



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

TABLE OF CONTENTS

1(a)	INCOME STATEMENT	1
	STATEMENT OF COMPREHENSIVE INCOME	2
1(b)	STATEMENTS OF FINANCIAL POSITION	5
1(c)	STATEMENT OF CASH FLOWS	14
1(d)	STATEMENT OF CHANGES IN EQUITY	18
2	AUDIT	19
3	AUDITORS' REPORT	19
4	ACCOUNTING POLICIES	19
5	CHANGES IN ACCOUNTING POLICIES	19
6	EARNINGS (LOSS) PER ORDINARY SHARE	20
7	NET ASSET VALUE PER SHARE	20
8	REVIEW OF GROUP PERFORMANCE	20
9	VARIANCE FROM PROSPECT STATEMENT	25
10	PROSPECTS	25
11	RISK FACTORS AND RISK MANAGEMENT	27
12	DIVIDEND	29
13	INTERESTED PERSON TRANSACTIONS	30
14	SEGMENT INFORMATION	31
15	BREAKDOWN OF REVENUE	34
16	QUARTERLY ANALYSIS	35
17	PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS	36



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(a) **INCOME STATEMENT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Group			Group		
		3 months ended 31 Dec		Change %	Financial year ended 31 Dec		Change %
		2013 \$'000	2012 \$'000		2013 \$'000	2012 \$'000	
Revenue		21,555	19,829	8.7	83,462	84,443	(1.2)
Cost of sales		(15,560)	(13,918)	11.8	(59,257)	(59,062)	0.3
Gross profit		5,995	5,911	1.4	24,205	25,381	(4.6)
Other income (expenses)	i	42	77	(45.5)	204	(9,081)	102.2
		6,037	5,988	0.8	24,409	16,300	49.7
Selling & distribution expenses	ii	(490)	(502)	(2.4)	(1,626)	(1,742)	(6.7)
General & administrative expenses	ii	(5,193)	(5,267)	(1.4)	(21,499)	(22,799)	(5.7)
Results from operating activities	iii	354	219	61.6	1,284	(8,241)	115.6
Financial income	iv	5	6	(16.7)	14	23	(39.1)
Financial expenses	iv	(62)	(57)	8.8	(247)	(388)	(36.3)
		297	168	76.8	1,051	(8,606)	112.2
Share of losses of associates		(24)	(28)	(14.3)	(97)	(77)	26.0
Profit (Loss) before tax		273	140	95.0	954	(8,683)	111.0
Tax expense	v	(130)	(117)	11.1	(391)	(477)	(18.0)
Profit (Loss) for the period/year		143	23	521.7	563	(9,160)	106.1
Profit (Loss) attributable to:							
Equity holders of the Company		69	(49)	240.8	302	(9,137)	103.3
Non-controlling interests		74	72	2.8	261	(23)	NM
Profit (Loss) for the period/year		143	23	521.7	563	(9,160)	106.1
Gross profit margin		27.8%	29.8%		29.0%	30.1%	
Net profit margin *		0.7%	(0.1%)		0.7%	0.1%	
Effective tax rate *		-	-		45.3%	66.6%	
Return on equity		-	-		0.6%	(17.4%)	

NM: Not Meaningful

* excluded the gain or loss on disposal of subsidiary and impairment loss on investment in an associate.



QIAN HU CORPORATION LIMITED

(Company Registration No. : 199806124N)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

	<u>Group</u>			<u>Group</u>		
	<u>3 months ended 31 Dec</u>		<u>Change</u>	<u>Financial year ended 31 Dec</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Profit (Loss) for the period/year	143	23	521.7	563	(9,160)	106.1
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(128)	(12)	966.7	(188)	(402)	(53.2)
Other comprehensive income for the period/year, net of tax	(128)	(12)	966.7	(188)	(402)	(53.2)
Total comprehensive income for the period/year	15	11	36.4	375	(9,562)	103.9
Total comprehensive income attributable to:						
Equity holders of the Company	(7)	(57)	(87.7)	159	(9,445)	101.7
Non-controlling interests	22	68	(67.6)	216	(117)	284.6
Total comprehensive income for the period/year	15	11	36.4	375	(9,562)	103.9

Notes to Income Statement

(i) **Other income (expenses)**

Other income (expenses) comprises:

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 31 Dec</u>		<u>Financial year ended 31 Dec</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gain (Loss) on disposal of				
- property, plant and equipment	8	6	44	66
- a subsidiary	-	-	-	(9,062)
Impairment loss on investment in an associate	-	33	-	(222)
Sundry income	34	38	160	137
	42	77	204	(9,081)

The loss on disposal of a subsidiary of approximately \$9.1 million registered in FY 2012 arose from the disposal of the Group's entire equity interest in Kim Kang Aquaculture Sdn Bhd ("Kim Kang"), its 65% owned subsidiary dealing with the breeding of Dragon Fish, to the non-controlling shareholders.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Income Statement (cont'd)

(ii) **Selling & distribution expenses**
General & administrative expenses

With the disposal of the Group's entire equity interest in Kim Kang in the 4th quarter of 2012, its operating expenses decreased accordingly in the current quarter as well as for the full year ended 31 December 2013 as compared to the corresponding periods in 2012. The reduction is partially offset by higher personnel expenses incurred as a result of annual salary revision as well as the broad-spectrum increase in operating costs (e.g. utilities costs) as a result of elevated inflationary pressure.

(iii) **Profit from operations**

This is determined after charging (crediting) the following:

	Group		Group	
	3 months ended 31 Dec 2013	2012	Financial year ended 31 Dec 2013	2012
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
- auditors of the Company	31	33	90	87
- other auditors	5	10	14	27
Non-audit fees				
- other auditors	13	7	30	30
Directors' fees				
- directors of the Company	20	20	80	80
Directors' remuneration				
- directors of the Company	315	303	1,149	1,137
- directors of subsidiaries	112	109	439	532
Bad trade receivables written off	74	30	109	33
Depreciation of				
- property, plant and equipment	463	506	1,957	2,218
- brooder stocks	47	46	190	524
Property, plant and equipment written off	-	8	2	12
Allowance for (Write back of allowance for)				
- doubtful trade receivables	135	150	676	475
- inventory obsolescence	(32)	(15)	15	-
Operating lease expenses	313	277	1,270	1,132
Personnel expenses *	3,153	3,113	12,825	12,956
Exchange gain, net	(336)	(201)	(988)	(320)
Change in fair value less estimated point-of-sale costs	-	76	25	83

* Include directors' remuneration.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Income Statement (cont'd)

(iv) **Financial income**
Financial expenses

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Interest expense				
- bank loans and overdrafts	43	38	185	206
- bills payable	13	11	34	149
- finance lease liabilities	6	8	28	33
	<u>62</u>	<u>57</u>	<u>247</u>	<u>388</u>
Interest income				
- bank deposits	(5)	(6)	(14)	(23)
Net financial expenses	<u>57</u>	<u>51</u>	<u>233</u>	<u>365</u>

Despite the higher interest rates charged by the financial institutions as well as an increase in the amount of bank borrowings outstanding during the financial year, the reduction in financial expense in FY 2013 as compared to FY 2012 were related to interest expense incurred by Kim Kang, which was disposed of in 4th quarter of 2012.

(v) **Tax expense**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current tax				
- current year	181	162	432	524
- (over) under provision in respect of prior years	(51)	129	(41)	127
Deferred tax				
- temporary differences	-	(124)	-	(124)
- over provision in respect of prior years	-	(50)	-	(50)
	<u>130</u>	<u>117</u>	<u>391</u>	<u>477</u>

Despite the tax incentives granted for qualifying expenditures, the effective tax rate registered in the 4th quarter of 2013 and full year ended 31 December 2013 were higher than the amount obtained by applying the statutory tax rate of 17% on profit before income tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies in the Group and the varying statutory tax rates of different countries in which the Group operates.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(b) **STATEMENTS OF FINANCIAL POSITION**

	Note	Group		Company	
		31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
		\$	\$	\$	\$
Equity attributable to equity holders of the Company					
Share capital	i	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		18,736,426	21,756,608	11,548,179	14,478,844
		49,509,214	52,529,396	42,320,967	45,251,632
Non-Controlling Interests		1,485,309	1,590,439	-	-
Total Equity		50,994,523	54,119,835	42,320,967	45,251,632
Non-Current Assets					
Property, plant and equipment	ii	7,061,647	7,122,631	4,977,460	5,294,588
Brooder stocks	ii	8,744,582	8,934,081	8,744,582	8,934,081
Investments in subsidiaries	iii	-	-	2,169,615	2,063,156
Investments in associates	iv	611,213	708,143	815,200	815,200
Intangible assets	v	343,048	343,048	343,048	343,048
Long-term receivables	vi	2,480,000	3,720,000	2,480,000	3,720,000
Current Assets					
Inventories	vii	16,636,069	16,222,031	7,410,321	6,928,953
Breeder stocks	viii	71,750	197,722	71,750	197,722
Trade receivables	ix	27,413,331	26,764,914	21,278,890	21,484,518
Other receivables, deposits and prepayments	x	5,432,655	5,330,321	3,851,181	4,486,897
Due from					
- subsidiaries (trade)		-	-	6,380,750	5,946,793
- subsidiaries (non-trade)		-	-	1,171,377	426,681
- associate (trade)	xi	380,001	327,196	380,001	327,196
Fixed deposits		25,446	25,446	25,446	25,446
Cash and bank balances		6,686,903	8,246,907	3,595,438	4,949,834
		56,646,155	57,114,537	44,165,154	44,774,040
Current Liabilities					
Trade payables	xii	6,742,660	5,537,314	3,147,320	2,666,821
Bills payable to banks (unsecured)	xiii	700,138	883,938	638,929	883,938
Other payables and accruals	xiv	4,280,911	4,032,930	3,522,248	3,317,156
Due to					
- subsidiaries (trade)		-	-	133,615	55,114
- subsidiaries (non-trade)		-	-	1,239,277	1,042,301
- non-controlling shareholder of a subsidiary (non-trade)		-	29,484	-	-
Finance lease liabilities	xv	131,955	157,501	50,516	68,365
Bank term loans	xvi	12,000,000	12,000,000	12,000,000	12,000,000
Current tax payable		432,500	517,830	207,457	171,978
		24,288,164	23,158,997	20,939,362	20,205,673
Net Current Assets		32,357,991	33,955,540	23,225,792	24,568,367
Non-Current Liabilities					
Finance lease liabilities	xv	(193,958)	(253,608)	(54,730)	(106,808)
Deferred tax liabilities		(410,000)	(410,000)	(380,000)	(380,000)
Net Assets		50,994,523	54,119,835	42,320,967	45,251,632



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(b) **STATEMENTS OF FINANCIAL POSITION (cont'd)**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Inventory turnover (days)	102	115	70	71
Trade receivables turnover (days)	120	116	153	159
Trade receivables turnover (days) (without GZQH balances)	75	71	82	76
Debt equity ratio	0.49	0.44	0.51	0.46

Note - With the disposal of GZQH, a former subsidiary, in December 2011, the Group's trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a significant surge in trade receivables turnover days.

Notes to Statements of Financial Position

(i) **Share capital**

	Number of shares	\$
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2013 and 31 Dec 2013	<u>454,106,350</u>	<u>30,772,788</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2012.

There were no outstanding convertibles as at 31 December 2013 (2012: Nil).

The Company did not hold any treasury shares as at 31 December 2013 (2012: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2013.

(ii) **Property, plant and equipment**
Brooder stocks

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Cost				
Balance as at 1 Jan	9,475,000	32,370,123	9,475,000	3,425,000
Additions during the year	-	6,050,000	-	6,050,000
Disposal of a subsidiary	-	(28,377,572)	-	-
Translation differences	-	(567,551)	-	-
Balance as at 31 Dec	<u>9,475,000</u>	<u>9,475,000</u>	<u>9,475,000</u>	<u>9,475,000</u>



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(ii) **Property, plant and equipment**
Brooder stocks (cont'd)

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Accumulated depreciation and impairment losses				
Balance as at 1 Jan	540,919	3,451,478	540,919	443,078
Depreciation charge for the year	189,499	523,505	189,499	97,841
Disposal of a subsidiary	-	(3,375,076)	-	-
Translation differences	-	(58,988)	-	-
Balance as at 31 Dec	<u>730,418</u>	<u>540,919</u>	<u>730,418</u>	<u>540,919</u>
Net carrying value				
Balance as at 31 Dec	<u>8,744,582</u>	<u>8,934,081</u>	<u>8,744,582</u>	<u>8,934,081</u>

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 loss.

(iii) **Investments in subsidiaries**

The details of subsidiaries are as follows:

Name of subsidiary	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	%	%	\$	\$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	171,951	171,951
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	1,086,516	1,086,516
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
		Balance carried forward	<u>1,635,603</u>	<u>1,635,603</u>



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

Name of subsidiary	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	%	%	\$	\$
	Balance brought forward		1,635,603	1,635,603
Thai Qian Hu Company Limited and its subsidiary: (Thailand)	60	60	121,554	121,554
- Advance Aquatic Co., Ltd (Thailand)	60	60	-	-
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
P.T. Qian Hu Joe Aquatic Indonesia (Indonesia)	90 #	55	381,459	275,000
			<u>2,169,615</u>	<u>2,063,156</u>

* The Company has voting control at general meetings & Board meetings of NNNTL (Thailand) Limited.

Acquired additional 35% interest in 1Q 2013.

(iv) **Investments in associates**

The details of associates are as follows:

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Unquoted equity investments				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
- Qian Hu Aquasstar (India) Private Limited	402,600	402,600	402,600	402,600
	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>
Share of post-acquisition losses	(382,208)	(285,278)	-	-
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
	<u>611,213</u>	<u>708,143</u>	<u>815,200</u>	<u>815,200</u>

Name of associate	Principal activities	Effective equity held by the Group	
		31 Dec 2013	31 Dec 2012
		%	%
Arcadia Products PLC (United Kingdom)	Manufacture and distribution of aquarium lamps	20	20
Qian Hu Aquasstar (India) Private Limited (India)	Manufacture of fish food and aquarium accessories	50	50

The Group recorded an impairment loss relating to its investment in Arcadia Products PLC (“Arcadia”) as the carrying amount of the investment was affected by the depreciation of Sterling Pound (£) against Singapore Dollar (\$S) since its acquisition. The Group will continue to equity account for its share of results in Arcadia.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(v) **Intangible assets**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Trademarks/customer acquisition costs	937,041	937,566	921,497	921,497
Product listing fees	196,153	196,153	196,153	196,153
	<u>1,133,194</u>	<u>1,133,719</u>	<u>1,117,650</u>	<u>1,117,650</u>
Less accumulated amortisation	(790,146)	(790,671)	(774,602)	(774,602)
	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>

Trademarks/customer acquisition costs relate to costs paid to third parties in relation to the acquisition of trademarks rights and existing customer base of two brands of pet food. Such costs were determined to have indefinite lives and are tested for impairment annually.

Product listing fees relate to cost paid to third parties in relation to the entitlements to list and sell the Company's products in certain supermarkets, and are amortised over 3 years.

(vi) **Other receivables**

Other receivables (non-current portion) consist of the outstanding amounts due from the purchasers of Kim Kang of \$1,755,000 and the advances extended by the Company to Kim Kang before its disposal of \$725,000, totaling \$2.48 million.

In accordance with the Sale and Purchase Agreement ("SPA") entered into between the Company and the purchasers dated 17 October 2012, the total consideration of \$9.4 million arising from the disposal of Kim Kang is to be satisfied by \$3.9 million in cash and \$5.5 million of brooder stocks. Upon the execution of the SPA, a payment of 10% of the cash consideration, being \$390,000, had been made by the purchasers, together with the transfer of all brooder stocks. The balance of the cash portion of the consideration of \$3.51 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$877,500 each.

In addition, the Company, being a shareholder of Kim Kang previously, had from time to time, given advances to Kim Kang. As at the SPA date, the total amount of the advances extended by the Company to Kim Kang was \$2 million. The Company had entered into an Advances Repayment Agreement dated 17 October 2012, such that upon the execution of the SPA, Kim Kang had repaid \$550,000 of the advances extended by the transfer of 100 pieces of brooder stocks. The balance of the advances of \$1.45 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$362,500 each.

The first instalment in relation to the above, amounting to \$1.24 million, had been fully repaid in October 2013.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(vii) **Inventories**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Fish	3,898,444	3,562,786	3,064,871	2,513,962
Accessories	12,371,636	12,316,716	4,735,450	4,789,991
Plastics products - raw materials	293,777	288,341	-	-
Plastics products - finished goods	556,002	522,978	-	-
	<u>17,119,859</u>	<u>16,690,821</u>	<u>7,800,321</u>	<u>7,303,953</u>
Less allowance for inventory obsolescence	(483,790)	(468,790)	(390,000)	(375,000)
	<u>16,636,069</u>	<u>16,222,031</u>	<u>7,410,321</u>	<u>6,928,953</u>

The increase in fish inventory balance as at 31 December 2013 was mainly due to additional purchases of Dragon Fish made in anticipation of its increasing demand. This is also to ensure that there is a consistent supply of Dragon Fish in the following quarters.

(viii) **Breeder stocks**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
As at 1 January	197,722	992,534	197,722	400,390
Change in fair value less estimated point-of-sale costs	(24,802)	(83,040)	(24,802)	(83,040)
Decreases due to sales	(1,047,170)	(1,467,145)	(1,047,170)	(890,530)
Net increase due to births	946,000	1,347,517	946,000	770,902
Disposal of a subsidiary	-	(592,144)	-	-
As at 31 December	<u>71,750</u>	<u>197,722</u>	<u>71,750</u>	<u>197,722</u>

Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which is determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier. The decrease in breeder stocks balance as at 31 December 2013 was mainly due to difference in quantity, valuation and product mix in relation to the breeder stocks held as at both reporting dates.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(ix) **Trade receivables**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Trade receivables	30,033,485	28,900,045	23,774,124	23,398,341
Less allowance for doubtful trade receivables	(2,620,154)	(2,135,131)	(2,495,234)	(1,913,823)
	<u>27,413,331</u>	<u>26,764,914</u>	<u>21,278,890</u>	<u>21,484,518</u>

The increase in trade receivables as at 31 December 2013 was mainly due to higher credit sales generated in the 4th quarter of 2013. The trade receivables turnover days have remained relatively consistent for both reporting periods.

The Group has reclassified its trade balances with GZQH, a former subsidiary, as trade receivables following the disposal in December 2011. The recoverability of the amount due from GZQH is guaranteed by a major shareholder of the Company.

(x) **Other receivables, deposits and prepayments**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Other receivables *	1,610,759	1,413,561	1,418,794	1,338,541
Deposits	439,593	298,206	66,990	84,560
Prepayments	580,246	561,287	241,974	307,820
Advances to suppliers	2,335,312	2,552,793	2,101,030	2,307,170
Deposits for purchase of property, plant and equipment	451,870	478,231	22,393	448,806
Tax recoverable	14,875	26,243	-	-
	<u>5,432,655</u>	<u>5,330,321</u>	<u>3,851,181</u>	<u>4,486,897</u>

* include cash proceeds from the disposal of Kim Kang due from the purchasers amounting to \$877,500 and advances due from Kim Kang of \$362,500

(xi) **Due from associate**

The increase in amount due from associate as at 31 December 2013 was mainly due to higher trade activities with the associate in FY 2013.

(xii) **Trade payables**

The increase in trade payables as at 31 December 2013 was as a result of the extended credit terms granted by our regular suppliers for purchases made during the financial year.

(xiii) **Bills payable to banks**

The weighted average effective interest rates per annum relating to bills payable to banks for the Group and the Company as at 31 December 2013 are 5.46% (2012: 5.25%) and 5.25% (2012: 5.25%) respectively. These bills mature within one to four months from the reporting date.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(xiv) **Other payables and accruals**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Accrued operating expenses	401,018	359,042	285,524	281,315
Accrued staff costs	1,531,524	1,657,606	1,149,600	1,285,877
Other payables	1,627,152	1,683,298	1,398,462	1,432,852
Advance received from customers	221,217	332,984	188,662	317,112
Due to a major shareholder of the Company	500,000	-	500,000	-
	4,280,911	4,032,930	3,522,248	3,317,156

(xv) **Finance lease liabilities**

Group	Payments	Interest	Principal
	\$	\$	\$
31 Dec 2013			
Payable:			
After 1 year but within 5 years	218,887	(24,929)	193,958
Within 1 year	150,402	(18,447)	131,955
	369,289	(43,376)	325,913
31 Dec 2012			
Payable:			
After 1 year but within 5 years	283,185	(29,577)	253,608
Within 1 year	178,044	(20,543)	157,501
	461,229	(50,120)	411,109
Company			
	Payments	Interest	Principal
	\$	\$	\$
31 Dec 2013			
Payable:			
After 1 year but within 5 years	62,558	(7,828)	54,730
Within 1 year	57,890	(7,374)	50,516
	120,448	(15,202)	105,246
31 Dec 2012			
Payable:			
After 1 year but within 5 years	122,187	(15,379)	106,808
Within 1 year	78,788	(10,423)	68,365
	200,975	(25,802)	175,173



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

(xvi) **Bank term loans**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$	\$	\$	\$
Unsecured term loans (short-term)	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2012 and 2013.

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.21% to 1.68% (2012: 1.23% to 1.50%) per annum and are repayable within the next 12 months from the reporting date.

As at 31 December 2013, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.6 million (2012: \$8.8 million).



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(c) **STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group		Group	
	3 months ended 31 Dec 2013	2012	Financial year ended 31 Dec 2013	2012
	\$	\$	\$	\$
Cash flows from operating activities				
Profit (Loss) before tax	272,820	139,666	954,013	(8,683,411)
Adjustments for:				
Bad trade receivables written off	74,073	29,790	108,698	33,346
Depreciation of				
- property, plant and equipment	462,780	506,193	1,957,455	2,218,222
- brooder stocks	47,374	46,466	189,499	523,505
(Gain) Loss on disposal of				
- property, plant and equipment	(8,580)	(5,967)	(44,105)	(66,008)
- a subsidiary	-	-	-	9,061,610
Impairment loss on investment in an associate	-	(33,343)	-	221,779
Property, plant and equipment written off	190	8,021	2,098	11,852
Change in fair value less estimated				
point-of-sale costs of breeder stocks	60	75,500	24,802	83,040
Allowance for (Write back of allowance for)				
- doubtful trade receivables	135,201	149,758	675,543	475,179
- inventory obsolescence	(32,000)	(15,000)	15,000	-
Share of losses of associates	24,331	27,843	96,930	76,672
Interest expense	61,683	56,818	246,889	388,040
Interest income	(4,197)	(5,208)	(13,831)	(22,722)
Operating profit before working capital changes	1,033,735	980,537	4,212,991	4,321,104
(Increase) Decrease in:				
Inventories	1,449,262	1,069,967	(598,051)	885,261
Breeder stocks	1,340	(32,962)	101,170	119,628
Trade receivables	(715,384)	157,742	(1,390,823)	(651,222)
Other receivables, deposits and prepayments	1,633,569	625,215	1,117,790	238,677
Due from associate (trade)	62,937	(154,255)	(52,805)	(265,732)
Increase (Decrease) in:				
Trade payables	(1,099,123)	(1,525,222)	689,321	175,914
Bills payable to banks	(163,969)	(266,706)	(183,800)	209,739
Other payables and accruals	242,781	(17,597)	239,730	(537,270)
Cash generated from operating activities	2,445,148	836,719	4,135,523	4,496,099
Tax paid	(99,524)	(172,017)	(461,028)	(911,666)
Net cash from operating activities	2,345,624	664,702	3,674,495	3,584,433
Cash flows from investing activities				
Purchase of property, plant and equipment	(830,682)	(404,135)	(1,865,454)	(1,497,461)
Proceeds from disposal of property, plant and equipment	8,143	5,920	82,115	111,033
Disposal of a subsidiary, net of cash and cash equivalents (Note ii)	-	-	-	(187,542)
Acquisition of additional interest in a subsidiary	-	-	(106,459)	-
Interest received	4,197	5,208	13,831	22,722
Net cash used in investing activities	(818,342)	(393,007)	(1,875,967)	(1,551,248)



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(c) **STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd)**

	Group		Group	
	3 months ended 31 Dec 2013	31 Dec 2012	Financial year ended 31 Dec 2013	2012
	\$	\$	\$	\$
Cash flows from financing activities				
Drawdown of bank term loans	-	-	1,000,000	1,500,000
Advances from				
- a major shareholder of the Company	500,000	-	500,000	-
- non-controlling shareholders of a subsidiary	-	29,484	-	169,484
Repayment of				
- finance lease liabilities	(51,965)	(43,285)	(198,569)	(189,809)
- bank term loans	(1,000,000)	(1,000,000)	(1,000,000)	(291,533)
- loan from non-controlling shareholder of a subsidiary	-	-	(7,696)	-
Payment of dividends to				
- equity holders of the Company	(2,270,532)	-	(3,178,745)	(2,724,638)
- non-controlling shareholder of a subsidiary	(152,560)	(63,680)	(216,720)	(254,720)
Interest paid	(61,464)	(57,028)	(245,997)	(387,160)
Net cash used in financing activities	(3,036,521)	(1,134,509)	(3,347,727)	(2,178,376)
Net decrease in cash and cash equivalents	(1,509,239)	(862,814)	(1,549,199)	(145,191)
Cash and cash equivalents at beginning of period/year	8,248,786	9,140,283	8,272,353	8,605,551
Effect of exchange rate changes on cash balances held in foreign currencies	(27,198)	(5,116)	(10,805)	(188,007)
Cash and cash equivalents at end of period/year (Note i)	6,712,349	8,272,353	6,712,349	8,272,353

Notes to Statement of Cash Flows

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise:

	Group	
	31 Dec 2013	31 Dec 2012
	\$	\$
Fixed deposits	25,446	25,446
Cash and bank balances	6,686,903	8,246,907
	6,712,349	8,272,353

Fixed deposits bear average effective interest rate of 0.45% to 0.7% (2012: 0.45% to 0.7%) 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 0.1% (2012: 0% to 0.1%) per annum.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statement of Cash Flows (cont'd)

(ii) **Disposal of a subsidiary**

The attributable assets and liabilities of the subsidiary disposed and the cash flow effect of the disposal are set out as follows:-

	Group	
	Financial year ended 31 Dec	
	2013	2012
	\$	\$
Property, plant and equipment	-	5,108,219
Brooder stocks	-	25,002,496
Inventories	-	2,308,162
Breeder stocks	-	592,144
Trade receivables	-	896,749
Other receivables, deposits and prepayments	-	573,623
Cash and bank balances	-	187,542
Trade payables	-	(1,301,153)
Bills payable to banks (unsecured)	-	(3,483,600)
Other payables and accruals	-	(281,986)
Due to		
- holding company (Qian Hu Corporation Limited)	-	(2,363,340)
- related companies	-	(39,017)
- non-controlling shareholders	-	(140,000)
Bank term loans	-	(470,588)
Deferred tax liabilities	-	(3,547,663)
Non-controlling interests	-	(8,064,554)
Net assets disposed	-	14,977,034
Realisation of reserves	-	1,569,820
Loss on disposal of a subsidiary	-	(9,061,610)
Goodwill on consolidation	-	1,914,756
Total consideration	-	9,400,000
Less:		
Cash and bank balances disposed	-	(187,542)
Consideration in the form of brooder stocks	-	(5,500,000)
Deferred cash settlement	-	(3,900,000)
Net cash outflow from disposal of a subsidiary	-	(187,542)

In FY 2012, the Company disposed of its entire equity interest in a subsidiary, Kim Kang, to its non-controlling shareholders for a total consideration of \$9.4 million. The loss on disposal of the subsidiary amounted to approximately \$9.1 million.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

Notes to Statement of Cash Flows (cont'd)

- (iii) Overall, our cash and cash equivalents decreased by approximately \$1.5 million and \$1.6 million from a quarter and a year ago respectively.

Notwithstanding that our trade receivables balance has increased in accordance with the higher credit sales generated in the current financial year, the increase in the Group's **net cash from operating activities** in FY 2013 as compared to FY 2012 was mainly due to profit generated during the financial year as well as the first instalment payment received in relation to the disposal of Kim Kang. In addition, we were able to extend our credit terms with our regular suppliers for purchases made.

Net cash used in investing activities was mainly related to capital expenditure incurred for on-going enhancement to the infrastructure and farm facilities in Singapore and overseas. In addition, there was cash of approximately \$106K utilised for the acquisition of an additional 35% equity interest in our Indonesian subsidiary from one of its non-controlling shareholders.

During the current financial year, there were cash proceeds received from a major shareholder of the Company which were utilised for the payment of dividends to the non-controlling shareholder of a subsidiary, the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments. The above, coupled with the payment of dividends to the shareholders of the Company in April and November 2013, has resulted in **net cash used in financing activities**.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(d) **STATEMENT OF CHANGES IN EQUITY**

Group	Equity attributable to equity holders of the Company				Non-controlling interests	Total Equity
	Share capital	Accumulated profits	Currency translation reserve	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2012	30,772,788	34,204,872	(1,544,213)	63,433,447	10,190,157	73,623,604
Total comprehensive income for the year						
Loss for the year	-	(9,136,582)	-	(9,136,582)	(23,437)	(9,160,019)
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total other comprehensive income	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total comprehensive income for the year	-	(9,136,582)	(308,855)	(9,445,437)	(116,860)	(9,562,297)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)	-	(2,724,638)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(254,720)	(254,720)
Total contributions by and distributions to owners	-	(2,724,638)	-	(2,724,638)	(254,720)	(2,979,358)
Changes in ownership interests in subsidiaries						
Disposal of a subsidiary	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total changes in ownership interests in subsidiaries	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total transactions with owners	-	(2,724,638)	1,266,024	(1,458,614)	(8,482,858)	(9,941,472)
Balance at 31 Dec 2012	30,772,788	22,343,652	(587,044)	52,529,396	1,590,439	54,119,835
Total comprehensive income for the period						
Profit for the period	-	301,675	-	301,675	261,420	563,095
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(143,112)	(143,112)	(45,454)	(188,566)
Total other comprehensive income	-	-	(143,112)	(143,112)	(45,454)	(188,566)
Total comprehensive income for the period	-	301,675	(143,112)	158,563	215,966	374,529
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Payment of dividends	-	(3,178,745)	-	(3,178,745)	-	(3,178,745)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(216,720)	(216,720)
Total contributions by and distributions to owners	-	(3,178,745)	-	(3,178,745)	(216,720)	(3,395,465)
Changes in ownership interests in subsidiaries						
Acquisition of additional interest in a subsidiary	-	-	-	-	(104,376)	(104,376)
Total changes in ownership interests in subsidiaries	-	-	-	-	(104,376)	(104,376)
Total transactions with owners	-	(3,178,745)	-	(3,178,745)	(321,096)	(3,499,841)
Balance at 31 Dec 2013	30,772,788	19,466,582	(730,156)	49,509,214	1,485,309	50,994,523



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

1(d) **STATEMENT OF CHANGES IN EQUITY (cont'd)**

Company	Share capital	Accumulated profits	Currency translation reserve	Total
	\$	\$	\$	\$
Balance at 1 Jan 2012	30,772,788	16,355,718	-	47,128,506
Total comprehensive income for the year				
Profit for the year	-	847,764	-	847,764
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	847,764	-	847,764
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)
Total transactions with owners	-	(2,724,638)	-	(2,724,638)
Balance at 31 Dec 2012	30,772,788	14,478,844	-	45,251,632
Total comprehensive income for the period				
Profit for the period	-	274,573	-	274,573
Other comprehensive income				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(26,493)	(26,493)
Total other comprehensive income	-	-	(26,493)	(26,493)
Total comprehensive income for the period	-	274,573	(26,493)	248,080
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Payment of dividends	-	(3,178,745)	-	(3,178,745)
Total transactions with owners	-	(3,178,745)	-	(3,178,745)
Balance at 31 Dec 2013	30,772,788	11,574,672	(26,493)	42,320,967

2 **AUDIT**

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

3 **AUDITORS' REPORT**

See attached auditors' report.

4 **ACCOUNTING POLICIES**

Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2012.

5 **CHANGES IN ACCOUNTING POLICIES**

During the current financial year, the Group and the Company have adopted the following new and revised FRSs which took effect from financial year beginning 1 January 2013:

- Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*
- Revised FRS 113 *Fair Value Measurement*

The adoption of these new and revised FRSs is assessed to have no financial effect on the results and financial position of the Group and of the Company for the current and the previous financial years. Accordingly, it has no impact on the earnings per share of the Group and of the Company.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

6 **EARNINGS (LOSS) PER ORDINARY SHARE**

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 31 Dec</u>	<u>2012</u>	<u>Financial year ended 31 Dec</u>	<u>2012</u>
	<u>2013</u>		<u>2013</u>	
Earnings (Loss) Per Ordinary Share (based on consolidated net profit (loss) attributable to equity holders)				
- on weighted average number of ordinary shares on issue (cents)	0.02	(0.01)	0.07	(2.01)
- on a fully diluted basis (cents)	0.02	(0.01)	0.07	(2.01)

Earnings (Loss) per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the financial year of 454,106,350 (2012: 454,106,350).

There is no difference between the basic and diluted earnings per share.

7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	<u>11.23</u>	<u>11.92</u>	<u>9.32</u>	<u>9.96</u>

Net asset value per share is computed based on the number of shares in issue as at 31 December 2013 of 454,106,350 (2012: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

Financial year 2013 vs financial year 2012

	<u>Group</u>		<u>Increase</u>	
	<u>Financial year ended 31 Dec</u>	<u>2012</u>	<u>(Decrease)</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Fish	34,562	36,280	(1,718)	(4.7)
Accessories	36,680	36,874	(194)	(0.5)
Plastics	12,220	11,289	931	8.2
	<u>83,462</u>	<u>84,443</u>	<u>(981)</u>	<u>(1.2)</u>

For the year ended 31 December 2013, our ornamental fish and accessories activities continued to be our core activities, which together accounted for approximately 85% of our total revenue. Our revenue decreased by approximately \$1.0 million or 1.2% from \$84.4 million for the year ended 31 December 2012 to \$83.4 million for the year ended 31 December 2013.

On a geographical basis, revenue from Singapore and overseas dipped marginally by 2.2% and 0.7% respectively in the FY 2013 as compared to FY 2012.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

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

4Q 2013 vs 4Q 2012

	Group		Increase	
	4Q 2013	4Q 2012		
	\$'000	\$'000	\$'000	%
Fish	8,671	7,813	858	11.0
Accessories	9,883	9,218	665	7.2
Plastics	3,001	2,798	203	7.3
	21,555	19,829	1,726	8.7

Our total revenue increased by approximately \$1.7 million or 8.7% from \$19.8 million in the 4th quarter of 2012 to \$21.5 million in the 4th quarter of 2013. All business activities registered growth in revenue during the current quarter as compared to its corresponding period in 2012.

Fish

Following the stabilisation of the selling prices of Dragon Fish by the end of the 1st half of 2013, with our enhanced marketing effort, we managed to sell more quantity of these fish during the 4th quarter of 2013 mainly to our Northeast Asian markets, especially China, where we have a robust market share, a widening distribution network and a strong brand identity. We envisaged that the Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

In addition, the revenue contribution from our newly incorporated subsidiary in Indonesia, as well as our continuous effort to increase our export of ornamental fish to more customers and countries around the world have given rise to the improved ornamental fish revenue in the current quarter as compared to its corresponding period in 2012.

Accessories

During the 4th quarter of 2013, our accessories export business has continued to leverage on the Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential. The increase in revenue contribution registered by this business segment of approximately \$0.7 million or 7.2% was mainly as a result of difference in sales mix, as well as our conscientious efforts made to focus on selling more of our proprietary brand of innovative products with better margins.

Plastics

Revenue from our plastics activities registered an increase of \$0.2 million or 7.3% in the 4th quarter of 2013 as compared to the corresponding period in 2012 as we managed to focus on generating revenue through enlarging our customer base and selling more varieties of plastic products.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

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

4Q 2013 vs 3Q 2013

	Group		Increase	
	4Q	3Q		
	2013	2013	\$'000	%
	\$'000	\$'000		
Fish	8,671	8,613	58	0.7
Accessories	9,883	9,157	726	7.9
Plastics	3,001	2,725	276	10.1
	21,555	20,495	1,060	5.2

Our revenue increased by approximately \$1.1 million or 5.2% from \$20.5 million in the 3rd quarter of 2013 to \$21.6 million in the 4th quarter of 2013.

Fish

During the 4th of quarter of 2013, we continue to see improvement in Dragon Fish revenue contribution generated from the China market as compared to the previous quarter as we managed to sell more quantity of these fish as the selling prices gradually stabilises.

The above increase, however, was offset by the lower revenue contribution from the ornamental fish sales in the current quarter as the domestic sales of our Thailand operations was affected by the on-going anti-government protests and demonstrations in Bangkok as well as the prolonged flooding in Southern Thailand as a result of days of heavy rain since mid-November.

Accessories

Notwithstanding the turmoil in Thailand as mentioned, revenue from our accessories activities continued its growth momentum into the 4th quarter of 2013. The increase in revenue from our accessories business on a quarter-on-quarter basis was mainly as a result of better revenue contribution from our export sales, as well as our conscientious efforts made to focus on selling more of our proprietary brand of innovative products with better margins.

Plastics

As mentioned above, our plastics activities registered improvement in revenue over the previous quarter mainly due to an enlarged customer base and the sale of more varieties of plastic products.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability**

Financial year 2013 vs financial year 2012

	Group			
	Financial year ended 31 Dec			
	2013	2012	Increase	(Decrease)
	\$'000	\$'000	\$'000	%
Fish	826	254	572	225.2
Accessories	1,606	1,717	(111)	(6.5)
Plastics	713	939	(226)	(24.1)
Unallocated corporate expenses	(2,191)	(2,309)	118	5.1
	<u>954</u>	<u>601</u>	<u>353</u>	<u>58.7</u>
Loss on disposal of a subsidiary	-	(9,062)	9,062	
Impairment loss on investment in an associate	-	(222)	222	
	<u>954</u>	<u>(8,683)</u>	<u>9,637</u>	<u>111.0</u>

Despite the marginally lower revenue contribution registered, our operating profit increased by approximately \$0.4 million or 58.7% from approximately \$0.6 million in FY 2012 to \$1.0 million in FY 2013. Profit after taxation attributable to equity holders amounted to \$0.3 million for the year ended 31 December 2013. Our accessories business is the main profit contributor in the current financial year.

4Q 2013 vs 4Q 2012

	Group			
	4Q			
	2013	2012	Increase	(Decrease)
	\$'000	\$'000	\$'000	%
Fish	216	106	110	103.8
Accessories	430	375	55	14.7
Plastics	164	236	(72)	(30.5)
Unallocated corporate expenses	(537)	(577)	40	6.9
	<u>273</u>	<u>140</u>	<u>133</u>	<u>95.0</u>

In line with the improvement in revenue contribution from our business activities in the 4th quarter of 2013, our operating profit increase by approximately \$0.1 million as compared to its corresponding period in 2012.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability (cont'd)**

4Q 2013 vs 4Q 2012 (cont'd)

Fish

As a result of the swift decline in the selling prices of Dragon Fish since the previous financial year due to its oversupply, coupled with the gradual increase in overall operational costs and our thorough efforts made to expand our market share, it has sliced off some profitability from our ornamental fish business as profit margins from the sales of these fish were dilapidated.

Nonetheless, the profit margins from this business segment has recuperated since the previous quarter as the selling prices of these fish has stabilised by the end of the 1st half of 2013. The Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

The reliance and resilience of our ornamental fish export business continued to turn in improved revenue and generate respectable profit margins.

Accessories

The higher revenue contributions in the current quarter, coupled with the difference in sales mix, as well as our conscientious efforts made to capture more market through the selling of our proprietary brand of innovative products with better margins, has enhanced the profitability of our accessories business in the 4th quarter of 2013 as compared to its corresponding period in 2012.

Plastics

While the revenue contribution from our plastics activities has increased in the 4th quarter of 2013 as compared to its corresponding period in 2012, the higher raw material (resins) prices, coupled with the gradual increase in overall operational costs, as well as our conscientious and on-going efforts made to expand our market share has sliced off some profitability from this business segment.

Unallocated corporate expenses

These were staff costs and administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The lower corporate expenses reported in the current quarter as compared to its corresponding period in 2012 were mainly due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.

4Q 2013 vs 3Q 2013

	<u>Group</u>		<u>Increase</u>	
	<u>4Q</u>	<u>3Q</u>	<u>(Decrease)</u>	
	<u>2013</u>	<u>2013</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	216	263	(47)	(17.9)
Accessories	430	394	36	9.1
Plastics	164	149	15	10.1
Unallocated corporate expenses	(537)	(534)	(3)	(0.6)
	<u>273</u>	<u>272</u>	<u>1</u>	<u>0.4</u>



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability (cont'd)**

4Q 2013 vs 3Q 2013 (cont'd)

Fish

With the relative consistent revenue contribution in the current quarter as compared to the previous quarter, the profitability of the ornamental fish business during the current quarter was trimmed down by the increase in allowance made for trade receivables in the current quarter as the recoverability of some receivables may be doubtful although not definitely irrecoverable.

Accessories

The increase in operating profit from our accessories activities were in accordance with the steady increase in revenue contribution in the current quarter as compared to the previous quarter.

Plastics

The higher revenue registered by the plastic business in the current quarter has given rise to the improved profitability from the 3rd quarter of 2013 to 4th quarter of 2013.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

To be the world's Number 1 ornamental fish exporter

Ornamental fish will continue to be an important core business activity of our Group. Currently, we export ornamental fish to more than 80 countries around the world from our export hubs in Singapore, Malaysia, Thailand, Indonesia and China. As Singapore, Malaysia, Thailand and Indonesia supply in total close to 60% to 70% of the world's ornamental fish, we believe that Qian Hu is the region's biggest exporter of ornamental fish, capturing more than 5% of the global market share in terms of ornamental fish export.

Our long-term goal is to gradually increase our global market share to 10% and that we are able to export ornamental fish to more than 100 countries – this will make us the top ornamental fish exporter in the world. While we increase our efforts on expanding our export distribution network to more countries around the world, we will focus on high-growth regions such as the Middle East, Eastern Europe, China and India.

To improve productivity using technology and automation

While putting in efforts in exploring more overseas markets, we will also leverage on our research & development capability to improve our ornamental fish packaging technology and quarantine skills to further differentiate ourselves from the other industry players.

Our concept of a next-generation high-technology fish farm is to keep fish using our HYDRAPURE technology (see below) to automate the process with less reliant on manual manpower to monitor the system. Accordingly, it should increase the effectiveness, efficiency and productivity of our work force. We expect to automate our fish operations in Singapore in the coming year and within the next two years, it should be transformed into a truly high-technology and cost effective fish farm. We will then replicate the automated system at our regional fish hubs in Thailand, China, Malaysia, and Indonesia.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

10 **PROSPECTS**

To widen our distribution network and strengthen our market capability

We intend to continue to strengthen our market capability, which is one of Qian Hu's differentiating factors. While we endeavor to export ornamental fish to more than 100 countries around the world, on our accessories front, our goal is to export to more than 60 countries, and to spur global demand for our proprietary innovative products. Qian Hu also strives to be one of the top three accessories distributors in China, Malaysia, and Thailand. Currently, Qian Hu is the biggest aquarium accessories distributor in Singapore.

To reinforce our commitment in research & development ("R&D") and enhance growth by means of innovation

In moving to our next level of growth, innovation has become a vital strategic thrust for Qian Hu, a key to our industry's long term sustainability.

Our R&D team in Singapore, which was formed in Year 2009, has engaged in the following three major research directions in recent years:-

(i) *New filtration technology and tank system using HYDRAPURE technology:*

This is our patented aquatic water purification technology that we have developed for the past five years and is now bearing fruits. In essence, HYDRAPURE technology removes all the undesired toxic compounds in the water and retains all desired compounds that are needed by the aquatic organism in the aquatic environment. Using this novel technology, we target to lessen the hassle of fish keeping to a bare minimum. We will continue to develop a range of new generation aquarium accessories, ranging from filtration systems to sterilisation unit for aquariums which we anticipate to revolutionalise the ornamental fish industry.

(ii) *Fish Nutritional technology:*

As 50% of the fish hobbyist feeds live feed to their fish, it is one of the biggest deterring factors for many hobbyists when they are considering taking up the hobby of fish keeping. Our aim is to replace all the live feeds, shall it be tubifex worms or bloodworms, from crickets to feeder fish, with our new proprietary fish food. Our effort in fish nutrition R&D has led us to a new level of competency and edge over our competitors.

(iii) *Leading-edge Dragon Fish research:*

We have achieved significant progress in our leading-edge Dragon Fish research which started in Year 2007. With our early mover advantage, we believe that Qian Hu will be the first Dragon Fish farm in the world to genetically produce unique Dragon Fish in the next few years.

To build a company that last through generations

We have always set out to build a company that last through generations, not only in sustaining profitability, but placing a high priority on the various expectations of stakeholders as well. We have put in place our succession plan since Year 2005. This forward thinking mentality entails us to stay focused in whatever we do, to change in accordance with the changing environment and to continue to differentiate ourselves.

As we do not expect to incur substantial amounts of capital expenditure or investments in the foreseeable future, with the stable profit from all the entities within the Group, coupled with better cash management skill and the consistency in generating cash from operating activities, we believe that Qian Hu will soon move towards becoming a debt-free company with high dividend payout.

Our business model remains robust and the diversity of our business has put us in a good standing. We will be more aggressive in the strengthening of our fundamentals and our financial positions as well as in enhancing our ability to generate cash. In addition, we will continue to leverage on innovation and advance technology to transform Qian Hu into a next-generation ornamental fish company with a strong pipeline of newly innovative accessories products. We believe that by doing so, it will enable Qian Hu to be more resilient and sustainable in the long run. Barring any unforeseen circumstances, the Group will continue to grow its revenue and be profitable in the Year 2014.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

11 **RISK FACTORS AND RISK MANAGEMENT**

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

The following set out an overview of the key risks faced by Qian Hu, the nature and the extent of our exposure to these risks, and our approach to managing these risks.

Country risk

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

As at 31 December 2013, approximately 25% of our Group's assets are located overseas. Revenue from our overseas' customers constitute approximately 71% of the total revenue in FY 2013. In view of our Group's expansion plan, the percentage of its overseas assets and activities will continue to increase moving forward. The effect of greater geographical diversification reduces the risk of concentration in a single operation.

Operational risk

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

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



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

11 **RISK FACTORS AND RISK MANAGEMENT (cont'd)**

Product risk

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds at any one point in time is uncommon. We have institutionalised a comprehensive health management and quarantine system for all our domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for our fishes. Currently, all our domestic and overseas fish operations have attained ISO 9002 certification, including the breeding of Dragon Fish. There is no known disease that is fatal to the Dragon Fish because of its primitive and prehistoric origin.

Although our Dragon Fish sales contributed approximately 12% of our Group total revenue for the year ended 31 December 2013, we sell over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 countries and are not solely reliant on the sale of any particular type or species of fish or accessories products. We are diversified in both our products and markets.

Additionally, we have formed a R&D team in Year 2009, focusing on research of Dragon Fish breeding behaviour, fish disease diagnosis and cure, product innovation on aquarium accessories, and new form of ornamental fish farming technology.

Climate change & Environmental risk

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

Investment risk

Our Group grows businesses through organic growth of our existing activities, development of new capabilities (e.g. product innovation) and through new ventures with business partners. Business proposals and investment activities are evaluated through performance of due diligence exercise and where necessary, supported by external professional advice. All business proposals are reviewed by the Company's Board of Directors and its senior management before obtaining final Board approval.

Foreign exchange risk

The foreign exchange risk of our Group arises from 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.

Our Group does not have any formal hedging policy against foreign exchange fluctuations. However, we continuously monitor the exchange rates of major currencies and enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact our Group's profitability.

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



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

11 **RISK FACTORS AND RISK MANAGEMENT (cont'd)**

Credit risk

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

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

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

Interest rate risk

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

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

We are progressively improving our debt position and our aim to move towards becoming a debt-free company will also address this risk.

Liquidity risk

Our Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to ensure that we have sufficient funds to meet contractual and financial obligations as and when they fall due. Over the years, we have enhanced our ability to generate cash from operating activities; accordingly, we envisage that our cash position will continue to improve, hence reducing liquidity risk.

Derivative financial instrument risk

Our Group does not hold or issue derivative financial instruments for trading purposes.

12 **DIVIDEND**

(a) **Present period**

<u>Name of dividend</u>	<u>Special Interim</u>	<u>Final</u>
Dividend type	Cash	Cash
Dividend rate	0.5 cents per ordinary share	0.1 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

The Company paid approximately \$2.3 million of special interim cash dividend on 20 November 2013.

(b) **Previous corresponding period**

<u>Name of dividend</u>	<u>Interim</u>	<u>Final</u>
Dividend type	Nil	Cash
Dividend rate	Nil	0.2 cents per ordinary share
Tax rate	Nil	One-tier tax exempt



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

12 **DIVIDEND (cont'd)**

(c) **Total annual dividend**

	Latest year (\$'000)	Previous year (\$'000)
Ordinary	2,271 (paid) 454 (proposed)	908 -
Preference	-	-
Total:	2,725	908

(d) **Date payable**

Subject to shareholders' approval at the Annual General Meeting to be held on 18 March 2014, the proposed dividend will be paid on 15 April 2014.

(e) **Books closure date**

Registrable Transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5:00 pm on 2 April 2014 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 3 April 2014 for the preparation of dividend warrants.

13 **INTERESTED PERSON TRANSACTIONS**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year, there were related parties transactions based on terms agreed between the parties as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>
	\$	\$	\$	\$
Rental paid to a non-controlling shareholder of a subsidiary	-	14,240	-	-
Fees paid to a company in which a director has an interest	15,700	14,500	15,700	14,500
Guarantee fee paid to a major shareholder of the Company *	45,000	50,000	45,000	50,000
Consultancy fees paid to a company in which a director has a substantial interest	8,300	8,300	8,300	8,300

* With effect from January 2012, the Group and the Company is charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH, a former subsidiary. The guarantee fee is payable to a major shareholder of the Company, for guaranteeing the payment of the outstanding amounts.

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the financial year ended 31 December 2013.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

14 **SEGMENT INFORMATION**

(a) **Business segments**

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

- (i) Fish - includes fish farming, breeding, distribution and trading of ornamental 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.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

14 **SEGMENT INFORMATION (cont'd)**

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

Group	Financial year ended 31 Dec 2013				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	34,562	36,680	12,220	-	83,462
Inter-segment revenue	1,663	8,783	217	(10,663)	-
Total Revenue	36,225	45,463	12,437	(10,663)	83,462
Results					
EBITDA *	2,119	2,528	797	(2,013)	3,431
Depreciation and amortisation	(1,282)	(782)	(83)	-	(2,147)
Interest expense	(22)	(46)	(1)	(178)	(247)
Interest income	11	3	-	-	14
	826	1,703	713	(2,191)	1,051
Share of losses of associates	-	(97)	-	-	(97)
Profit before tax	826	1,606	713	(2,191)	954
Tax expense	(151)	(175)	(65)	-	(391)
Profit for the year	675	1,431	648	(2,191)	563
Net profit margin	2.0%	3.9%	5.3%		0.7%
Assets and Liabilities					
Segment assets	29,534	38,769	3,825	3,759	75,887
Investments in associates	-	611	-	-	611
Segment liabilities	4,503	5,597	1,929	12,863	24,892
Other Segment Information					
Expenditures for non-current assets **	964	929	76	-	1,969
Other non-cash items:					
Bad trade receivables written off	103	6	-	-	109
Loss (Gain) on disposal of property, plant and equipment	3	(45)	(2)	-	(44)
Property, plant and equipment written off	1	1	-	-	2
Allowance for					
- doubtful trade receivables	608	68	-	-	676
- inventory obsolescence	-	15	-	-	15
Change in fair value less estimated point-of-sale costs of breeder stocks	25	-	-	-	25

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

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



QIAN HU CORPORATION LIMITED

(Company Registration No. : 199806124N)

14 SEGMENT INFORMATION (cont'd)

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

Group	Financial year ended 31 Dec 2012				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	36,280	36,874	11,289	-	84,443
Inter-segment revenue	2,166	8,227	138	(10,531)	-
Total Revenue	38,446	45,101	11,427	(10,531)	84,443
Results					
EBITDA *	2,267	2,631	1,027	(2,140)	3,785
Depreciation and amortisation	(1,866)	(789)	(87)	-	(2,742)
Interest expense	(167)	(51)	(1)	(169)	(388)
Interest income	20	3	-	-	23
	254	1,794	939	(2,309)	678
Loss on disposal of a subsidiary	(9,062)	-	-	-	(9,062)
Impairment loss	-	(222)	-	-	(222)
Share of losses of associates	-	(77)	-	-	(77)
(Loss) Profit before tax	(8,808)	1,495	939	(2,309)	(8,683)
Tax expense	(129)	(208)	(140)	-	(477)
(Loss) Profit for the year	(8,937)	1,287	799	(2,309)	(9,160)
Net profit margin	0.3%	4.1%	7.1%		0.1%
<i>(excluded the gain or loss on disposal of subsidiary and impairment loss on investment in an associate)</i>					
Assets and Liabilities					
Segment assets	30,857	38,463	3,613	5,009	77,942
Investments in associates	-	708	-	-	708
Segment liabilities	4,396	5,363	1,665	12,398	23,822
Other Segment Information					
Expenditures for non-current assets **	1,103	495	35	-	1,633
Other non-cash items:					
Bad trade receivables written off	33	-	-	-	33
Gain on disposal of property, plant and equipment	(38)	(28)	-	-	(66)
Property, plant and equipment written off	2	9	1	-	12
Allowance for doubtful trade receivables	239	236	-	-	475
Change in fair value less estimated point-of-sale costs of breeder stocks	83	-	-	-	83

(b) **Geographical segments**

Geographical segments are analysed by four principal geographical areas, namely Singapore, Asia, Europe and Others (i.e. the rest of the world).



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

14 **SEGMENT INFORMATION (cont'd)**

(b) **Geographical segments (cont'd)**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and total assets are based on the geographical location of the assets.

Group	Revenue		Segment non-current assets		Segment assets	
	Financial year ended 31 Dec		Financial year ended 31 Dec		Financial year ended 31 Dec	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	24,141	24,689	16,459	18,190	57,072	61,187
Other Asian countries	42,804	42,214	2,449	2,225	18,484	16,342
Europe	9,416	8,718	331	413	331	413
Others	7,101	8,822	-	-	-	-
Total	83,462	84,443	19,239	20,828	75,887	77,942

(c) **Major customers**

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

15 **BREAKDOWN OF REVENUE**

Group	Fish	Accessories	Plastics	Total
	\$'000	\$'000	\$'000	\$'000
4Q 2013				
Singapore (including domestic sales & sales to Singapore)	1,081	1,989	2,867	5,937
Overseas (including export to & sales in overseas)	7,590	7,894	134	15,618
Total revenue	8,671	9,883	3,001	21,555
4Q 2012				
Singapore	1,122	1,974	2,785	5,881
Overseas	6,691	7,244	13	13,948
Total revenue	7,813	9,218	2,798	19,829
Financial year ended 31 Dec 2013				
Singapore (including domestic sales & sales to Singapore)	4,615	7,621	11,905	24,141
Overseas (including export to & sales in overseas)	29,947	29,059	315	59,321
Total revenue	34,562	36,680	12,220	83,462
Financial year ended 31 Dec 2012				
Singapore	5,685	8,064	10,940	24,689
Overseas	30,595	28,810	349	59,754
Total revenue	36,280	36,874	11,289	84,443



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

16 **QUARTERLY ANALYSIS**

	2013	2012	Increase
	\$'000	\$'000	(Decrease) %
Revenue			
1st Quarter	20,213	20,574	(1.8)
2nd Quarter	21,199	22,354	(5.2)
3rd Quarter	20,495	21,686	(5.5)
4th Quarter	21,555	19,829	8.7
	<u>83,462</u>	<u>84,443</u>	(1.2)
Profit before tax			
1st Quarter	159	592	(73.1)
2nd Quarter	250	617	(59.5)
3rd Quarter	272	(10,032)	102.7
4th Quarter	273	140	95.0
	<u>954</u>	<u>(8,683)</u>	111.0
Profit after tax and non-controlling interests			
1st Quarter	62	523	(88.1)
2nd Quarter	83	532	(84.4)
3rd Quarter	88	(10,143)	100.9
4th Quarter	69	(49)	240.8
	<u>302</u>	<u>(9,137)</u>	103.3

• **Revenue**

Despite the reduction in revenue contribution following the disposal of one of our subsidiaries, Kim Kang, in the 4th quarter of 2012 and the overall reduction in the revenue due to a significant decrease in our revenue from Dragon Fish sales as a result of the intense price competition caused by the oversupply of Dragon Fish, we have since focused to sell more quantity of these fish, as the selling prices of these fish have stabilised by the end of 1st half of 2013, mainly to our Northeast Asian markets, especially China, to circumvent the depleting revenue generated from the ornamental fish business.

The above reduction was partially offset by the higher revenue generated from our accessories export sales. With our accessories business being more export-oriented, we managed to leverage on our Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential. Our subsidiaries in Malaysia, Thailand and China also managed to continue expanding the distribution network in their countries to capture more sales.

• **Profitability**

The overall retrieval in profitability during the financial year was mainly due to the recuperation of profit margins from the ornamental fish business segment as the selling prices of Dragon Fish had stabilised by the end of 1st half of 2013. The Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

In addition, the higher revenue contribution from our accessories business activities has given rise to the improved profitability registered during the financial year.



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yap Kim Choon	53	Substantial shareholder and brother of Kenny Yap Kim Lee	Division head of Wan Hu division (since 1988) Duties : Oversees the daily business operations of Wan Hu division	No change
Tan Boon Kim	48	Brother-in-law of Alvin Yap Ah Seng and Andy Yap Ah Siong	Managing Director of - Thai Qian Hu Company Limited (since 2002) - Qian Hu Marketing Co Ltd (since 2005) - P.T. Qian Hu Joe Aquatic Indonesia (since 2012) Duties : Oversees the business operations and business development of Thai Qian Hu Company Limited, Qian Hu Marketing Co Ltd & P.T. Qian Hu Joe Aquatic Indonesia	No change
Lee Kim Hwat	59	Brother-in-law of Kenny Yap Kim Lee	Managing Director of Qian Hu Tat Leng Plastic Pte Ltd (since 1996) Duties : Oversees and manages the daily operations and business development of Qian Hu Tat Leng Plastic Pte Ltd	No change



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

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

Kenny Yap Kim Lee, Alvin Yap Ah Seng, Andy Yap Ah Siong, Yap Ping Heng, Yap Hock Huat, Yap Kim Choon and Yap Kim Chuan are the substantial shareholders of the Company.

Yap Ping Heng, Yap Hock Huat, Yap Kim Choon, Yap Kim Chuan and Kenny Yap Kim Lee (Executive Chairman and Managing Director) are brothers. They are cousins to Alvin Yap Ah Seng and Andy Yap Ah Siong, our Executive Directors. Alvin Yap Ah Seng and Andy Yap Ah Siong are brothers.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
10 January 2014



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

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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 2013, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company, and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS62.

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, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 January 2014