

Sustainability At Qian Hu

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Report Scope

Overview of Report

Qian Hu's Sustainability Report 2017 provides an overview of our approach, priorities and progress in the area of sustainability. Sustainability is integral to our business and as we embark on this journey of sustainability reporting, we also hope to identify and focus on areas of improvement.

All data and statistics provided in this Sustainability Report are in relation to the Group's operations. The report addresses activities and data that fall within the Group's financial year from 1 January to 31 December 2017, and our figures are represented in Singapore dollars.

REPORTING GUIDELINES AND METHODOLOGY

The Sustainability Report 2017 focuses on addressing our Group's Environmental, Social and Governance issues in line with the Singapore Exchange's Listing Rules 711A and 711B for listed companies, in addition to financial reporting. With this information, we aspire to provide stakeholders with an accurate, complete and meaningful overview on how we manage these sustainability issues across our business sectors.

Qian Hu's Sustainability Report 2017 adopts the reporting framework set out under the Global Reporting Initiatives (GRI) G4 Guidelines. We have prepared the report in accordance with the GRI G4 - Core level standards, and is based on a Group-wide materiality assessment in consultation with our Board. The GRI Content Index and relevant references can be found on pages 125 to 130.

ASSURANCE

Our Sustainability Report 2017 has not been externally assured. We aim to seek assurance in the future.

FEEDBACK

At Qian Hu, we always welcome feedback from our stakeholders on this report as we strive to improve our reporting. For queries, comments or suggestions pertaining to this Sustainability Report, please contact feedback@qianhu.com.

Message From The Board

Advancing With Purpose

At Qian Hu, we strive to be a company that advances not just on the business front, but also one that advances with purpose. While we work hard to create sustainable and long-term growth for our stakeholders, we also embrace sustainability - it is part of our operating DNA and defines us as a company.

We commenced our journey to sustainability reporting as early as FY 2011, focused mainly around the operations in Singapore where our headquarters are located. We launched our first Sustainability Report in January 2012, which then obtained the minimum Application Level C Statement from internationally acclaimed Global Reporting Initiative (GRI). That same year, we also clinched top honours in the Small & Medium Enterprise category at the Singapore Sustainability Awards 2012.

Our approach to sustainability is guided by several factors: listening to our stakeholders, identifying the key material Environmental, Social and Governance (ESG) aspects of our business, and ensuring we have a sustainable framework in place to track our progress.



Moving forward, we plan to improve our sustainability reporting on a yearly basis to ensure that we do our duty as a corporate citizen.

Sincerely,

Board of Directors

Qian Hu Corporation Limited



Our Approach & Strategy

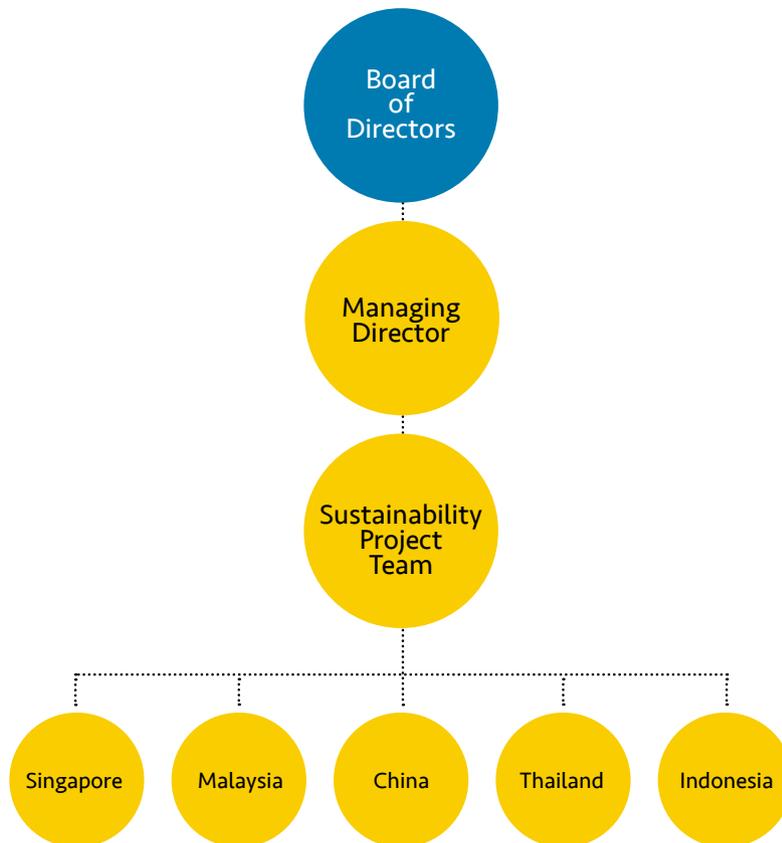
Governance Structure

We remain focused and committed to upholding sound sustainability and governance practices to protect the long-term interests of our shareholders and create enduring value for our company and for all stakeholders. As such, we have a dedicated structure in place within Qian Hu to govern our sustainability function.

A Sustainability Project Team comprising 1 representative from each of our operating entities in Singapore, Malaysia, Thailand, Indonesia and China is responsible for managing sustainability throughout Qian Hu, and is headed by our Managing Director who reports to the Board of Directors. The Sustainability Project Team members are actively involved in implementing

sustainability strategy and programmes in their respective entities so as to drive and collaborate on sustainability initiatives in key markets, as well as share best practices across the Qian Hu group of companies. The team works with other business functions such as operations, HR, and procurement to oversee the development, execution and reporting of the Group's sustainability strategy.

Sustainability is on the Board's agenda and the Group's sustainability strategy is presented to the Board annually. Our Sustainability Project Team presents the Board with regular updates on various sustainability programmes, upcoming activities as well as global and local trends that have an impact on our sustainability strategy.



Defining Material Issues

Based on a Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:

1. Defining key issues which impact the execution of our business strategy
2. Identifying critical areas that affect our businesses and stakeholders
3. Prioritising these critical factors and validate internally as pressing issues to address
4. Embedding best practices within our business operation processes where applicable

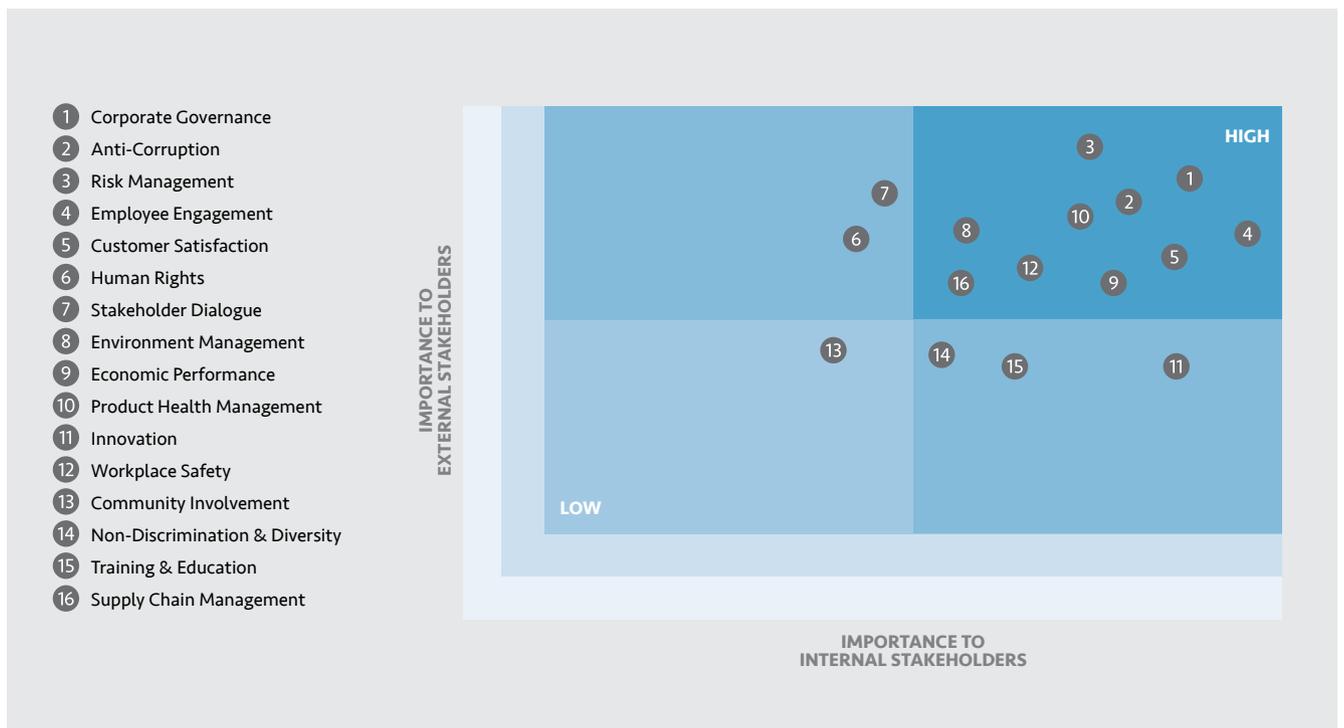
The Sustainability Project Team identified the specific ESG factors which are material to the Group based on their knowledge of their respective business areas, the challenges faced by the industry and the corresponding implications for Qian Hu’s businesses and operations.

They also considered the insights they gained from their day-to-day engagement and consultation with various stakeholders to establish the direction for sustainability reporting.

In addition, the team conducted desktop research of sustainability reporting practices of companies leading the sustainability reporting initiative in Singapore.

Finally, the team also examined the evaluation criteria applied by the relevant sustainability indices and rankings to understand the ESG matters of interest to our stakeholders.

We classify the following as our material issues, and our sustainability efforts and reporting are focused on these issues. The materiality assessment is endorsed by Qian Hu’s Board, and these priorities are reviewed on a yearly basis. We reviewed our material issues and updated these issues in view of today’s operational context.





Our Approach & Strategy

Engaging Stakeholders

While we work on our sustainability efforts, we also aim to align our business interests with that of our stakeholders, which comprise those who are impacted by our businesses and operations. By assessing the significance and impact of their interest on Qian Hu's business, we have singled out six key stakeholder groups.

We believe that regular communication is the key to healthy stakeholder relations. Over the years, we have been engaging with our stakeholders regularly to ensure we address the key material issues raised by providing continual information updates through various engagement platforms.

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"> Supplier's 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 email / phone calls
Employees	<ul style="list-style-type: none"> Employee engagement Talent retention and attraction Employee safety and well-being Employee training 	<ul style="list-style-type: none"> Quarterly staff dialogue sessions Mobile chat groups and SMS push notifications Regular floor walks Bi-annual "Fish Matrix" newsletter Annual employee opinion survey Whistle-blowing policy
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 relations and sharing sessions
Investors	<ul style="list-style-type: none"> Financial stability Long-term growth plans Business diversification Risk management Corporate governance Sustainability efforts 	<ul style="list-style-type: none"> Dedicated Investor Relations website Quarterly financial results announcements Half-yearly analyst & media financial results briefing, media release 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 	<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 AVA on statutory requirements and new developments in the ornamental fish sector

Our Focus, Commitments & Targets

With our materials issues and key stakeholders in mind, we have also mapped our sustainability priorities, impact to stakeholders and boundaries under the key focus areas set out below. We believe this approach will cover critical areas of our businesses, is sustainable, and can align Qian Hu with profitability.

We aspire to see these initiatives lead to increased value creation, along with positive impact on our environment and societies. We are committed to measurable targets and goals towards our journey to create sustainable value for all our stakeholders.

FOCUS	IMPACT TO STAKEHOLDERS	2017 PERFORMANCE	COMMITMENTS & TARGETS
Environmental Initiatives <ul style="list-style-type: none"> Water Management Energy Consumption 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 utilization and its corresponding intensity - see page 50 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.</p> <p>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 4.26 (2016 : 4.11) 11 new accessories products launched 	<ul style="list-style-type: none"> Continued to enhance customer satisfaction level with improved service and quality products 8 to 10 products developed per year Uphold highest standards of customer data privacy protection Drive responsible business practices across the supply chain
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.</p> <p>Building partnerships with our stakeholders and community contributes to Qian Hu's social license to operate and is also relevant to many of our stakeholders.</p>	<ul style="list-style-type: none"> 158 hours in community involvement by employees Analyst and media briefings held on 18 July 2017 and 12 January 2018 	<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 Half-yearly analyst and media briefings in conjunction with the release of the Group's half year and full year financial results
Safe & Conducive Workplace <ul style="list-style-type: none"> Anti-Corruption Upholding Human Rights Non-Discrimination & Diversity Safe & Conducive Workplace 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 local talents under the direct hire of Qian Hu's offices and operations in Singapore.</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 4.67 (2016 : 4.57) No incident of corruption and fraud No incident of whistle blowing 24 hours of training hours per employee Employees' average monthly turnover rate - see page 61 of this Annual Report Zero fatalities and workplace accidents reported 	<ul style="list-style-type: none"> Clear employees' rights set out in Staff Handbook distribute 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
Corporate Governance <ul style="list-style-type: none"> Corporate Governance Risk Management 	<p>Applies across Qian Hu's business operations in Singapore and overseas.</p> <p>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 17 Apr (1Q 2017), 18 Jul (2Q 2017), 17 Oct (3Q 2017) and 12 Jan (FY 2017) No incident of legal non-compliance 	<ul style="list-style-type: none"> Commitment to release financial results early <ul style="list-style-type: none"> 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
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 - \$87.8 million EBITDA - \$3.1 million Profit attributable to owners of the Company - \$0.3 million Earnings per share - 0.29 cents Net assets value per share - 45.48 cents Final dividend of 0.2 cents per share - totaling approximately \$227K 	<ul style="list-style-type: none"> Revenue and profit growth New business initiatives Sustainable dividend payout Prudent capital management



Environmental Initiatives

Environmental Compliance

Preserving the environment is necessary for the long-term sustainability of our business, and they are mutually dependent. While creating value in our business, we aim to minimise the impact that our activities have on the environment and proactively seek alternative means for more effective and sustainable use of resources.

Since 1998, Qian Hu has been complying with the regulatory requirements of the ISO 14001:2004 certified Environmental Management System, which provides guidance on the management of key environmental aspects in our business such as recycling of our natural and reusable resources in our daily activities of fish breeding, nurturing, retailing, trading and export.

Qian Hu is committed to complying with environmental regulations set out by our local governing authorities - the Agri-Food & Veterinary Authority of Singapore, the National Environment Agency, National Parks Board etc. We constantly monitor, evaluate and audit our Environmental Management System, and ensure that we are at the forefront of ISO standards for environment management. We also adhere to environmental standards such as CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and ISO9001:2008.

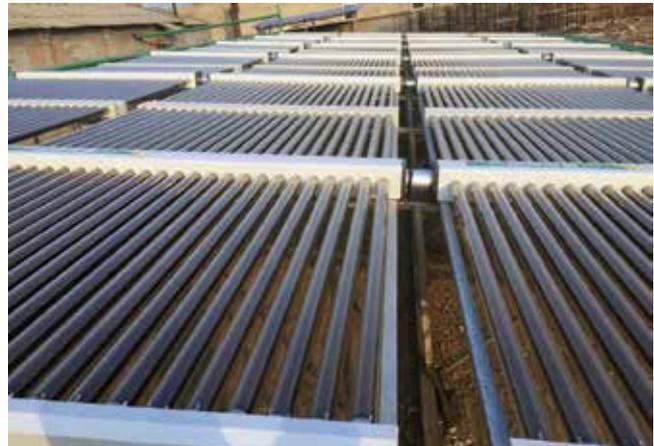
Our aim is to balance our economic interests with environmental concerns, and this is especially relevant for businesses such as ours. We are mindful that our products come from nature and the processes we carry out have an impact on the environment. We recognize our ability to carry out some of our core business activities would not be possible without the natural resources around us, and our priority is to help preserve this environment.

In FY 2017, all our operating entities have transitioned to the new ISO9001:2015 standard as part of this year's surveillance audit by SGS Singapore - the world's leading inspection, verification, testing and certification company. We also have planned for our EMS14001:2004 transition to the new ISO14001:2015 standard in our next audit in 2018.

To address any public enquiries or complaints, we have in place an email address - feedback@qianhu.com - where consumers can send enquiries through.

Energy Consumption

We are watchful of our energy consumption at Qian Hu. Besides tracing and implementing measures to reduce and promote the reduction of energy consumption, we have switched to alternative sources of energy through the use of solar panels in one of our subsidiaries in China. Comprising 1,200 pieces of solar tubes, the system is part of our ongoing effort to provide supplemental alternative energy for our tropical fish room operations during the winter months.



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

Water Management



Water is vital for our fish farm operations and it has always been our key focus to reduce and reuse. One of the key areas where we utilise water is when we hold the fish during the quarantine process. On a daily basis, change of water is required to remove food leftovers, waste and also to reduce the ammonia buildup in the tank.

Since early 2014, we have invested our efforts in an Environmental Management System (EMS) to significantly reduce our water usage. By installing our Intensive Multi-Tier Automated Recirculation Holding Tank System, our farms enjoy efficient recycling of water using a multi-step filtration system for optimal water quality. This ensures that bio-load in the water is broken down and quickly removed. An ultraviolet sterilizer further removes waterborne pathogens, which allows healthier environment for our fish during the quarantine phase.

With less water required, this system also decreases our overall energy use as a result of minimal maintenance, and also cuts our water waste discharge. By end FY 2015, we had already achieved significant water savings of almost 60%. In FY 2017, over 90% of our water consumption came from recycled water that is channeled from our in-house rainwater catchment areas built within the farm.

At one of our subsidiaries in China, our 10-tonne water storage system not only accumulates hot water in the day for use, but also provides water for fish farming after the purification process. This self-sufficient system is environmentally friendlier, and also generates up to 20% cost savings at the farm.

Recycling and Reuse of Materials

At our fish farm in Singapore, we also make every effort to recycle and reuse materials so as to minimize our overall impact on the environment. We have also put in place a waste management programme to track wastage, pursue recycling efforts and reduce the use of environmentally unfriendly packaging materials. Our staff are encouraged to sort their waste according to these categories and contribute to the continuous recycling of papers, cartons, cans and plastics through our recycling bins.

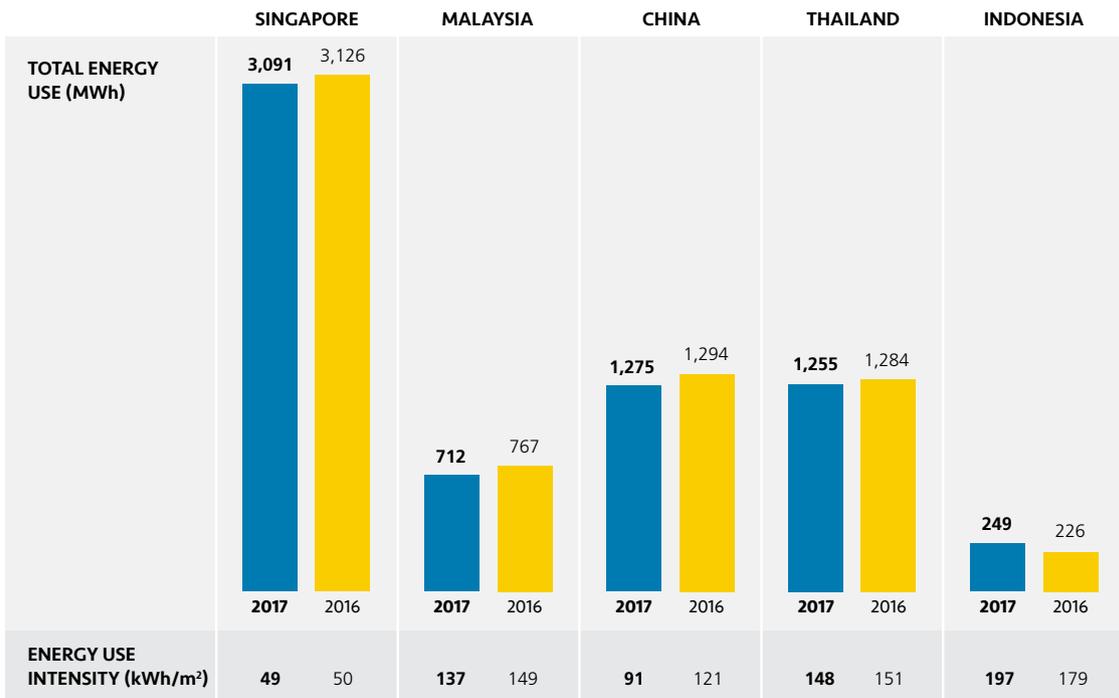
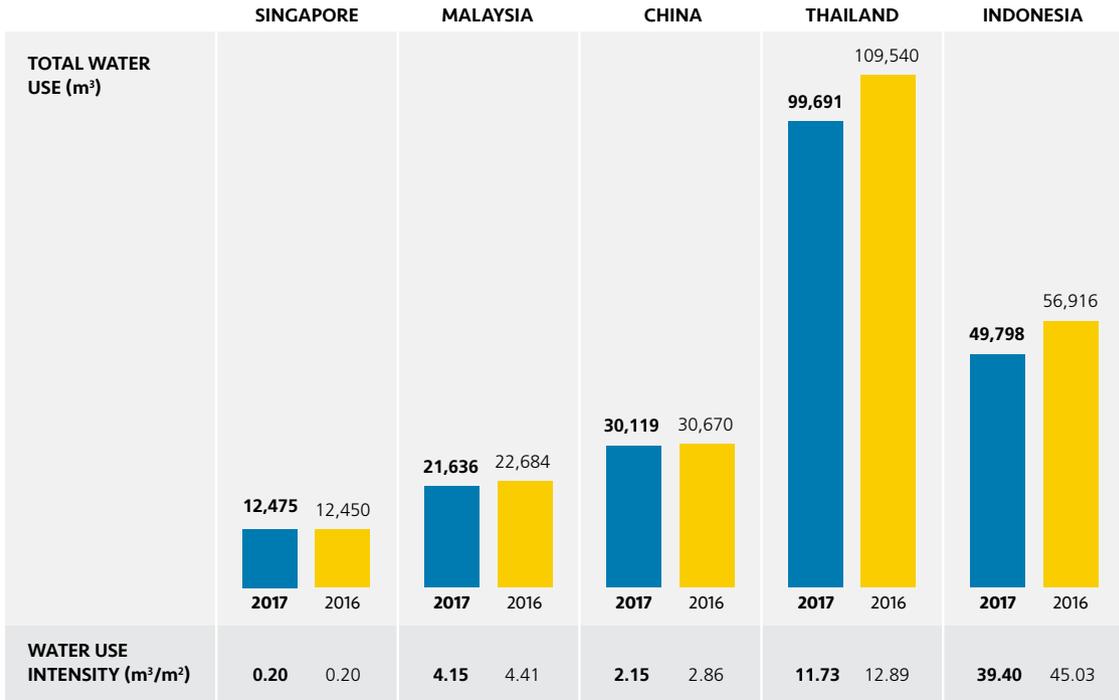
Since early 2016, we have been looking at ways to reduce our use of styrofoam boxes in the packing process for export shipments. Currently, styrofoam material is used for most of our packing needs together with paper carton boxes. We have since been trialing and testing alternative packing box materials that are more environmentally friendly, but we found that these alternatives were not well suited for fish transportation. Meanwhile, we will still continue our effort to source for alternatives in order to find the best way to minimize our packaging footprint.

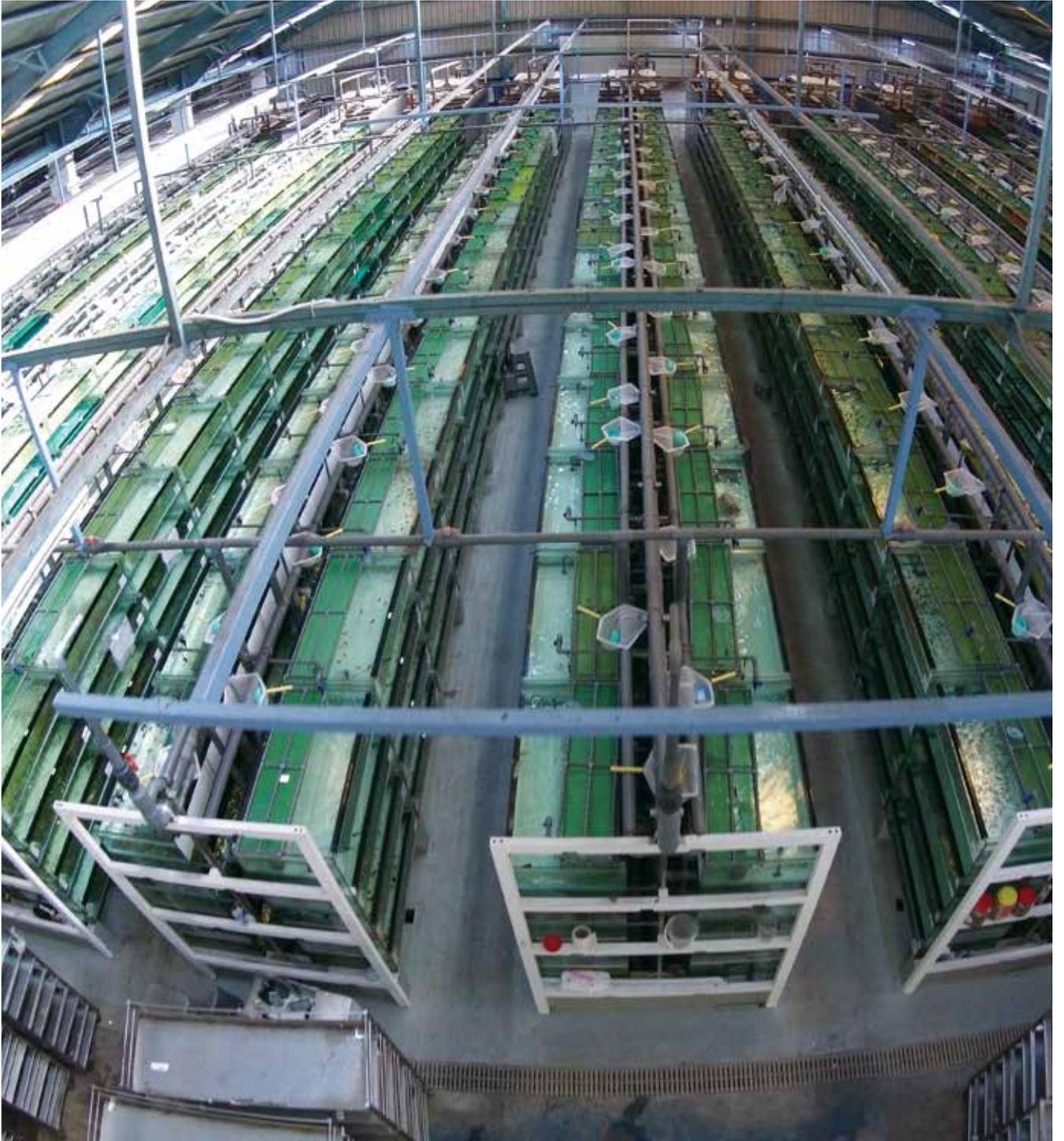
Our subsidiary, Qian Hu Tat Leng Plastic Pte Ltd manufactures high-density and low-density polyethylene bags across a wide range of commercial and industrial sectors. During the manufacturing process of the bags, the company gathers cut-out plastic wastage, which are outsourced to a third-party for recycling. The recycled plastic resin is then added back to the manufacturing mix in their efforts to recycle and reuse materials. In FY 2017, we recycled a total of 141 tonnes of such plastic wastages as compared to 132 tonnes in FY 2016. In addition, the company produces bio-degradable polyethylene bags in accordance with EU guidelines which are exported to Europe.



Environmental Initiatives

Environmental Performance Indicators







Supply Chain Management

Engaging Our Suppliers

At Qian Hu, we engage regularly with our suppliers at every stage of our purchasing process and as such, they are a key component our overall supply chain management effort. Through our supplier partnership programme, we hold regular meetings with them to understand their needs and challenges. We take on their feedback and formulate action plans where possible to enhance the sustainability of our partnership.

Our major suppliers are carefully selected based on track record and endorsed by way of our Approved Vendor List. In addition, our suppliers are also assessed on their ability to complement our commitment to deliver high quality products and services, and adhere to our standards of environmental and social practices in line with Qian Hu's governing principles. In cases where suppliers encounter difficulties in meeting our specifications, our team will provide feedback on areas of improvement. These initiatives ensure that the communication channels between Qian Hu and our suppliers are always open and robust.

In FY 2017, we engaged approximately 915 suppliers in total worldwide, and their range of services include the supply of ornamental fish, as well as products and services for our Accessories, Plastics, and Aquaculture businesses. We contract both global and local vendors for different parts of our businesses.

We actively communicate our stance on our environmental approach to all our suppliers when they are first acquired, and while we recognise that instilling higher standards in our supply chain will have its definite benefits to the way we operate, such practices will take time to be embedded in our own practices as well as those of our suppliers.



VALUE CHAIN & SUPPLY CHAIN ANALYSIS

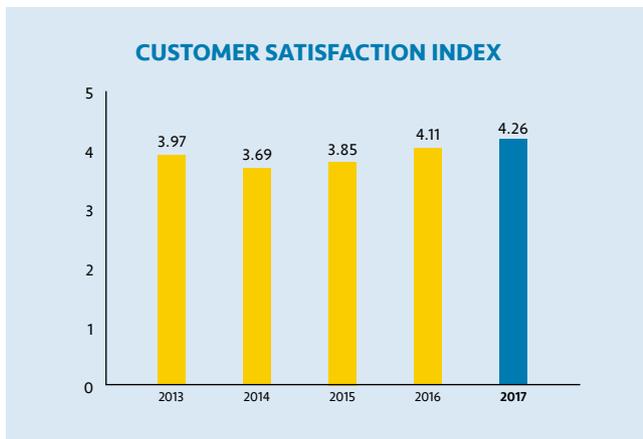
	NO. OF SUPPLIERS	PRODUCTS / SERVICE	DISTRIBUTION	CUSTOMERS
Ornamental Fish	559	<ul style="list-style-type: none"> Import & export of ornamental fish 	<ul style="list-style-type: none"> Own stores Distributors Retailers Direct Sales Online 	<ul style="list-style-type: none"> Retail stores Hobbyists General consumers e.g. families
Accessories	316	<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	30	<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	10	<ul style="list-style-type: none"> Edible fish Shrimp 	<ul style="list-style-type: none"> Secondary breeders 	<ul style="list-style-type: none"> Secondary breeders

Customer Satisfaction

Customers are our priority. Our future depends on having strong customer relationships, which we strive to reinforce by providing reliable services, possessing adequate product knowledge and supplying a good variety of quality products. Customer satisfaction is one key measure of our consideration of our customers' needs and preferences and, from an organizational perspective, is essential for our long-term success.

We have an international customer base that is located in more than 80 cities and countries around the world. Due to the nature of the ornamental fish distribution business, flight accessibility and connectivity, as well as having an efficient distribution infrastructure at the port of call, are absolutely critical to fulfil timeliness of delivery and low DOA (dead-on-arrival) rates.

All of our customers enjoy easy access to feedback platforms or make direct inquiries through our sales and marketing personnel and senior management. Channels of contact include dedicated sales and marketing executives assigned to specific customers, Qian Hu's website, as well as at trade shows and exhibitions. Multi-pronged contacts are established through regular visits and dialogue with customers via telephone calls, faxes, emails and formal/informal meetings. At Qian Hu, we measure our customers' level of engagement with us through an annual Customer Satisfaction survey.



Customer Privacy

Qian Hu protects the privacy and confidentiality of our customers' information. Our Personal Data Protection Policy clearly spells our approach to personal data management, which is publicly accessible on our website www.qianhu.com/about-qian-hu/privacy-policy.

The policy clearly states how Qian Hu manages the personal data we hold in accordance with the Personal Data Protection Act 2012 and applies to all divisions and organisations in Qian Hu Corporation Limited stable of companies.

We respect our customers' personal data, and while we collect personal data for the purposes of providing our services, we do not sell, rent or give away personal data to third parties for commercial purposes. There were no instances on breaches of customer privacy and loss of customer data during the reporting period.

All employees are guided by Qian Hu's Code of Business Conduct and Ethics, and we take a strict view on any breach of customer confidentiality.





Supply Chain Management

Product Health Management

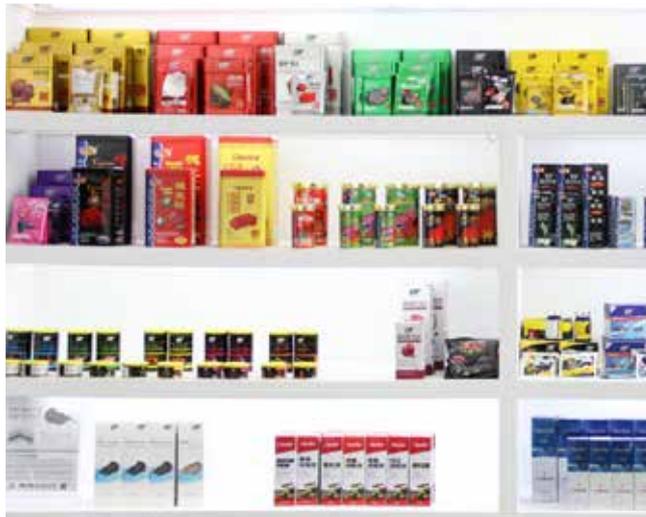
CONSUMER HEALTH & SAFETY

At Qian Hu, we currently stock more than 3,000 types of fish, aquarium and pet accessories and products ranging from live ornamental fish, to aquarium accessories such as fish tanks, pumps, and lighting to pet accessories such as dog and cat food, shampoo, litter and toys. These products form the lifeblood of our brand equity which we have spent building over the last three decades.

We make a highly conscious effort to protect the health and safety of our brands and our products and services. Non-compliance to product health issues have a direct and material impact on our performance, our reputation, our legal and financial risks, and overall employee buy-in.

As such, we ensure our aquarium and pet accessories and products are manufactured in line with HACCP (Hazard Analysis and Critical Control Points) & GMP (Good Manufacturing Practice) standards for health and product safety, as well as best practices such as MSDS (Material Safety Data Sheets). Our fish feeds, fish medication and pet food carry guaranteed ingredient analyses in terms of nutritional values and content mix. About 20% of our significant product and service categories are continually assessed for improvement in terms of health and safety impacts.

Qian Hu does not provide, deal with or sell any form of banned or disputed products as part of commitment to highest level of product health and safety.



PRODUCT & SERVICE LABELING

We ensure that we provide adequate and accurate information on the sustainability impacts of products and services so that they are able to make informed choices.

All our fish and pet products and accessories require labeling and packaging information. Some of our products such as cat litter already utilize environmentally friendly information – 100% natural pine wood, unbleached, no chemicals, harmful substances or fibres – on their packaging. We are constantly working to improve our product labeling to pass on such important information to our customers, who ultimately want the best pet care for their beloved pets.

In FY 2017, the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes is zero.

MARKETING COMMUNICATIONS

We have a set of internal procedures and an operational manual for marketing, which we review annually to ensure best practices in marketing, technology applications, regulations and matched with customer expectations. We believe in responsible marketing and communications as non-compliance to these issues will result in loss of customer confidence and loyalty, and financial implications to Qian Hu's business. These factors are material to the success of our business, and we take a serious view of ensuring our product information is presented in a factually accurate manner.

All our marketing collaterals comply with the Singapore Code of Advertising Practice, governed by the Advertising Standards Authority of Singapore, an advisory council to the Consumers Association of Singapore.

Driving Innovation

We are constantly curious and creating new ideas at Qian Hu, and our approach to R&D is largely similar in nature. We always welcome new ideas in the organization, regardless of hierarchy, and we encourage our staff to be bold and daring at the ideation phase. In FY 2017, we continue to be passionate about new ideas, new technology and we have achieved new breakthroughs across all our product segments.

<p>Ornamental Fish</p>	<ul style="list-style-type: none"> • Commenced import of tropical ornamental fish species from new geographies – South America and Africa – to add to our range • Focusing our efforts on breeding more species of albino Arowana fish to meet market demand
<p>Aquarium Accessories</p>	<ul style="list-style-type: none"> • Unveiled Hydra PRIME water purification system for larger applications such as outdoor ponds and koi pond systems • Introduced improved and new formulas for 100% natural and antibiotic-free, herbal-based fish and stingray medication series • Launched large-scale OF Panoramic Tanks for Arowanas in China • Developed new series of natural rock and sand – RevoReef Bacto Rocks and Bacto Sand under the 3DM series – for freshwater use
<p>Pet Accessories</p>	<ul style="list-style-type: none"> • Obtained the Halal certification for our range of cat products from Jabatan Kemajuan Islam Malaysia (JAKIM), the Malaysian Halal Certification Body • Grew our range with new and improved types of cat food and litter under the Aristo Cats Yihu brand

OUR PAST SUCCESSES

Over the years, we have invested heavily in continuous innovation, and our efforts have paid off with several Qian Hu inventions which have been successfully implemented and well-received in the market.

- Patented Hydro-Pure technology known in the market for its ability to detoxify and deplete water in both marine and freshwater environments for biologically cleaner and healthier water
- Multi-Tier Automated Water Recirculation Tank Holding System in our export hubs in Singapore, Malaysia, Thailand and China which helps conserve water and improve productivity
- Early innovation in Arowana pellet food and an extensive range of pellet food based on the same winning formula for other freshwater and marine species





Labour Practices & Conducive Workplace

Our Human Resource Philosophy

At Qian Hu, our corporate culture is one where we place “People First”. This unique approach ensures that everyone is well integrated into our Qian Hu family.

Recognized as a People Developer and a recipient of the People Excellence Award by SPRING Singapore, Qian Hu firmly believes in developing excellence in our people – our best asset – through sound human resource policies and management.

People Excellence is a key component of Qian Hu’s four strategic values – Integrity, Entrepreneurship, Value Creation and Teamwork. Our people are undoubtedly vital to our continued sustainability as a global leader in ornamental fish distribution.

We are a firm champion of employment planning, and we are committed to engaging and developing employees to their fullest potential so as to enable them to effectively participate and contribute to the future growth of Qian Hu. Every year, we review and adjust our HR policies to ensure we remain on track with local employment laws and industry trends.

We believe all these factors contribute to our exemplary employee retention record, and that our emphasis on these tenets will continue to nurture a competent workforce. Our employees today are diverse, robust, and multi-cultural. All our Qian Hu members are encouraged to converge fun and creative thinking in our daily lives, not limited to just the workplace but outside of work as well.



Anti-Corruption

Qian Hu holds strong views on anti-corruption, and we require our employees to comply with the relevant anti-corruption legislation in all the markets where we operate. We set out our anti-corruption policies in our Staff Handbook under our Code of Business Ethics and Conduct, which outlines our ‘zero-tolerance’ stance towards all forms of corruption. All employees are taken through the Code during their employment orientation session, and all guidelines are available on our Employee Portal.

Qian Hu also provides employees with guidance on how to declare and comply when giving or receiving gifts, or dealing with entertainment, sponsorships and charitable contributions during the course of their work. During the year, there were no reported incidents of corruption within our organisation.

Upholding Human Rights

We do not engage in child labour or undertake unethical means to directly manufacture or provide business services in our businesses. 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 are committed to upholding internationally-accepted human rights principles, including those relating to child labour, forced labour and freedom of association and collective bargaining.

As a small-medium enterprise, Qian Hu’s business does not involve trade unions, and as such there are no employees who are covered under collective bargaining agreements.

Non-Discrimination & Diversity

As an employer, we treat all employees with respect and dignity and give fair treatment, irrespective of nationality, race or religion. We abide by labour laws and appropriate guidelines that promote fair employment practices, and we embrace the principles of fair employment.

Our equal employment opportunity policy ensures that our hiring practices are fair, merit-based and non-discriminatory, regardless of race, sex, religion, political opinion, or social origin. We recruit and select employees on the basis of merit – skills, experience or ability – to perform the job. We also provide equal opportunity for training and development for our employees.

Our approach to being a choice employer also entails ensuring that we provide attractive employee benefits to all our full-time as well as part-time employees on a fair and equitable basis. These benefits include insurance, health care benefits, and parental leave amongst others. With this, we ensure that we invest fairly and equitably in our human resources in order to retain our talent. We believe these measures also represent Qian Hu's position as a qualified employer and ultimately helps to retain our employees by boosting morale and overall productivity.

Qian Hu has pledged its commitment to fair employment practices through the Tripartite Alliance for Fair Employment Practices (TAFEP)'s "Fair Employment Practices" pledge. TAFEP is a three-way alliance between the Ministry of Manpower, Singapore National Employers Federation and the National Trades Union Congress.

The tripartite promotes the adoption of fair, responsible and progressive employment practices among employers, employees and the general public. Under the pledge, Qian Hu has committed to undertake fair and progressive employment practices that will help promote an inclusive workplace - one that is built on merit and progressive HR practices.

For instance, Qian Hu believes in the benefits of re-employing older workers to retain and tap into their wealth of experience. To date, 12.7% of our workforce is currently above 50 years of age. Where possible in terms of medical health and performance, Qian Hu welcomes certain categories of employees to continue their employment beyond the retirement age of 62 years.

We believe our approach to fair and non-discriminatory employment policies contributes to increased productivity as the most suitable person is chosen for the right jobs, and this leads to better overall employee well-being. In this financial year, we have not received any reports of discrimination within our organisation.

Total of 551 employees as at 31 December 2017



185 based in Singapore.
The rest from overseas subsidiaries
in Malaysia, China, Thailand and
Indonesia

66.6% Male
33.4% Female



19.4% 5 - 10 years of
service
22.9% more than 10
years of service

12.7% above 50 years
of age





Labour Practices & Conducive Workplace

Safe & Conducive Workplace

Creating a safe and conducive workplace is one of our prerogatives, and our safety practices are in line with stipulated regulations and guidelines. We believe in cultivating an accident-free workplace that is healthy and conducive for all our employees, which will inadvertently lead to positive workplace morale and sense of well-being.

We take a collaborative approach to workplace health and safety practices. Our in-house workplace health and safety committee is elected by way of management nomination and employee selection, based on their daily work scope and ability to handle health and safety issues. This committee regularly monitors and reviews our safety practices.

The committee also monitors and tracks potential risks, which allows us to identify and rank safety hazards and address them in order of importance. Every year, the committee holds a review meeting to ensure all outstanding issues have been resolved, and that our practices remain in line with certified standards.

In order to upskill our employees in the area of workplace health and safety, we send them for related certified training in workplace safety and first aid on a yearly basis. We also invite external consultants to conduct trainings in introductory first-aid and using the automated external defibrillator (AED) machine at our farm. This ensures that our staff can operate the AED machine in the public area of our farm to provide immediate aid in the event of medical emergencies.

In addition, our employees are also trained on the fire safety hazard processes at the farm. We hold regular fire drills and evacuation exercises in accordance with ISO14001:2004 standards. Our HR department tracks and reports industrial accidents and injuries, and if required, claims will be filed accordingly. All our department heads, supervisors and employees are briefed to directly inform HR department on all accidents and injuries at the workplace, including minor cuts.

CORPORATE VALUES & BUSINESS CONDUCT

To ensure a conducive work environment, we are guided closely by our Code of Conduct and Business Ethics, which applies to all the employees under our Group. We adhere to and believe in this code, and we will take disciplinary action towards misdemeanours which will affect our workplace environment and culture.

Unlawful and unethical behaviour can result in far-reaching consequences for Qian Hu as a group, and have severe impact in the societies where we operate. As such, all employees are obligated to comply with the guidelines outlined above.

Individual employees who breach our operating principles will face serious disciplinary action and potential lawful consequences such as fines or imprisonment, claims for damages, sanctions under labour law and possible termination of employment.

CODE OF BUSINESS ETHICS AND CONDUCT

- Zero-tolerance against corruption, fraud, insider trading, theft or bribery
- Compliance with the Company's internal policies, including those relating to transparent accounting, appropriate disclosures, and internal controls
- Maintaining the Company's policies around workplace health, safety measures that might endanger the life or safety of fellow employees
- Committed to fair and respectful working conditions without discrimination
- General code of conduct in terms of handling of Company property, assets and disclosure of information or trade secrets of the Company without permission

Training & Education

Our strong focus on our workforce is line with our vision of being an employer of choice, and we work hard to continuously attract, retain and develop talent. Learning and development is one of our key HR thrusts, and in a changing work environment, upskilling our human resource pool allows us to cohesively meet future challenges ahead. With more skilled employees, our human capital resources will be geared positively. Equal opportunity in terms of recruitment, promotion, and remuneration is also a key aspect of our HR strategy.



Qian Hu’s training and education strategies aim to address our business objectives while providing growth opportunities for our employees.

Apart from on the job training, our employees attend external courses on training on workplace safety, supervisory skills, problem solving and language enhancement. All training processes are closely monitored and tracked by the line managers and our HR department to ensure that our employees’ development and learning needs are adequately fulfilled. In fact, Qian Hu’s training participation rates and training intensity in past years in Singapore, as defined by the Ministry of Manpower (MOM), are comparable and better in most categories than the national averages.

We believe that our employees’ development and wellness go hand-in-hand, and as such, our policies are structured to support both facets of their well-being. A complimentary annual health screening programme ensures that general health checks are made easily accessible to employees by way of mobile health trucks. This year, we held regular group activities such as bowling and power drumming sessions to foster interaction and bonding. We also celebrated our employees’ birthdays on a monthly basis.

SUCCESSION PLANNING

Succession planning is an essential process for maintaining growth momentum and business continuity, particularly amidst our evolving industry landscape. Since 2004, Qian Hu has put in place a structured succession programme to prepare a team of future leaders for the Group’s long-term sustainability.

Our management trainees have been undergoing a rigorous grooming process, which involves having them rotated to the various locations within the Group to handle different portfolios and evaluate their performance in challenging business environments. This would ensure that they embrace the Group’s culture of placing the Company’s interests before personal interests, be able to handle stress, and yet be hungry and ambitious.

Qian Hu’s future CEO will be assessed and nominated by the Nominating Committee and supported with peer appraisals. It is the policy of the Company that the selection would be based purely on the individual’s merit, such that the family members would not be given any special preference.

Training budget is pegged at approximately **4%** of our total payroll

Each employee spent approximately **24 hours** on average in training for 2017



Labour Practices & Conducive Workplace

Employee Engagement

In ensuring open communication channels with our employees across the Group on the business developments and activities of the Group, we ensure we have ready channels and platforms available for employees to communicate with us. We recognize that labour policy disputes may occur, and effective feedback platforms play an important role in ensuring employee voices are heard if they are carrying specific HR-related grievances.

PROVIDING FEEDBACK PLATFORMS

At Qian Hu, we ensure that there are sufficient platforms for feedback throughout the organisation as a whole, which also serves as a gateway to building stronger working relationships across all levels.

An Employee Opinion Survey is used to gather feedback, which enables the senior management team to gain insights into their performance as a leader and overall behaviour. This platform also enables us to highlight and monitor areas for improvement on all employee or HR-related issues on an ongoing basis.

In addition, we have a Staff Suggestion Scheme in place for employees to provide improvement ideas to management, and our whistle-blowing policy is made known to all employees at induction, and we regularly remind employees of this available mechanism.

Every quarter, we host a dialogue session in our various subsidiaries to promote open and healthy two-way communication with our employees. Our senior management takes on questions from our employees, and addresses their areas of concerns to ensure a common understanding.

On a bi-annual basis, we publish an in-house newsletter "FISH MATRIX" which is disseminated to employees, and made available on our website as well. All the senior managers from the divisions and subsidiaries also hold regular briefings with our employees to ensure that important strategies and inspirational messages are personally delivered and emphasised.

Since 2014, we have set up and developed our own novel, expedient way to disseminate corporate messages to our employees through our own short messaging broadcast system. These SMS notifications inform our employees of corporate activities, act as reminders and help communicate other employee-related content in a much quicker manner. The response from our employees has been very positive as the content is pushed automatically to them.

Each of our subsidiaries and divisions regularly utilize popular chat platforms in their market such as WeChat and LINE messenger to set up company-wide chat groups and exchange information.

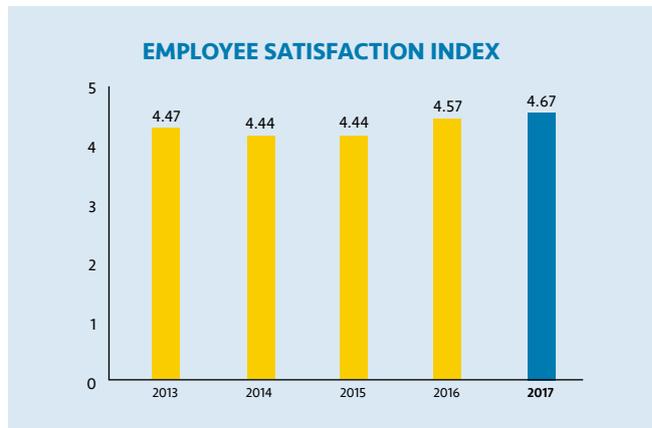
WHISTLE BLOWING POLICY

A whistle blowing policy is in place within the Group to aid in the deterrence and reporting of corporate malpractice and misconducts. The policy is endorsed by our Audit Committee, which provides the mechanisms where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and misconduct in financial reporting or other matters directly to Mr Chang Weng Leong, Chairman of the Remuneration Committee.

Details of the whistle blowing policies and arrangements have been made available to all employees. Through a well-defined process, all issues will be duly and independently investigated and handled with the appropriate measures. Furthermore, we provide assurance that employees will be protected from reprisal within the limits of the law.

Our Audit Committee takes responsibility to review and report all whistle blowing issues at the quarterly Board meetings. In the case of serious offences and/or criminal activities in the Group, the Audit Committee and the Board have access to the appropriate external advice where necessary. Where appropriate or required, we will file a formal report with the relevant government authorities for further investigation or action.

In FY 2017, there were no known incidents of non-compliance with our Code of Business Ethics and Conduct, or whistle blowing cases in Qian Hu.



People Performance Indicators

	SINGAPORE		MALAYSIA		CHINA		THAILAND		INDONESIA		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
EMPLOYEE PROFILE												
Total employees (number)	185	186	113	116	110	94	116	127	27	27	551	550
Employees by gender (number)												
Male	125	126	75	58	57	55	86	85	24	22	367	346
Female	60	60	38	58	53	39	30	42	3	5	184	204
Employees by age group (number)												
Under 30 years old	33	37	48	43	48	50	53	53	11	16	193	199
30 to 50 years old	101	101	54	61	56	42	62	71	15	11	288	286
Over 50 years old	51	48	11	12	6	2	1	3	1	0	70	65
Employees by educational qualification (number)												
Degree and above	27	27	9	8	14	12	69	80	7	3	126	130
Diploma and equivalent	31	30	29	29	39	30	9	13	2	5	110	107
Secondary and below	127	129	74	76	53	38	38	34	18	19	310	296
Skill certificates	0	0	1	3	4	14	0	0	0	0	5	17
Employees by employee category (number)												
Key management	18	18	7	7	2	0	8	6	1	1	36	32
Middle management & Executives	41	62	26	23	51	21	14	13	3	5	135	124
Admin & Operational staff	126	106	80	86	57	73	94	108	23	21	380	394
Employees by employment contract (number)												
Permanent	185	186	113	116	107	92	116	127	27	27	548	548
- Full time	183	183	104	110	106	90	116	127	27	27	536	537
- Part time	2	3	9	6	1	2	0	0	0	0	12	11
Temporary	0	0	0	0	3	2	0	0	0	0	3	2
Employees by length of service (number)												
Less than 5 years	74	81	79	76	85	70	67	69	13	15	318	311
5 to 10 years	38	34	18	22	16	19	21	28	14	12	107	115
Over 10 years	73	71	16	18	9	5	28	30	0	0	126	124
NEW HIRES												
Total new hires (number)	21	20	32	40	71	33	17	29	3	6	144	128
New hires by gender (number)												
Male	16	13	23	18	34	19	14	3	2	6	89	59
Female	5	7	9	22	37	14	3	26	1	0	55	69
New hires by age group (number)												
Under 30 years old	13	11	23	14	41	19	17	1	3	6	97	51
30 to 50 years old	7	6	9	21	28	13	0	26	0	0	44	66
Over 50 years old	1	3	0	5	2	1	0	2	0	0	3	11
TURNOVER												
Total turnover (number)	22	15	35	21	71	39	28	27	3	8	159	110
Average monthly turnover rate (%)	1.0%	0.7%	2.6%	1.5%	5.4%	3.5%	2.0%	1.8%	0.9%	2.5%	2.4%	1.7%
Turnover by gender (number)												
Male	18	8	6	13	40	23	18	14	1	5	83	63
Female	4	7	29	8	31	16	10	13	2	3	76	47
Turnover by age group (number)												
Under 30 years old	13	8	22	6	41	28	19	25	3	3	98	70
30 to 50 years old	6	4	13	13	28	10	9	2	0	4	56	33
Over 50 years old	3	3	0	2	2	1	0	0	0	1	5	7



Community Involvement

Qian Hu's Community Involvement Policy is based on 3Cs – Charity, Community and Commitment. We proactively seek opportunities to participate in initiatives to promote philanthropy, social causes, as well as business and entrepreneurship in our community.

We believe that by integrating social responsibility throughout an organisation and having our Qian Hu Family work cohesively on these initiatives brings benefits – not only to the community, but also ourselves as the same spirit of commitment and working together for the common cause is crucial in unifying a workforce.

GIVING BACK TO OUR COMMUNITY

Since 2001, our employees have been encouraged to be involved in community activities, and donate to these selected charities. Our employees visited the Lee Ah Mooi Old Age Home in April this year, as well as the Lions Home for the Elders in December as part of the effort to do our part for community.

Each of the employees in Singapore donated generously to this meaningful cause, and this was matched by the Company dollar-for-dollar as well.

In addition, we also donated 30 koi fish to Man Fut Tong Nursing Home this year as a gesture of well meaning for the residents.

Here, we also conduct regular free farm visits for underprivileged children and handicapped welfare groups, and contribute fish to schools and helps to increase fish stocks in our local reservoirs.

Through our subsidiary in Malaysia, we donate dog food to animal shelters as well as part of our community give-back efforts. Our China subsidiary staff also visited an old folks' home this year as part of community work.



In FY 2017,
Qian Hu has committed
more than
158 hours
on community
initiatives





DOING OUR PART FOR THE BUSINESS COMMUNITY

Our Chairman and Managing Director, Kenny Yap, participates regularly in public speaking and sharing sessions with the wider community, ranging from local institutions and schools to international business groups. Many participants, both locally and overseas, have benefitted from these sharing sessions, which advocate the best practices in our Business Excellence journey.

In 2017, amongst others, he offered his views as a panellist at a workplace event organised by Singapore National Employers Federation, and also gave talks to MBA students from University of Southern California and UC Berkeley. During the year, he also contributed his views to the Asia Youth Chinese Forum members, Singapore Civil Defence Force, Singapore Sports Council, as well as the management team at Urban Redevelopment Authority.

Members of our senior management team are also actively engaged in various committees such as AVA's Ornamental Fish Business Cluster, and Singapore Aquarium Fish Exporters' Association. They play an active role in connecting with the broader industry ecosystem to share knowledge, network contacts, resources and best practices in fish import/export policies. 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.



Investor Relations

Since our listing in 2000, Qian Hu has always upheld transparent and timely communications of its business strategies and performance to all of our stakeholders - investors, analysts, media and shareholders - in line with the highest standards of corporate governance.

Our relentless efforts in board management, risk governance, disclosure and sustainability, and in ensuring that the Group complies wholeheartedly with all the rules and regulatory requirements have been recognised continually by the business communities in Singapore and overseas. Our compliance culture is anchored on transparency, responsiveness and an emphasis on respecting both the letter and spirit of the law and regulations in the countries we operate in. Testament to our commitment in this area, our scores in the Governance and Transparency Index over the years have always placed us in the upper echelon of the rankings.

Lauded for consistently being one of the earliest to report its financial results every quarter, we are committed to ensuring that our unaudited results are released within 20 days from the end of the quarter, and audited full-year results are released within 15 days from the financial year end.



In fact, we have constantly outperformed our own targets over the last 5 years by releasing our audited results within an average of 12 days after the end of the financial period.

We also ensure that we provide various communications platforms to bring our results to our stakeholders. Twice a year, our senior management team hosts a joint briefing for analysts, fund managers and the media at our half-year and full-year results, where they are taken through a PowerPoint presentation. Each quarterly announcement is accompanied by a press release in both English and Chinese languages. For those unable to attend or prefer to watch the briefing at their convenience, a delayed video webcast is also available.

Once a year, at the full-year results briefing, we equip our shareholders with our financial information for the year by compiling all our financial materials in a unique “mini annual report”. The mini annual report includes a message from our Chairman, press releases, presentation slides and the financial statements announcements.

The Annual General Meeting (AGM) is an important platform for shareholder communications. Qian Hu has developed several channels, which include our website, email or fax, for shareholders who are not able to attend the AGM to contribute their feedback and inputs. Detailed AGM minutes are posted on our website and the Singapore Exchange Securities Trading Limited (SGX) website within 3 business days after the meeting.

FY 2017 / FY 2018 Financial Calendar

FY 2017	FY 2018	
12 Jan	12 Jan	<ul style="list-style-type: none"> • Full year Results Announcement • Media & Analyst Briefing
22 Mar	28 Mar	<ul style="list-style-type: none"> • Annual General Meeting
17 Apr	16 Apr	<ul style="list-style-type: none"> • 1Q Results Announcement
	25 Apr	<ul style="list-style-type: none"> • Payment of dividend <i>(Subject to Shareholders' approval at AGM)</i>
18 Jul	16 Jul	<ul style="list-style-type: none"> • 2Q Results Announcement • Media & Analyst Briefing
17 Oct	16 Oct	<ul style="list-style-type: none"> • 3Q Results Announcement

Our investor relations website - <http://qianhu.listedcompany.com> - is updated regularly with comprehensive data comprising SGX announcements, calendar of events, financial results, annual reports and investor presentations. The site also houses our corporate governance report, investors' Q&As and detailed minutes of our AGMs.

In addition, our investor relations team focuses on facilitating close communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns. The team has procedures in place to respond to investors' queries in a timely manner, and also works to keep our investing public apprised of our corporate developments and financial performance.

Outside of the financial announcement periods, when necessary and appropriate, our Chairman will meet analysts and fund managers who are looking to seek a better understanding of the Group's operations. Our Chairman also engages with local and foreign investors regularly to ensure that we are attuned to the investment community's needs. Where opportunities arise, our Chairman conducts media interviews to share Qian Hu's strategy with the wider public.

By supplying our stakeholders with reliable and timely information, and ensuring open platforms of mutual communication, we are able to strengthen our relationships with our stakeholders on the basis of trust and confidence in transparency, and ease of accessibility.

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

INVESTOR RELATIONS CONTACT

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Only listed company to have bagged the most number of awards at the Singapore Corporate Awards since its inception in 2006

13 awards in total:

- 8 Gold
- 2 Bronze
- 2 Merit

Across 4 categories:

- Best Managed Board
- Best Investor Relations
- Best Annual Report
- Best Chief Financial Officer

1st listed company to engage the investing community via the Q&A online forum at Shareinvestor.com every quarter since 2001



1st listed company to provide detailed minutes, including shareholders' questions and comments, as well as responses from the Board and Management at AGMs