

Sustainability at Qian Hu

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Report Scope

Overview

Sustainability has always been embedded as part of our operating DNA since as early as FY 2011 when we published our very first sustainability report. This year, our eighth report remains anchored on our belief in improving lives through long-term sustainable initiatives.

Within, we address the activities, data and measurements, where applicable, that fall within our financial year of reporting – 1 January to 31 December 2019. Unless otherwise stated, the Sustainability Report 2019 (or “the Report”) covers our markets of operations: Singapore, Malaysia, China, Thailand and Indonesia. All figures are represented in Singapore dollars.

GUIDELINES AND METHODOLOGY

The Report covers our performance with respect to the identified Economic, Social and Governance (“ESG”) factors which are material to our Group. It has been prepared based on the GRI Standards: Core Option and is also in compliance with the SGX-ST Listing Rules 711A and 711B and the SGX Sustainability Reporting Guide. The GRI Content Index is contained on pages 89 to 91, indicating the location of the applicable disclosures within the Report.

ASSURANCE

This Report is not externally assured. We relied on our internal verification mechanisms to validate the accuracy of reporting. Our Financial Statements have, however, been independently audited. We plan to seek assurance in future as we adopt a phased approach to our reporting with progressive improvements to our reporting process meanwhile.

FEEDBACK

We welcome comments, views and suggestions on this report. All queries can be addressed to feedback@qianhu.com.

The Board’s Message

As an organisation, Qian Hu always strives to add value – to our shareholders in the form of steady returns, to our customers in providing the best goods and services, as well as to the wider community at large; where we do our part to give back through our outreach efforts and our environmental awareness and sustainability practices.

Without exception, this year we have worked to comply with the Singapore Exchange Securities Trading Limited (“SGX-ST”) listing guidelines and use the internationally accepted GRI Standards as a reporting framework. We have been reporting on our sustainability issues as far back as 2011, and this edition marks our third sustainability report prepared in accordance with SGX-ST Listing Rules. We have also further complied with the SGX-ST’s Sustainability Reporting Guide with improvements to our report, providing descriptive and quantitative information on how our businesses are conducted and how our ESG factors are being managed for a sustainable future.

Our approach to sustainability remains guided by attentiveness to stakeholders needs, identification of key environmental, social and governance (“ESG”) factors and adherence to the sustainable framework we had put in place to track our progress.

We have taken positive steps, but we are also aware that there are still areas which can be refocused and improved as well. In line with our corporate vision and mission, we endeavour to continue to deliver sustained value to all our key stakeholders while progressing our sustainability goals.

Sincerely,
Board of Directors
Qian Hu Corporation Limited

Our Approach & Strategy

Governance Structure

To ensure that core sustainability issues are incorporated into our corporate agenda, we have established a dedicated governance framework to drive, govern and manage the sustainability function. This structure drives our priorities to protect the long-term interests of our shareholders and create value for our company and stakeholders.

Our Sustainability Reporting Team forms the core of our sustainability structure and is made up of a representative from each of our operating entities in Singapore, Malaysia, Thailand, Indonesia and China. This team is managed by our Managing Director who reports to the Board of Directors. The team is actively involved in driving the operations, reporting and implementation of our sustainability strategy and programmes in their respective entities.

This includes collaborating on sustainability initiatives and sharing sustainability best practices across the Group as well as overseeing the monitoring of quantitative and qualitative measurements, setting sustainability performance benchmarks and key performance indicators.

The team also works closely with other business functions, namely, operations, human resource, and procurement in the Group’s sustainability efforts and the development, execution and reporting of the Group’s sustainability programme.

The Board of Directors has the ultimate responsibility for the Group’s sustainability strategy and reporting and maintains oversight of the Group’s sustainability direction. The Board is kept apprised of sustainability programmes, activities and progress regularly, and reviews the sustainability strategy annually. The strategy is also reviewed against the overall business strategy, taking into consideration prevailing trends, economic conditions and geopolitical issues which may affect the Group.

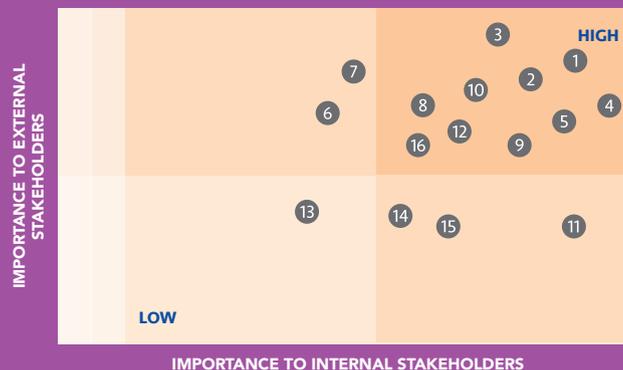
Defining Material Issues

To identify the key material factors material to our Group, we considered those that would have the greatest impact on our operations, stakeholders and the environment around us. We have undertaken the materiality assessment through the following approach:

- 1. Identification** – The Sustainability Project Team identified the material ESG factors based on their knowledge of the respective business areas, industry challenges and impact on the Group’s businesses.
- 2. Prioritisation** – The material ESG factors were prioritised through analysis of our internal operations, consultation with key personnel in various business divisions to harness their collective expertise and researching and reviewing industry trends and forecasts.
- 3. Validation** – We re-examined and analysed the significance of the material impacts and their outcomes on our business, stakeholders and the community at large.
- 4. Review** – We sought feedback from stakeholders through our day-to-day engagements and consultation with them to establish the direction for sustainability reporting.

The materiality assessment is endorsed by the Board of Directors. The prioritisation of the material issues is reviewed yearly in the context of the prevailing global, economic, and business conditions. The identified material issues and their prioritisation remain unchanged from last year’s report.

The following are the material factors identified and prioritised.



- | | |
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Engaging Stakeholders

In order to ensure that our business interests are aligned with those of our stakeholders, we regularly engage with them through various medium and channels. This helps us understand and address their concerns, while improving our own service and product standards, and business operations for long-term growth and sustainability.

Our stakeholders have been identified as those who are impacted by our business and operations and those who similarly are able to impact our business and operations.

Six of these stakeholder groups have been assessed and identified according to their significance to our operations, namely, suppliers, customers, employees, community, investors and regulators.

Our stakeholder issues and engagement platforms are detailed below:

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS
Suppliers	<ul style="list-style-type: none"> • Product quality assurance • Product pipeline • Supply chain management 	<ul style="list-style-type: none"> • Suppliers' Code of Conduct • Monthly supplier visits / meetings • Quarterly review meetings
Customers	<ul style="list-style-type: none"> • Customer satisfaction • Quality products and services • Available feedback platforms • Sustainability efforts 	<ul style="list-style-type: none"> • Annual customer satisfaction survey • Farm visits • Product training • Qian Hu's owned websites • Qian Hu's social media platforms e.g. Facebook, YouTube • Feedback handling through emails / phone calls
Employees	<ul style="list-style-type: none"> • Benefits and remuneration • Employee engagement • Talent retention and career progression • Employee safety and well-being • Training and development 	<ul style="list-style-type: none"> • Quarterly staff dialogue and sharing sessions • Mobile chat groups and SMS • Closed group on Facebook's 'Workplace' platform • Regular floor walks • Bi-annual "Fish Matrix" newsletter • Annual employee opinion survey • Whistle blowing policy • Employee appraisal • Internal and external trainings
Community	<ul style="list-style-type: none"> • Doing our part as a corporate citizen 	<ul style="list-style-type: none"> • Educational farm tours • Employee community programmes and initiatives • Business community Interaction and sharing sessions
Investors	<ul style="list-style-type: none"> • Financial performance and stability • Long-term growth plans • Business diversification • Operational efficiency • Regulatory compliance • Risk management • Corporate governance • Sustainability efforts 	<ul style="list-style-type: none"> • Dedicated Investor Relations website • Half-yearly financial results announcements • Analyst & media financial results briefing, media releases and presentation slides • Media interviews • 1-on-1 meetings • Annual General Meeting ("AGM") • Detailed AGM minutes available online
Regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Anti-corruption and bribery 	<ul style="list-style-type: none"> • Develop and maintain relationships and communication channels with government agencies and regulators across different business aspects • Regular meetings with Animal & Veterinary Service (formerly known as Agri-Food & Veterinary Authority of Singapore) on statutory requirements and new developments in the ornamental fish sector

Our Focus, Commitments & Targets

Following the identification of our material factors and key stakeholders, we have mapped out our sustainability priorities and their boundaries, impact to stakeholders, current year performance and commitments and targets in the table below.

We aspire for our businesses to have a positive impact on the environment at large, while managing the Group's risk, leveraging opportunities and ensuring long-term financial soundness. We are committed to setting and achieving measurable targets and goals through a consistent approach to our reporting.

FOCUS	IMPACT TO STAKEHOLDERS	2019 PERFORMANCE	COMMITMENTS & TARGETS
Environmental Initiatives <ul style="list-style-type: none"> Energy Consumption Water Management Recycling & Reuse of Materials 	<p>Applies to Qian Hu's operations in Singapore and overseas where our fish farm, pet accessories and aquaculture activities have definite impact on the environment.</p> <p>Issues ranging from environmental management to efficiency, reuse and conservation are key issues to all our stakeholders.</p>	<ul style="list-style-type: none"> Overall lower water and energy utilisation and its corresponding intensity - see page 46 and 47 of this Annual Report 	<ul style="list-style-type: none"> Reduce water and energy intensity by 15% by Year 2020 using Year 2016 as a baseline
Supply Chain Management <ul style="list-style-type: none"> Engaging Our Suppliers Customer Satisfaction Product Health Management Driving Innovation 	<p>Applies across Qian Hu's business operations in Singapore and overseas. While our products are designed to be reliable and of certain quality, we are also committed to upholding standards in animal welfare and sourcing our materials in a socially responsible manner.</p> <p>Our ability to innovate also translates to how we manage the continuity of Qian Hu's business in a responsible manner towards all our stakeholders.</p>	<ul style="list-style-type: none"> Customer satisfaction score of 4.21 (2018: 4.24) 10 (2018: 17) new accessories products launched 	<ul style="list-style-type: none"> Continued to enhance customer satisfaction level with improved service and quality products 10 to 12 products developed per year Uphold highest standards of customer data privacy protection Drive responsible business practices across the supply chain
Labour Practices & Conductive Workplace <ul style="list-style-type: none"> Anti-Corruption Upholding Human Rights Non-Discrimination & Diversity Workplace Safety Employee Engagement Training & Education 	<p>Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop talents under the direct hire of Qian Hu's offices and operations in Singapore and overseas.</p> <p>As a small-medium enterprise, business continuity, workplace safety and how we innovate are amongst the highest concerns to our stakeholders.</p>	<ul style="list-style-type: none"> Employees satisfaction score of 4.58 (2018: 4.57) No incident of corruption and fraud No incident of whistle blowing 16 hours of training hours per employee Employees' average monthly turnover rate – see page 58 of this Annual Report Zero fatalities and workplace accidents reported 	<ul style="list-style-type: none"> Clear employees' rights set out in Staff Handbook distributed to all employees Improvement in employees satisfaction score over the years "Zero-tolerance" on corruption and fraud Whistle blowing procedures Average of 4 training days per employee per year Turnover rate below industry average rate Zero fatalities and workplace accidents across business operations in all markets
Stakeholder Engagement <ul style="list-style-type: none"> Stakeholder Dialogue Community Involvement 	<p>Our business is service-centric. An open, constant flow of communication using relevant platforms is important in all aspects of our operations, and applies to all our stakeholder groups. Building partnerships with our stakeholders and community contributes to Qian Hu's social licence to operate and is also relevant to many of our stakeholders.</p>	<ul style="list-style-type: none"> 168 hours (2018: 164 hours) in community involvement by employees Analyst and media briefings held on 16 July 2019 (half year results) and 13 January 2020 (full year results) 	<ul style="list-style-type: none"> Ensure all communications platforms are clearly set out and are available Increase percentage of employee participation in community initiatives Analyst and media briefings in conjunction with the release of the Group's financial results
Corporate Governance <ul style="list-style-type: none"> Corporate Governance Risk Management 	<p>Applies across Qian Hu's business operations in Singapore and overseas. Compliance with legislation as well as national and international standards of corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility. These are issues of interest to all our stakeholders.</p>	<ul style="list-style-type: none"> Results released on 16 April 2019 (1Q 2019), 16 July 2019 (2Q 2019), 16 October 2019 (3Q 2019) and 13 January 2020 (FY 2019) No incident of legal non-compliance 	<ul style="list-style-type: none"> Commitment to release financial results - No later than 20 days from the end of each quarter (unaudited results) - 15 days from the financial year end (audited results) Continuous strengthening of the enterprise risk management framework <p>* Only half-yearly results will be released with effect from FY 2020 with the removal of quarterly reporting requirements.</p>
Economic Performance <ul style="list-style-type: none"> Financial Strength Value Added Performance 	<p>All our internal and external stakeholders look to Qian Hu to deliver on financial performance, as well as our value added contribution to the societies and communities we operate in.</p>	<ul style="list-style-type: none"> Group revenue – \$76.9 million (2018: \$85.7 million) EBITDA – \$4.7 million (2018: \$3.4 million) Profit attributable to owners of the Company - \$0.9 million (2018: \$0.4 million) Earnings per share – 0.81 cents (2018: 0.35 cents) Net assets value per share – 45.71 cents (2018: 44.75 cents) Final dividend of 0.3 cents per share – totaling approximately \$341K (2018: 0.2 cents) 	<ul style="list-style-type: none"> Revenue and profit growth New business initiatives Sustainable dividend payout Prudent capital management

Environmental Initiatives

Environmental Compliance

At Qian Hu, we aim to minimise the impact our businesses have on the environment and its preservation. We proactively seek to implement practices that will lead to the sustainable use of resources, striking a balance between the need to use resources while preserving the natural balance. Ultimately, we seek to maximise our efforts at addressing environmental issues related to our business activities while working on economic gains for the organisation.

We have taken the necessary steps to ensure that we are in compliance with the prevailing laws and regulations of the countries in which we operate. In Singapore, our headquarters and centre of our operations, we comply with the environmental regulations set out by the local governing authorities such as the Animal & Veterinary Service (a cluster of NParks), the National Environment Agency and the National Parks Board.

In addition, we also monitor, evaluate and audit our Environmental Management System, which has met the regulatory requirements under the requisite ISO standards. We are guided by the standards in our daily activities of fish breeding, nurturing, retailing, trading and export, ensuring proper management of the environmental aspects of these activities. We also adhere to other international standards such as CITES (Convention on International Trade in

Endangered Species of Wild Fauna and Flora) and ISO 9001:2015 for Quality Management Systems.

Our factory in Guangzhou, China, holds the ISO 9001:2015 standard for Quality Management Systems and Qian Hu also holds

the ISO 14001:2015 standard for Environmental Management Systems.

Our feedback channel: feedback@qianhu.com is an open avenue for the public to make enquiries or lodge feedback with respect to any environmental or other matters.

QIAN HU'S ENVIRONMENTAL POLICY

- Comply with all applicable laws, regulations and standards, and collaborate with the authorities and with other companies within the industry to develop standards and practical guides aimed at protecting natural resources, and the environment
- Undertake programmes of continual improvement and pollution prevention
- Reduce the use of environmental unfriendly packing materials and strive to develop alternative practices using new technologies, when available
- Reduce resource consumption and waste generation
- Provide the necessary training and support to staff
- Conduct regular reviews to ensure compliance



Energy Consumption

We are constantly looking at ways to reduce our energy consumption across our business entities. Besides closely monitoring our energy usage and implementing basic measures in some of our offices such as switching off the air-conditioner during lunch time, we make use of alternative sources of energy such as natural solar power where possible. One of our subsidiaries in China has installed solar panels comprising 1,200 pieces of solar tubes to supplement energy for the tropical fish room operations during winter months, cutting down the usage of electricity.

Environmental Initiatives (Cont'd)

Water Management

Given that water is one of the most used natural resources in Qian Hu's business, our focus has always been on finding ways to reduce water usage and reuse water to minimise wastage. Our ultimate goal, on which we are progressively working, is to operate an integrated closed-loop water recycling system, where we will be able to recycle all the water used in our operations.

Although that goal is a work-in-progress, we have made substantial strides in our water reduction and reuse efforts. Our Multi-Tier Automated Recirculation Holding Tank System, introduced as part of our Environmental Management System, which enables water to be recycled during the fish quarantine phase, has been installed in Singapore and most of our farms located overseas.

Typically, we have to change water daily during this phase, to remove leftover food and waste and to reduce the ammonia build-up in the tanks. With the use of this system, which is a multi-step filtration device, bio-load is broken down and quickly removed after which, an ultraviolet sterilizer further removes waterborne pathogens. This ensures that while we recycle water, it is not at the expense of the health of our fish, thus balancing our environmentally sustainable practices with our business objectives of producing high quality fish for distribution.

Aside from a reduction in water usage, the system also enables energy savings, since minimal maintenance is needed for the tanks using this system. In FY 2019, we have reduced the amount of wastewater discharged by 7%, decreasing the release of waste and effluents into the environment as a result.

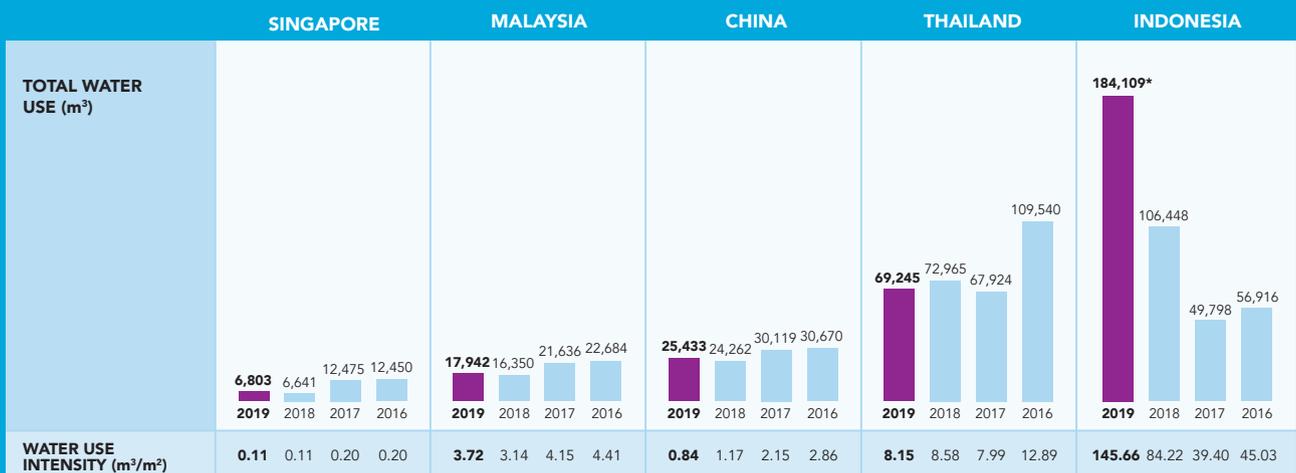
In FY 2019, over 95% of our water consumption was from recycled water that is channelled from our in-house rainwater catchment areas built within our farms.

In addition, since FY 2018, we have installed a new water treatment system for the water storage tanks in Singapore. Using a bacterial nitrification process to reduce the water ammonia and nitrate levels and also increase the dissolved oxygen to improve water quality, we are enjoying more efficient use of stored water at our local facility.

With this, we have also been able to reuse water after it has been treated, reducing our water usage by about 30%.



ENVIRONMENTAL PERFORMANCE INDICATORS



* Increase in Indonesia's water usage in line with market expansion activities.

Reduce, Recycle and Reuse

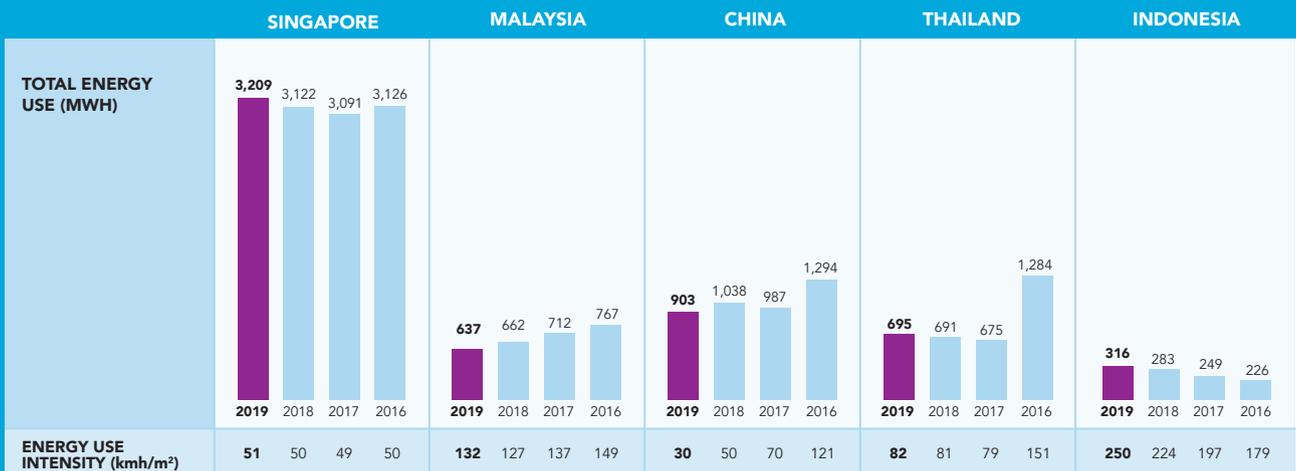
We make a concerted effort across the Group to reduce wastage through recycling and reuse of material with a waste management programme to track wastage, pursue recycling initiatives and reduce the use of environmentally unfriendly materials. Our subsidiaries also manage their own initiatives to recycle and reuse material.

Our staff in Singapore are encouraged to sort waste according to material type such as papers, cartons, cans and plastics by placing them in appropriate bins to aid the recycling effort. Meanwhile, we are constantly looking out for suitable alternative packaging to styrofoam for fish transportation, as well as new types of environmentally sustainable packaging which would help to minimise our carbon footprint.

In Thailand, the reuse of plastic bags is encouraged with used plastic bags from the fish sourcing centres being sent back to the farms to be used again, thus cutting down the incidence of single use plastics. Similarly, in Malaysia, recycling of carton boxes and paper bags is actively practised.

Our subsidiary, Qian Hu Tat Leng Plastic Pte Ltd, manufactures high- and low-density polyethylene bags across a wide range of commercial and industrial sectors. During the manufacturing process, cut-out plastic wastage is collected and sent to a third-party for recycling, where

the recycled plastic resin is then added back to the manufacturing mix, cutting a tremendous amount of wastage. In FY 2019, a total of 138 tonnes of plastic wastage was recycled, as compared to 145 tonnes recycled in FY 2018.



Supply Chain Management

Engaging Our Suppliers

For Qian Hu, the continued engagement and cooperation with our suppliers is vital for us to effectively pursue sustainable practices. As an integral part of our purchasing process and supply chain management, suppliers are key to our long-term growth and sustainability.

We engage with our suppliers regularly through various touchpoints, one of the most important being through regular meetings as part of our supplier partnership programme. These meetings are an important means for us to gather feedback, exchange ideas and formulate action plans to enhance our relationship so that we remain on track to achieve our common goals.

We also carefully select our suppliers based on track record and endorse them by way of our Approved Vendor List. Our suppliers are also chosen for their ability to complement and enhance our commitment towards

providing high quality products and excellent service standards. They are expected to comply with our governing principles concerning environmental standards and fair social practices, which would have been communicated to them at the inception of our relationship. Where suppliers are unable to immediately meet our standards and specification, we will provide feedback to enable them to work on improving their practices in order to meet our standards.

In FY 2019, we engaged approximately 883 suppliers, as compared to 833 suppliers in FY 2018, on a global basis.

These suppliers were engaged in the provision of a wide range of goods and services which are used in our businesses, from accessories to aquaculture.

We are constantly and incrementally instilling higher standards throughout our entire supply chain which will ultimately lead to a higher level of product and services for our Group.

VALUE CHAIN & SUPPLY CHAIN ANALYSIS

	NO. OF SUPPLIERS	PRODUCTS / SERVICES	DISTRIBUTION	CUSTOMERS
Ornamental Fish	436	<ul style="list-style-type: none"> • Import & export of ornamental fish 	<ul style="list-style-type: none"> • Own stores • Distributors • Retailers • Direct Sales • Online 	<ul style="list-style-type: none"> • Retail stores • Hobbyists • General consumers e.g. families
Accessories	392	<ul style="list-style-type: none"> • Aquarium and pet accessories 	<ul style="list-style-type: none"> • Own stores • Distributors • Retailers • Direct Sales • Online 	<ul style="list-style-type: none"> • Retail stores • Hobbyists • General consumers e.g. families
Plastics	40	<ul style="list-style-type: none"> • Plastics products 	<ul style="list-style-type: none"> • Distributors / principals • Retailers 	<ul style="list-style-type: none"> • Supermarkets • Industrial customers
Aquaculture	15	<ul style="list-style-type: none"> • Edible fish fingerlings • Seafood products 	<ul style="list-style-type: none"> • Secondary breeders • Retailers 	<ul style="list-style-type: none"> • Secondary breeders • General consumers

Supply Chain Management (Cont'd)

Product Health Management

CONSUMER HEALTH & SAFETY

With more than 3,000 types of fish, aquarium, pet accessories and products which are exported and sold in more than 80 countries and cities, we consider consumer health and safety to be of the utmost importance to us. As such, any non-compliance with health and safety issues will have far-reaching consequence, not only to the well-being of our customers and the community at large, but also to our brand equity. This in turn will have a bearing on our financial performance and may have legal and other consequences. We do not sell, use, provide or deal in any form of banned or disputed products which is our promise to our customers and a commitment to the highest standards of product health and safety.

We are in compliance with prevailing laws and regulations governing the respective products in the various countries in which they are sold. Our products such as aquarium and pet accessories are manufactured in accordance with HACCP (Hazard Analysis and Critical Control Points) and GMP (Good Manufacturing

Practice) standards and are compliant to best practices such as MSDS (Material Safety Data Sheets). Our fish feeds, fish medication and pet food have guaranteed ingredient analyses with respect to nutritional values and content mix. About 20% of our significant product and service categories are continually assessed with the aim of further improving health and safety aspects.

PRODUCT & SERVICE LABELLING

As Qian Hu markets various types of fish food, fish medication, pet accessories and other related products, we ensure that we provide accurate and adequate information about these products. The sustainability impact of our products is transparently presented through our labelling and other packaging information, in order for consumers to make informed choices. Some of our products, such as our cat litter, already utilise environmentally friendly material. These include 100% natural pine wood, unbleached, chemical-free and harmful substance-free fibres which are reflected in the information on the packaging. We are constantly looking for ways to further improve the information on our labelling so as to enable our customers to make the best choices for their pets and for the environment.

In FY 2019, to the best of our knowledge, there have been no incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling by type of outcomes.

MARKETING COMMUNICATIONS

We uphold principles of responsible marketing and communications, effectively and accurately representing our brand, products and value propositions. All our marketing collaterals are in compliance with the Singapore Code of Advertising Practice, governed by the Advertising Standards Authority of Singapore, which is an advisory council to the Consumers Association of Singapore.

In addition, we have internal guidelines and procedures as well as an operational manual which sets out the proper practices to be adhered to by our Group in all communications, marketing and technology applications. In FY 2019, we are not aware of any breaches of guidelines or regulations with respect to advertising or marketing nor any incidence of false advertising or inaccurate or misleading representations of our Group, its products or services.

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Driving Innovation

Innovation is at the heart of all that we do at Qian Hu, powering us to keep at the forefront of our industry and cater to the changing demands of our customers' lifestyles and needs. The spirit of curiosity, the thirst for knowledge and the drive for continuous improvement is encouraged across all levels within our organisation and we encourage new ideas and feedback.

OUR PAST SUCCESSES

Our past innovative efforts have been successfully implemented, brought to market and received positive response from our customers in the various markets.

- Patented Hydro-Pure technology
- Multi-tier quarantine tanks with Automated Water Recirculation System
- Early innovation in Arowana pellet food
- Large-scale Arowana Tank systems

In FY 2019, we are happy to report the following breakthroughs in our product segments.

Ornamental Fish	<ul style="list-style-type: none"> • New generation of Albino Arowana – working on other colours following the success of the Albino Silver Arowana
Aquarium Accessories	<ul style="list-style-type: none"> • OF Hydra Ginox – Hydra for up to 20 tonnes water filtration • OF UV Radiator – 240W UV for up to 20 tonnes water filtration • OF Professional Arowana Tank Mk4 – 4th generation Arowana tank with massive 3DM trickling filtration design • Aqua Zonic UV Sterilizer G3 - Aquarium UV sterilizer with timer control and 360-degree reflector that can be used directly with fish.
Pet Accessories	<ul style="list-style-type: none"> • Sumo Cat Tofu Cat Litter – naturally produced using human grade tofu, eco-friendly, non-toxic and chemical free



Labour Practices & Conducive Workplaces

Our Human Resource Philosophy

We hold the philosophy of “People First” very close to our hearts as we recognise that our human resource is our greatest asset. Qian Hu has been recognised as a People Developer as well as a recipient of the People Excellence Award by SPRING Singapore, a testament to our employee development programmes and employment planning.

We believe in engaging and developing our employees to their fullest potential so as to enable them to progress through the organisation and to effectively participate and contribute to the growth of the organisation. We review and adjust our human resource policies annually to ensure that we are in compliance with prevailing employment laws, regulations and industry trends.

Our positive employee retention record reflects the Group’s sound employer-employee relations. We have a diverse, multi-cultural and multi-talented workforce. We encourage our employees to have fun within and outside the workplace and instil a spirit of creativity and adventure in their work.

Upholding Human Rights

Qian Hu is committed to upholding internationally accepted human rights principles, including those related to child labour, forced labour and human trafficking.

In Singapore, we are in compliance with the Singapore Prevention Against Human Trafficking Act 2014 (Chapter 45) as well as other prevailing legislations in the countries in which we operate. We do not engage indirectly either in business with partners, suppliers or third-party manufacturers that are known to use unethical means in their business processes. We also respect and protect the rights of our own employees and the freedom of association and collective bargaining. Nevertheless, as we are a small-medium enterprise, our business does not involve trade unions and as such no employees are covered under collective bargaining agreements.

We have not received any reports of labour or human rights violations by the Group or its subsidiaries in FY 2019.

Anti-Corruption

Qian Hu adopts a zero-tolerance approach to any form of bribery and corruption and will not hesitate to take all necessary action against any such acts. We strictly respect all prevailing anti-corruption legislation in all the markets in which we operate. Our stance in this respect is detailed in our anti-corruption policies contained in our Staff handbook under our “Code of Business Ethics and Conduct”.

All employees are taken through the Code during the employment orientation and induction sessions. We also communicate our anti-corruption policies to all our suppliers, sub-contractors and other business partners at the outset of our working relationship. Additionally, our Finance Department has strict oversight of payments and receipts with appropriate controls and procedures in place to monitor and prevent any irregular forms of payments or receipts.

We also have a set of guidelines for our employees around the receipt and giving of gifts, entertainment, sponsorships and charitable contributions in the course of their work. The guidelines are readily accessible on our Employee Portal.

In FY 2019, there have been no reports of corruption or cases of suspected corruption.

CORPORATE VALUES & BUSINESS CONDUCT

Any unethical or unlawful behaviour can have far-reaching impact for our Group, both in terms of financial and legal consequences as well as brand reputation. As such, all Qian Hu employees have to abide strictly by our Code of Business Ethics and Conduct. Disciplinary action will be enforced in the event of violations of this code, including termination of employment in cases of serious breaches, aside from any other legal action such as fines, penalties, imprisonment or claims for damages that may ensue as a result of any breach of prevailing laws and regulations.

Total of 595 employees

as at 31 December 2019



190

BASED IN SINGAPORE

The rest from overseas subsidiaries in Malaysia, China, Thailand and Indonesia



27.2%

5 - 10 years of service

25.9%

more than 10 years of service



63.2%

MALE

36.8%

FEMALE

50⁺

12.4%

ABOVE
50 YEARS
OF AGE

Non-Discrimination & Diversity

At Qian Hu, we employ and provide development opportunities based on the necessary skills, experience and work ethics which will enable individuals to excel in their relevant roles – irrespective of their gender, ethnicity, religion, sexual orientation, disability or any other non-work related personal attributes.

Our commitment to fair employment is demonstrated by our pledge to uphold the Fair Employment Practices governed by the Tripartite Alliance for Fair Employment Practices (“TAFEP”), formed by the Ministry of Manpower, Singapore National Employers Federation and the National Trade Union Congress. Pursuant to the pledge, we are committed to fair and progressive employment practices that will promote an inclusive workplace for all, based solely on merit and ability and governed by progressive human resource practices. We provide equal opportunities for progression within the organisation, training and development and other enrichment opportunities.

We also provide attractive employee benefit to all our employees, full-time as well as part-time, on a fair and equitable basis, including insurance, health care benefits and parental leave. Our benefits are a key factor in our success in retaining employees and in ensuring high morale, motivation and productivity.

We are particularly proud of the fact that we have two female Board members, which puts us ahead of many of our listed peers. We will continue to focus on removing any invisible or structural considerations that may impact diversity within our organisation.

Older workers represent another facet of a diverse workforce. To date, 12.4% of our workforce is currently above 50 years of age. We recognise the experience and talents that older workers bring, and we encourage employees to work beyond the retirement age of 62, health and job requirements permitting.

In FY 2019, there were no alleged or actual cases of discrimination raised.

Labour Practices & Conducive Workplaces (Cont'd)

Workplace Safety

One of the key priorities for Qian Hu is the health and safety of our employees. As such, we adhere strictly to all stipulated regulations and guidelines in the countries in which operate. Minimising the incidence of work-related injury and illness and promoting a safe and healthy work environment leads to positive workplace morale, overall well-being of our employees and ultimately to higher quality products and services.

Our Health and Safety Committee has a joint management-worker representation ensuring a collaborative approach to health and safety issues. The committee members are elected by way of management nomination and employee selection, based on criteria such as daily work scope and ability to handle health and safety issues. The committee regularly monitors and reviews our safety practices and procedures.

Risk identification, monitoring and management is also within the purview of the committee's responsibility. The committee identifies and ranks safety hazards and addresses them according to their order of importance. A review meeting is held annually to ensure that all outstanding issues are resolved and that the Group remains in compliance with all prevailing standards and certifications.

In addition to workplace health and safety training, our employees are sent for training in related safety and first aid on a yearly basis. External consultants are also invited to conduct training in introductory first aid and in the use of the automated external defibrillator ("AED") machine at our farm which enables our employees to be operationally ready to provide medical aid in the event of medical emergencies.

Our employees are also trained on fire safety hazard processes at our local and overseas operations. Regular fire drills and evacuation exercises are conducted in accordance with ISO 14001:2015 standards. We track and report industrial accidents and injuries in accordance with the Ministry of Manpower guidelines and file work-related claims accordingly, with all our employees strictly adhering to

reporting procedures concerning all work-related injuries.

Our overall accident frequency rate and severity rates have been below the industrial standard, and we continue to endeavour to lower these rates. For FY 2019, we had no reported cases of accidents.

Fire safety hazard processes and CPR training at our Singapore and China farms.



Training & Education

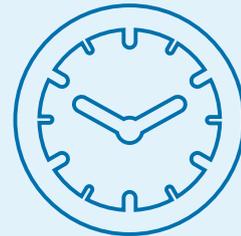
Employee training and education remains a core component of our human resource initiative. We provide training and educational programmes to ensure our employees have the necessary skills and knowledge to realise their fullest professional potential. Having a skilled workforce equipped with the relevant technological, operational and business skills to operate in today's fast-paced and dynamic business environment will also ensure that the Group meets its business objectives and remains on track for long-term sustainable growth.

Aside from on-the-job training and relevant skills upgrading, we also provide opportunities for our employees to gain knowledge and skills beyond their job functions or requirements such as external courses on supervisory and problem-solving skills and language enhancement. All training processes are closely monitored and tracked by line managers and the human resource department to ensure that our employees' learning and development needs are adequately met. As compared to the national averages in most categories, Qian Hu has met or exceeded measurements in terms of participation rates and training intensity as defined by the Ministry of Manpower.



Training budget is pegged at approximately

3%
of our total payroll



Each employee spent approximately

16 hours
on average in training
in FY 2019

SUCCESSION PLANNING

Qian Hu takes a long-term view on growth. We recognise that business continuity is crucial in ensuring a sustainable future. To this end, modelling the succession planning policies in some of the large organisations, we have put in place a structured succession programme as early as 2004 to prepare a team of executives to ably lead the Group into the future.

We are not looking for a single talent, but a cohesive team that will take Qian Hu to the next lap of growth. Our future leaders have been selected from management trainees who have been undergoing a rigorous leadership grooming process which involves job portfolio rotation and performance evaluation

under exacting business environments. Such a robust preparatory programme will ensure their readiness to assume the mantle of leadership and their willingness to place the Group's interest above all else.

The future CEO will be selected by a Nominating Committee, supported with peer appraisals. It is a Group policy that the selection will be based purely on individual merit and capabilities with no preference given to family connections or any other non-meritocratic criteria.

Labour Practices & Conducive Workplaces (Cont'd)

Employee Engagement

Engaging with employees is a priority at Qian Hu as we consider human resource to be our greatest asset. As such, we believe in maintaining open and ongoing channels of communication with our employees since these platforms enable them to voice their concerns, especially with respect to human-resource related grievances or issues. They are also an effective means of communicating the Group's business activities and corporate developments and ensuring that all our employees are of one mind and purpose in the pursuit of the Group's long-term growth and sustainability.

FEEDBACK PLATFORMS

We maintain various communication channels in order to build stronger working relationships within the organisation. An annual Employee Opinion Survey offers an avenue for gathering feedback and opinion on the leadership performance of senior management, whilst monitoring areas which need improvement.

Every quarter, senior management-staff dialogue sessions are held across our subsidiaries to promote better communication across all levels of the organisation. Employees are free to ask questions, voice their concerns and grievances and provide suggestions during these sessions. Such exchanges assist in building a culture of understanding and openness. Senior managers from the various divisions and subsidiaries also hold regular briefings with employees to ensure important strategies or messages are conveyed directly to them.

We also publish an in-house newsletter, "FISH MATRIX" on a bi-annual basis which is disseminated to all employees. The newsletter is another means of broadcasting corporate developments and other important news on a Group-wide basis.

Since 2014, we have also been utilising a short messaging system ("SMS") to broadcast, in a quick and efficient manner, employee corporate activities, reminders on important initiatives or deadlines and other

employee-related content. These SMS broadcasts have been positively received by employees as they are kept abreast of developments in a seamless manner with messages pushed out to them.

All of Qian Hu's employees communicate via a closed group on Facebook's 'Workplace' platform, which is designed for enterprise connectivity. This is meant to foster the sharing of inter-company information and event updates as part of our employee engagement initiatives.

WHISTLE BLOWING POLICY

Qian Hu has in place a whistle blowing policy to allow our employees the mechanism to raise concerns on possible improprieties in financial reporting, fraudulent acts and other such irregularities without fear of reprisals. The mechanism is endorsed by our Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Remuneration Committee.

The Audit Committee reviews all whistle blowing complaints at its quarterly meetings, ensuring that any investigation and appropriate follow-up actions are taken. In instances of serious offences and or criminal activities, the Audit Committee and the Board have access to the appropriate external advisors and where necessary, a formal report with the relevant government or regulatory authority will be filed.

In FY 2019, there were no known incidents of non-compliance with our Code of Business Ethics and Conduct or whistle blowing cases in Qian Hu.

EMPLOYEE WELFARE

For the well-being of our employees, we organise various health and wellness programmes in Singapore throughout the year. Aside from employee health checks, recreational and sports activities and monthly employee birthday celebrations, were organised to foster bonding outside of work.

Likewise, our various overseas subsidiaries conduct their own employee welfare programmes. For example, employees in our Guangzhou subsidiary had a recreation space created for them where they can rest, play games such as table tennis and billiards and watch television. Sports carnival, basketball competitions, Christmas events and employee retreats are some of the other activities organised for employees there.





1 2 3 8 Annual dinner events in China, Singapore and Malaysia.
 4 Singapore finance team at a Transfer Pricing course.
 5 Monthly birthday celebrations in Singapore.
 6 Singapore employees enjoying their Zumba session.
 7 Escape Room team bonding session for Singapore employees.
 9 10 Staff party and health screening in Thailand.
 11 A friendly basketball tournament amongst our China colleagues.



Sustainability

Labour Practices & Conducive Workplaces (Cont'd)

PEOPLE PERFORMANCE INDICATORS

	SINGAPORE			MALAYSIA			CHINA			THAILAND			INDONESIA			TOTAL		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
EMPLOYEE PROFILE																		
Total employees (number)	190	184	185	107	104	113	160	78	110	108	111	116	30	30	27	595	507	551
Employees by gender (number)																		
Male	130	123	125	73	69	75	70	40	57	78	81	86	25	25	24	376	338	367
Female	60	61	60	34	35	38	90	38	53	30	30	30	5	5	3	219	169	184
Employees by age group (number)																		
Under 30 years old	34	34	33	48	41	48	37	29	48	45	48	53	10	10	11	174	162	193
30 to 50 years old	102	96	101	50	53	54	116	46	56	61	61	62	18	18	15	347	274	288
Over 50 years old	54	54	51	9	10	11	7	3	6	2	2	1	2	2	1	74	71	70
Employees by educational qualification (number)																		
Degree and above	26	24	27	5	7	9	18	10	14	65	69	69	7	7	7	121	117	126
Diploma and equivalent	27	31	31	29	29	29	40	28	39	9	6	9	3	3	2	108	97	110
Secondary and below	137	129	127	72	67	74	96	33	53	34	36	38	20	20	18	359	285	310
Skill certificates	0	0	0	1	1	1	6	7	4	0	0	0	0	0	0	7	8	5
Employees by employee category (number)																		
Key management	19	18	18	5	5	7	2	1	2	9	11	8	1	3	1	36	38	36
Middle management & Executives	47	42	41	30	25	26	26	16	51	18	16	14	3	0	3	124	99	135
Admin & Operational staff	124	124	126	72	74	80	134	61	57	81	84	94	26	27	23	437	370	380
Employees by employment contract (number)																		
Permanent	190	184	185	107	104	113	160	78	107	108	111	116	30	30	27	595	507	548
- Full time	187	181	183	94	97	104	160	76	106	108	111	116	29	29	27	578	494	536
- Part time	3	3	2	13	7	9	0	2	1	0	0	0	1	1	0	17	13	12
Temporary	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	3
Employees by length of service (number)																		
Less than 5 years	71	69	74	58	48	79	97	66	85	43	62	67	10	10	13	279	255	318
5 to 10 years	38	37	38	33	26	18	33	6	16	38	22	21	20	20	14	162	111	107
Over 10 years	81	78	73	16	30	16	30	6	9	27	27	28	0	0	0	154	141	126
NEW HIRES																		
Total new hires (number)	20	21	21	24	25	32	17	55	71	5	20	17	1	4	3	67	125	144
New hires by gender (number)																		
Male	17	15	16	16	20	23	8	34	34	3	17	14	1	2	2	45	88	89
Female	3	6	5	8	5	9	9	21	37	2	3	3	0	2	1	22	37	55
New hires by age group (number)																		
Under 30 years old	9	10	13	15	14	23	10	28	41	4	16	17	1	0	3	39	68	97
30 to 50 years old	11	8	7	9	11	9	7	27	28	0	3	0	0	3	0	27	52	44
Over 50 years old	0	3	1	0	0	0	0	0	2	0	1	0	0	1	0	0	5	3
TURNOVER																		
Total turnover (number)	14	22	22	21	34	35	18	70	71	8	25	28	1	1	3	62	152	159
Average monthly turnover rate (%)	0.6	1.0	1.0	1.6	2.7	2.6	0.9	7.5	5.4	0.6	1.9	2.0	0.3	0.3	0.9	0.9	2.5	2.4
Turnover by gender (number)																		
Male	10	17	18	12	26	6	7	42	40	6	22	18	1	1	1	36	108	83
Female	4	5	4	9	8	29	11	28	31	2	3	10	0	0	2	26	44	76
Turnover by age group (number)																		
Under 30 years old	4	9	13	8	21	22	8	41	41	4	21	19	1	1	3	25	93	98
30 to 50 years old	7	13	6	12	12	13	9	27	28	3	4	9	0	0	0	31	56	56
Over 50 years old	3	0	3	1	1	0	1	2	2	0	0	0	0	0	0	5	3	5

Community Involvement

Extending our care and concern to the community has been part of our culture and we take pride in our community work.

Embracing our role as a corporate citizen, we endeavour to contribute meaningfully to the communities and environment in which we operate, based on our Community Involvement Policy of “Charity, Community and Commitment”. Our outreach initiatives, in addition to enriching the community and supporting social causes, businesses and entrepreneurship, are also a means of fortifying the fabric of our workforce, as we band together for the greater good of the community and the environment.

GIVING BACK TO THE COMMUNITY

Our employees are encouraged to be involved in community activities. Since 2001, Qian Hu has a dollar-for-dollar donation program – it matches every dollar that employees donate and these are then donated to specific charities. Our Singapore employees visited the Ling Kwang Home for Senior Citizens in May 2019 and the Pacific Healthcare Nursing Home in December 2019.

Our overseas subsidiaries also did their part in terms of corporate giving. The Malaysian subsidiary sponsored pet products to the Selangor Furry Future Association as well as the Mee Fah Shelter at Seminyih Selangor.

26 of our employees in China also contributed their volunteering efforts at Tan Bu Zhen Old Age Home in Guangzhou.

CONTRIBUTING TO THE BUSINESS COMMUNITY

As a leader in the ornamental fish distribution business and related industries, we have much to contribute to the wider fish industry ecosystem. Through our experiences and learnings, we can help improve business and operational practices and raise performance standards in our industry. Our Executive Chairman and Managing Director, Mr Kenny Yap, is an active participant in business forums and panellist discussions, sharing best practices in our Business Excellence Journey. He also regularly gives speeches and offers his views on pertinent business topics. In FY 2019, he spoke to delegates from the Royal Thai Embassy in Singapore, students from the Singapore Management University (“SMU”) as well as hosted the team from the Institute of Singapore Chartered Accountants (“ISCA”).

Our senior management team members are also actively engaged in various committees, and in sharing our business excellence practices with others. They played an active role in connecting with the broader industry ecosystem to share knowledge, network contacts, resources and best practices. In FY 2019, they conducted eight sharing sessions with about 240 participants in attendance. In addition, Qian Hu offers internships to various polytechnics in Singapore throughout the year.

Through these platforms, we believe that we can add value to the business community by sharing our entrepreneurial and industry experiences.

Our employees in Singapore and China give back at old age homes.



Investor Relations

As a listed entity, one of Qian Hu’s key responsibilities is to communicate our financial performance, business strategies and other relevant corporate information in a timely, transparent and accurate manner to our financial stakeholders and the wider investment community.

We are in strict compliance with the SGX-ST’s Code of Corporate Governance and other prevailing laws and regulations on disclosures. Our compliance culture is founded on principles of integrity, transparency, responsiveness and a respect of the spirit as well as letter of the law – demonstrated by the numerous Corporate Awards we have garnered. Our annual score in the Singapore Governance and Transparency Index (“SGTI”), the leading index for assessing corporate governance practices of Singapore-listed companies, consistently places us in the top tier of the rankings.

With the SGX’s recent ruling which removes quarterly reporting for listed companies, we will be reporting our financial results on a half-yearly basis going forward. In line with our past standards of expedient reporting, we target to release our half-year results (unaudited) and full-year results (audited) within 20 days and 15 days respectively after the end of the financial period. Our results announcements are accompanied by press releases in both English and Chinese, summarising the highlights of the results and the explanation behind the Group’s performance. For the full-year results, we will host a joint media and analyst briefing and equip the investors public with a “mini annual report” which is a compilation of the financial and related materials for the financial year such as the message from our Chairman, press releases, presentation slides and financial statements. All our results and material announcements are posted on the SGXNET, which is accessible to the public on both Qian Hu and SGX websites.

Another key component of shareholder communication is our Annual General Meeting (“AGM”). Detailed minutes of the AGM are posted on the Group’s website and on SGXNET within three business days of the meeting. Several channels, such as email or fax, are also available for shareholders who are unable to attend the AGM to provide their input and feedback.

Ongoing communication with the investment community is a cornerstone of our investor relations programme. Our Group’s senior management conducts briefings for analysts, fund managers and media after the release of our financial results. These facilitate impartial, insightful and accurate reports on the investment merits of Qian Hu for the investing community and the general public.

Aside, our Chairman meets analysts and fund managers looking for a better grasp of the Group and its performance and engages with them regularly to ensure

Qian Hu has been included in the “SGX Fast Track” programme with effect from November 2019, where it can expect to receive prioritised clearance from SGX for all corporate actions submissions. This programme aims to affirm listed issuers that have been recognised for high standards of corporate governance and have maintained a good compliance track record.

that we are in tune with the investment community’s and public needs. Media interviews are also carried out on pertinent topics and to share the Group’s strategies, new corporate developments or industry trends with the wider community.

Our investor relations site – <http://qianhu.listedcompany.com> – is kept up to date with SGX announcements, financial results, annual report and financial presentations as well as our corporate governance report, investors’ Q&A and minutes of the AGM. With an open and easily accessible channel for investor queries through dedicated investor relations email addresses, our investor relations team ensures timely responses to queries, suggestions and clarifications, which goes a long way towards building trust and confidence in Qian Hu.



FINANCIAL CALENDAR

FY 2019	FY 2020	
11 Jan	13 Jan	<ul style="list-style-type: none"> Full Year Results Announcement Media & Analyst Briefing
28 Feb	26 Feb	<ul style="list-style-type: none"> Despatch of Annual Report
28 Mar	26 Mar	<ul style="list-style-type: none"> Annual General Meeting
17 Apr	-	<ul style="list-style-type: none"> 1Q Results Announcement
25 Apr	23 Apr	<ul style="list-style-type: none"> Payment of dividend (Subject to Shareholders’ approval at AGM)
17 Jul	17 Jul	<ul style="list-style-type: none"> Half Year Results Announcement
16 Oct	-	<ul style="list-style-type: none"> 3Q Results Announcement