2008	–	840,346
First and final dividend paid of 0.5 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2009	2,241,701	–
	2,241,701	840,346

The directors have proposed a final dividend of $0.005 (2009: $0.005) per ordinary share, one-tier tax exempt, totalling $2,270,532 (2009: $2,241,701) in respect of the financial year ended 31 December 2010. 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 2011.

23. 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 compensation comprised:

	Group	
	2010	**2009**
	$	**$**
Short-term employee benefits		
– directors of the Company	1,151,496	1,261,944
– other key management personnel	1,535,472	1,419,475
	2,686,968	2,681,419

23. Significant related party transactions (cont'd)

Other related party transactions

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Sales to subsidiaries	–	–	9,341,061	11,027,977
Sales to associates	2,064,807	1,801,829	–	132,517
Purchases from subsidiaries	–	–	3,078,714	3,198,623
Purchases from associates	312,110	339,463	312,110	339,463
Rental paid to a non-controlling shareholder of a subsidiary	37,408	42,968	–	–
Fee paid to a firm of which a director is a member	–	3,000	–	3,000
Consultancy fees paid to a company in which a director has a substantial interest	8,300	38,800	8,300	38,800

24. 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.

The accounting policies of the reportable segments are the same as described in note 2. Information regarding the results of each reportable segment is included below. Performance is measured based on profit before income tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman and Managing Director. Profit before income 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.

24. Operating segments (cont'd)

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
2010					
Revenue					
External revenue	45,175	34,433	11,555	–	91,163
Inter-segment revenue	3,895	11,803	179	(15,877)	–
Total revenue	49,070	46,236	11,734	(15,877)	91,163
Results					
EBITDA*	5,885	3,745	1,231	(2,208)	8,653
Depreciation and amortisation	(1,831)	(834)	(126)	–	(2,791)
Interest expense	(309)	(56)	(2)	(134)	(501)
Interest income	2	2	1	–	5
Operating profit	3,747	2,857	1,104	(2,342)	5,366
Share of losses of associates	–	(67)	–	–	(67)
Profit before income tax	3,747	2,790	1,104	(2,342)	5,299
Income tax expense	(267)	(370)	(145)	–	(782)
Profit for the year	3,480	2,420	959	(2,342)	4,517
Assets and liabilities					
Segment assets	66,705	34,401	4,143	2,160	107,409
Investment in associates	–	1,103	–	–	1,103
Segment liabilities	17,729	4,070	2,109	10,471	34,379
Other segment information					
Expenditure for non-current assets	511	866	135	–	1,512
Other non-cash items:					
Bad trade receivables recovered					
– written off	–	8	–	–	8
– recovered	(1)	–	–	–	(1)
Property, plant and equipment written off	10	–	1	–	11
Allowance for					
– doubtful trade receivables	556	65	–	–	621
– inventory obsolescence	–	(170)	–	–	(170)
Change in fair value less estimated point-of-sale costs of breeder stocks	(235)	–	–	–	(235)
Loss (gain) on disposal of property, plant and equipment	39	(14)	(2)	–	23

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

24. Operating segments (cont'd)

2009	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
Revenue					
External revenue	46,993	37,029	10,589	–	94,611
Inter-segment revenue	6,695	8,147	177	(15,019)	–
Total revenue	53,688	45,176	10,766	(15,019)	94,611
Results					
EBITDA*	10,232	3,488	1,281	(2,225)	12,776
Depreciation and amortisation	(1,705)	(794)	(135)	–	(2,634)
Interest expense	(428)	(45)	(1)	(214)	(688)
Interest income	4	2	–	–	6
Operating profit	8,103	2,651	1,145	(2,439)	9,460
Share of losses of associates	–	(20)	–	–	(20)
Profit before income tax	8,103	2,631	1,145	(2,439)	9,440
Income tax expense	(1,217)	(416)	(162)	–	(1,795)
Profit for the year	6,886	2,215	983	(2,439)	7,645
Assets and liabilities					
Segment assets	65,526	32,097	3,748	2,396	103,767
Investment in associates	–	1,171	–	–	1,171
Segment liabilities	19,364	3,731	1,897	9,555	34,547
Other segment information					
Expenditure for non-current assets	6,655	2,056	17	–	8,728
Other non-cash items:					
Bad trade receivables recovered	(1)	–	–	–	(1)
Property, plant and equipment written off	39	5	–	–	44
Allowance for					
– doubtful trade receivables	295	1	3	–	299
– inventory obsolescence	–	129	–	–	129
Change in fair value less estimated point-of-sale costs of breeder stocks	106	–	–	–	106
Gain on disposal of property, plant and equipment	(5)	(23)	(5)	–	(33)

* *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.

24. Operating segments (cont'd)

Geographical Information

	Singapore $'000	Other Asian countries $'000	Europe $'000	Others $'000	Consolidated $'000
2010					
Revenue from external customers	29,236	37,662	13,596	10,669	91,163
Segment non-current assets	9,497	37,170	778	–	47,445
Segment assets	36,337	70,294	778	–	107,409
2009					
Revenue from external customers	27,102	36,210	20,912	10,387	94,611
Segment non-current assets	10,175	38,794	768	–	49,737
Segment assets	33,670	69,186	911	–	103,767

Major customers

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

25. 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 Company's exposure to a subsidiary was 34% (2009: 33%) of trade and other receivables. There is no significant concentration of credit risk in the Group. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

25. Financial risk management (cont'd)

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 income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group $	Company $
31 December 2010		
US Dollar	(276,535)	(123,270)
Euro	32,537	37,100
Ringgit Malaysia	205,659	1,305
Japanese Yen	11,217	11,217
Thai Baht	(131,823)	–
Chinese Renminbi	(421,294)	(30,128)
Australian Dollar	29,150	29,150
Hong Kong Dollar	383	383
New Taiwan Dollar	15,129	12,774
31 December 2009		
US Dollar	(274,794)	(50,973)
Euro	(139,163)	(24,028)
Ringgit Malaysia	182,496	71
Japanese Yen	5,403	5,403
Thai Baht	(122,718)	–
Chinese Renminbi	(418,182)	(19,004)
Australian Dollar	19,958	19,958
Hong Kong Dollar	6,298	6,298
New Taiwan Dollar	8,654	7,035

25. Financial risk management (cont'd)

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 9002 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
2010			
Group			
Financial assets			
Fixed rate			
Fixed deposits	25	–	25
Financial liabilities			
Fixed rate			
Bills payable to banks	4,363	–	4,363
Finance lease liabilities	178	373	551
Floating rate			
Bank term loans	11,480	–	11,480
Company			
Financial assets			
Fixed rate			
Fixed deposits	25	–	25
Financial liabilities			
Fixed rate			
Bills payable to banks	572	–	572
Finance lease liabilities	57	115	172
Floating rate			
Bank term loans	10,300	–	10,300

25. Financial risk management (cont'd)

2009	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group			
Financial assets			
Fixed rate			
Fixed deposits	25	–	25
Financial liabilities			
Fixed rate			
Bills payable to banks	4,290	–	4,290
Finance lease liabilities	180	321	501
Floating rate			
Bank term loans	12,068	–	12,068
Company			
Financial assets			
Fixed rate			
Fixed deposits	25	–	25
Financial liabilities			
Fixed rate			
Bills payable to banks	709	–	709
Finance lease liabilities	73	98	171
Floating rate			
Bank term loans	9,800	–	9,800

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 bp in interest rate at the reporting date would increase (decrease) profit before income tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
Group	**100 bp increase $**	**100 bp decrease $**
31 December 2010		
Floating rate instruments	(114,801)	114,801
31 December 2009		
Floating rate instruments	(120,680)	120,680

25. Financial risk management (cont'd)

	Profit or loss	
	100 bp increase	100 bp decrease
Company	**$**	**$**
31 December 2010		
Floating rate instruments	(103,000)	103,000
31 December 2009		
Floating rate instruments	(98,000)	98,000

Fair values of financial instruments

Where possible, fair values have been estimated using market prices for the financial instruments. Where market prices are not available, values have been estimated using quoted prices for financial instruments with similar characteristics, or otherwise using a suitable valuation technique where it is practicable to do so. The fair value information presented represents the Group's and the Company's best estimate of those values, subject to certain assumptions and limitations.

Methodologies

The methodologies and assumptions used in estimating fair values depend on the terms and risk characteristics of the various instruments and include the following:

Financial assets

The fair value of the Group's and the Company's quoted investments is determined by reference to their quoted bid price at the reporting date.

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.

The fair values of recognised financial liabilities, which are not carried at fair value in the statements of financial position as at 31 December, are presented in the following table:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	**$**	**$**	**$**	**$**
Financial liabilities				
Finance lease liabilities	550,704	550,704	501,494	501,494
Bank term loans	11,480,104	11,480,104	12,068,331	12,068,331
	12,030,808	12,030,808	12,569,825	12,569,825
Unrecognised gain		–		–

25. Financial risk management (cont'd)

Company	2010 Carrying amount $	2010 Fair value $	2009 Carrying amount $	2009 Fair value $
Financial liabilities				
Finance lease liabilities	172,204	172,204	171,201	171,201
Bank term loans	10,300,000	10,300,000	9,800,000	9,800,000
	10,472,204	10,472,204	9,971,201	9,971,201
Unrecognised gain		–		–

The above fair values have been estimated by discounting future contracted cash flows at the current market rate available.

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 $11.2 million (2009: $11.0 million).

26. Commitments

At 31 December 2010, the Group and the Company have operating lease commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Payable:				
– Within 1 year	279,816	143,264	83,556	83,556
– After 1 year but within 5 years	421,829	243,705	160,149	243,705
	701,645	386,969	243,705	327,261

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

27. Comparative information

The Group has classified bank term loans of $797,096 (2009: $1,735,234) not scheduled for repayment within twelve months from the reporting date as current liabilities as the Group does not have the unconditional right at the reporting date to defer settlement for at least twelve months after the reporting period and these loans can be called by the bank lenders at any time even if there is no default. The comparative amounts have been reclassified for consistency. The Group has not presented a statement of financial position as at 1 January 2009 reflecting similar reclassification as the impact of the reclassification and additional information would not be material to the understanding of the financial statements or financial position of the Group.

28. New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2010 have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Group, except for FRS 24 *Related parties* (2010), which simplifies the disclosure requirements for government related entities and clarifies the definition of a related party. The revised standard, which becomes mandatory for the Group's 2011 consolidated financial statements, is not expected to have a significant impact on the financial statements.

Statistics of Shareholders

As at 1 February 2011

Class of Shares : Ordinary shares
Voting Rights : One vote per share

Analysis of Shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 999	253	8.54	61,915	0.01
1,000 – 10,000	833	28.12	4,890,197	1.08
10,001 – 1,000,000	1,837	62.02	136,339,392	30.02
1,000,001 and Above	39	1.32	312,814,846	68.89
Total	**2,962**	**100.00**	**454,106,350**	**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	109,000,000	24.00	–	–
2. Yap Ah Seng Alvin*	15,804,552	3.48	–	–
3. Yap Ah Siong Andy*	15,700,000	3.46	–	–
4. Yap Kim Choon*	15,700,000	3.46	–	–
5. Yap Kim Lee Kenny*	14,000,000	3.08	–	–
6. Yap Hock Huat*	12,000,000	2.64	–	–
7. Yap Ping Heng*	12,000,000	2.64	–	–
8. Yap Kim Chuan*	6,021,994	1.33	9,678,006	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	109,000,000	24.00
2.	Yap Ah Seng Alvin	15,804,552	3.48
3.	Yap Ah Siong Andy	15,700,000	3.46
4.	Yap Kim Choon	15,700,000	3.46
5.	Yap Kim Lee Kenny	14,000,000	3.08
6.	Yap Hock Huat	12,000,000	2.64
7.	Yap Ping Heng	12,000,000	2.64
8.	Hong Leong Finance Nominees Pte Ltd	11,128,000	2.45
9.	Choo Chee Kiong	10,000,000	2.20
10.	Yap Hey Cha	8,325,000	1.83
11.	Wong Bei Keen	7,310,000	1.61
12.	Ang Kim Sua	6,894,000	1.52
13.	Yap Kim Chuan	6,021,994	1.33
14.	Phillip Securities Pte Ltd	5,849,979	1.29
15.	Tan Boon Kim	5,322,325	1.17
16.	Koh Guat Lee	5,304,971	1.17
17.	Lim Boo Hua	4,926,400	1.09
18.	Goh Siak Ngan	4,315,978	0.95
19.	Lim Peng Chuan	3,760,000	0.83
20.	Lim Geok Kiew	3,350,000	0.74
	Total	**276,713,199**	**60.94**

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, 41.46% of the issued share capital of the Company was held in the hands of the public as at 1 February 2011. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at No. 71 Jalan Lekar, Singapore 698950 on Friday, 11 March 2011 at 11.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2010 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a first and final dividend of 0.5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2010. **[Resolution 2]**

3. To re-elect Mr Kenny Yap Kim Lee, who is retiring by rotation in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. **[Resolution 3]**

4. To re-elect Mr Robson Lee Teck Leng, who is retiring by rotation in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. **[See Explanatory Note (a)]** **[Resolution 4]**

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

6. To approve the sum of S$75,000 as Directors' fees for the financial year ended 31 December 2010. (2009: $60,000) **[Resolution 6]**

7. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

8. 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:-

9. **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 Articles of Association 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

   (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 Articles of Association 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. **[See Explanatory Note (c)]** **[Resolution 8]**

10. **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 defined hereinafter), 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

(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. **[See Explanatory Note (d)]** **[Resolution 9]**

By Order of the Board

Lai Chin Yee
Sharon Yeoh
Company Secretaries

Singapore
22 February 2011

Explanatory Notes:

(a) Mr Robson Lee Teck Leng, if re-elected, will remain as member of the Company's Audit Committee, Nominating Committee and Remuneration Committee and will also continue to remain as Chairman of the Audit Committee. Mr Robson Lee Teck Leng will be considered as an independent director of the Company.

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

(c) The ordinary resolution 8, under item 9 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 9 under item 10 above, if passed, will renew the Share Buyback Mandate and will authorize 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 2010 are set out in greater detail in the Appendix enclosed together with the Annual Report.

Note:

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 and such proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy. The instrument appointing the proxy must be deposited at the registered office of the Company at No. 71 Jalan Lekar, Singapore 698950 not less than 48 hours before the time set for the Annual General Meeting.

Notice of Annual General Meeting (cont'd)

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 28 March 2011 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 25 March 2011 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 25 March 2011 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twelfth Annual General Meeting to be held on 11 March 2011, will be paid on 8 April 2011.

By Order of the Board

Lai Chin Yee
Sharon Yeoh
Company Secretaries

Singapore
22 February 2011

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:

- **Through our online feedback at our website, www.qianhu.com**
  - At our homepage, please click on 'Qian Hu Feedback'
  - Follow the instructions and click 'Submit' when you have completed the online form
- **By sending us an email through *investor@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 11 March 2011. A copy of the minutes of the AGM will be posted on our website and via SGXNET 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 **11 March 2011**, 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.

IMPORTANT FOR CPF INVESTORS ONLY:

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF investors and shall not be effective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of Qian Hu Corporation Limited.

PROXY FORM

QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199806124N)

I/We ______________________________ NRIC/Passport/Co. Registration No. ____________

of ____

being a member/members of **QIAN HU CORPORATION LIMITED** hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at No. 71 Jalan Lekar, Singapore 698950 on Friday, 11 March 2011 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' Report and Audited Accounts for the financial year ended 31 December 2010		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Kenny Yap Kim Lee as director		
4	Re-election of Mr Robson Lee Teck Leng as director		
5	Re-election of Mr Tan Tow Ee as director		
6	Approval of directors' fees		
7	Re-appointment of KPMG LLP as auditors		
	AS SPECIAL BUSINESS		
8	Authority to issue shares		
9	Renewal of Share Buyback Mandate		

* *Please indicate your vote "For" or "Against" with a "✓" within the boxes provided.*

Dated this ______________ day of ______________ 2011

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

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Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members 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 entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. 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. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No. 71 Jalan Lekar, Singapore 698950 not less than 48 hours before the time set for the Annual General Meeting.
4. 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.
5. 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.
6. 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.
7. 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 48 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix Postage Stamp

The Company Secretary

QIAN HU CORPORATION LIMITED

No. 71 Jalan Lekar

Singapore 698950

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