



QIAN HU CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199806124N)

Minutes of the Seventeenth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Wednesday, 23 March 2016 at 11.00 a.m.

Present

Board of Directors/Company Secretary

1. Mr Kenny Yap Kim Lee
 - (i) Executive Chairman & Managing Director
 - (ii) Shareholder
 - (iii) Proxy for:
 - Qian Hu Holdings Pte Ltd
 - Ms Ang Kim Sua
 - Mr Goh Ngian Boon
 - Mr Keh Boon Kheng
 - Mr Lee Kim Hwat
 - Mr Lim Boo Hua
 - Mr Lim Peng Chuan
 - Mr Lim Yik Kiang (Lin Yijian)
 - Mr Low Eng Hua
 - Mr Ng Kim Chai
 - Mr Ng Wah Hong
 - Mr Keith Andrew Ong Boon Kit (Keith Andrew Wang Wenjie)
 - Ms Pae Bee Yong
 - Mr Tan Boon Kee
 - Mr Tan Boon Kim
 - Mr Teoh Ai Huat
 - Mr Tho Thiam Chye
 - Ms Yap Ai Choo
 - Ms Yap Ai Hua
 - Ms Yap Chew See Susie (Ye Qiushi Susie)
 - Ms Yap Chew Ring
 - Mr Yap Hey Cha
 - Mr Yap Hock Huat
 - Mr Yap Kim Choon
 - Mr Yap Kim Chuan
 - Mr Yap Ping Heng
 - Ms Yap Saw Chin (Ye Shuzhen)
2. Mr Alvin Yap Ah Seng (Director)
Shareholder
3. Mr Andy Yap Ah Siong (Director)
Shareholder
4. Ms Lai Chin Yee (Director/Company Secretary)
Shareholder
5. Mr Chang Weng Leong (Director)
Shareholder

Shareholders

1. Ms Ang Gim Kee @ Ang Kim Kee
2. Mr David Lee Chong Meng
3. Mr Goh Aik Tshin
4. Mr Goh Lian Teck (Wu Liande)
5. Mr Ho Hai Pang
6. Mr Ho Khwai Weng
7. Ms Koh Keok Miang
8. Mr Leck Kwong Joo
9. Mr Lim Oh Teo
10. Mr Loh Tee Yang
11. Mr Manohar P Sabnani
12. Mr Ng Bee Nan
13. Mr Ong Kim Key
14. Ms Ou Yang Yan Te
15. Mr Soo Kwok Weng
16. Mr Tan Kwong Moh
17. Mr Tan Teng Hock @ Tan Tong
18. Mr Tan Wee Han
19. Mr Tay Geok Kheng
20. Ms Wong Ai Cheng
21. Ms Yap Mei Yen Sally
22. Mr Yeo Heng Kit
23. Mr Yew Soon Tieh

Proxies

24. Ms Chiam Heng Hsien
Proxy for Mr Ng Ah Leck
@ Ng Siew Choo
25. Mr Lim Jia Ren
Proxy for Mr Ng Ah Leck
@ Ng Siew Choo
26. Mr Chong Kim Leong
Proxy for Mr Ng Kim Yong
27. Ms Chan Mei Fong
Proxy for Chen Lin Chin

Observers

1. Lim Yue Li
2. Yap Kay Wee
3. Yap Kok Cheng



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6. Mr Tan Tow Ee (Director)
Shareholder
7. Ms Sharon Yeoh Kar Choo (Director)
8. Dr Ling Kai Huat (Director)

In Attendance

1. Ms Kum Chew Foong
KPMG LLP
2. Ms Elsa Lee
KPMG LLP
3. Ms Janice Lai
TMF Singapore H Pte. Ltd.
4. Ms Karen Goh
TMF Singapore H Pte. Ltd.
5. Ms Ashlee Lim
TMF Singapore H Pte. Ltd.
6. Mr Iskander Namazie
M & C Services Private Limited
7. Ms Amelia Wong
M & C Services Private Limited
8. Ms Christine Loh
M & C Services Private Limited
9. Ms Dorothy Ho
Samas Management Consultants Pte Ltd
10. Mr Paul Theng
Samas Management Consultants Pte Ltd

Chairman of the Board of Directors, Mr Kenny Yap Kim Lee, chaired the Annual General Meeting (“AGM”). Having noted that a quorum was present, he called the meeting to order.

Chairman thanked shareholders and all those present for their attendance. With the permission of the meeting, the notice convening the meeting was taken as read.

Chairman informed that in his capacity as Chairman of the meeting, he had been appointed as proxy by a number of shareholders and that he would be voting in accordance with their instructions.



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Chairman further informed that voting on all resolutions to be passed at the AGM would be conducted by poll. He then demanded for a poll in accordance with the provisions of the Constitution of the Company. The meeting also noted that under the Constitution, where a poll is demanded, it shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

The meeting noted that there would be 10 ordinary resolutions to be passed at the AGM. Chairman assured shareholders that they would be given the opportunity to ask questions before casting their votes by poll. This year, the polling shall be conducted in a paperless manner using a wireless handheld device.

Chairman announced that the electronic poll voting services would be provided by Trusted Source Pte Ltd. A short powerpoint presentation explaining the electronic poll voting process was shown. After the presentation, a representative from the scrutineer, Samas Management Consultants Pte Ltd, explained the housekeeping rules for the voting process to the shareholders and conducted a test resolution to familiarise the shareholders with the electronic poll voting process.

ORDINARY BUSINESS

1. Adoption of Directors' Statement and Audited Financial Statements

The following Ordinary Resolution No. 1 was proposed by Chairman and seconded by Ms Wong Ai Cheng:-

“That the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 and the Auditors' Report thereon be and are hereby received and adopted.”

Chairman then invited questions from shareholders on the Reports and Financial Statements for the financial year ended 31 December 2015 (“FY 2015”).

Mr Manohar P Sabnani (“Mr Mano”), one of the shareholders present, referred to page 11 of the Annual Report 2015 (“Annual Report”) and requested from Chairman for his justification(s) on Qian Hu’s “sustainable growth” as stated in the last paragraph of the Chairman’s Statement.

Highlighting the five-year financial performance of the Group as set out on page 9 of the Annual Report, Mr Mano pointed out that the Group’s revenue, profitability, return on shareholders’ funds and other key ratios were riding on a downward trend since FY 2011. Accordingly, he would like to know if Qian Hu’s existing business model was functional. He is especially concerned that the Group had taken a longer than expected duration to revive its operations as he had yet to see any improvement from its latest financial results. He added that if the Group was not moving forward, its sustainability would be an issue.



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Chairman admitted that the Group's financial performance and key ratios for the recent years had been disappointing. He commented that there were various circumstances which gave rise to the sluggish performance of the Group. He added that in moving to the next level of growth, Qian Hu has started the journey to transform itself into a company empowered by technology with in-built innovation as part of the Company's culture. He also shared that the management was in the process of exploring the possibilities in creating several new pillars of growth using the current technology and know-how of which the details were premature to be made public. With the various new initiatives in the pipeline, Chairman assured that Qian Hu's business model and fundamentals remain robust and strong. He asked shareholders to be patient and allow the management some time in making a return. He added that the Board is aware of the Group's long, medium and short-term needs and as the Chairman of the Group, he and the management team would continue to strategise the transformation of the Group to build a company that can last through generations, not only in sustaining profitability, but placing a high priority on the various expectations of stakeholders as well.

Mr Mano complimented the informative Annual Report, which he credited it to Ms Lai Chin Yee, Finance Director, and her finance team. Referring to page 64 of the Annual Report, he noted that the total amount of remuneration of three of the executive directors, namely, Chairman and two other executive directors, Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong, had amounted to approximately \$0.85 million, whereas the net profit of the Group registered in FY 2015 was merely \$19K. While he felt that Ms Lai Chin Yee was remunerated in accordance with her contribution, he was of the view that the Chairman and the two other executive directors mentioned above should draw a lower salary in view of the significant reduction of profit over the years.

Chairman responded that the three executive directors mentioned above (including Chairman himself) had not received any salary revision in the past few years. Mr Chang Weng Leong, Chairman of Remuneration Committee, further clarified that the executive directors started with a low salary base. He affirmed that there were no salary increment nor bonus entitlement for these executive directors in view of the Group's poor showing since FY 2013. As compared with the CEOs/executive directors of other listed companies of similar size, Mr Chang opined that the absolute amount paid to these executive directors is not considered excessive. He was of the view that the directors' remuneration should not be reduced even though the Group had registered a lower profit as the factors affecting the Group's profitability could be beyond one's control. Mr Mano disagreed with the rationalising. He commented that a good CEO should suggest taking a nominal remuneration package (say \$1) when the company is not performing and only resume his full remuneration package when he is able to turnaround the company.

Mr Mano further spoke of his dissatisfaction on the considerable amount of directors' remuneration payout as compared to the diminishing amount of dividends paid to the shareholders in respect of FY 2015. He sought the Independent Directors' view on the disparity. Ms Sharon Yeoh, Chairman of Nominating Committee, expressed that the Board would take note of Mr Mano's comments and would review the directors' remuneration arrangements internally.



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Mr Mano continued to request for the breakdown of the Group's general and administrative expenses of approximately \$20.0 million incurred in FY 2015 as shown on page 83 of the Annual Report. Ms Lai Chin Yee pointed out that there was a breakdown of the various major components of operating expenses on page 118 of the Annual Report. She commented that a substantial amount of such expenses were staff related expenses, followed by depreciation charges and utilities cost. In response to Mr Mano's enquiry on whether the management has taken the necessary steps to reduce these expenses so as to generate better results, Ms Lai Chin Yee replied that it is not likely to reduce the operating costs substantially due to the continuous elevated inflationary pressure. Instead, the forward direction would be to work on moderating the rate of its increase by emphasising the need to increase the productivity of the work force. The Board noted Mr Mano's view that the management should take drastic measures to reduce operating costs of the Group.

In response to Mr Mano enquiry on the nature of the profit attributable to non-controlling interests of approximately \$253K as presented on page 83 of the Annual Report, Ms Lai Chin Yee clarified that it was the minority shareholders' portion of the profit derived from the Group's non-wholly owned subsidiaries, mainly in Thailand. The amount of profit attributable to non-controlling interests was higher than the profit attributable to the owners of the Company as a result of better profits generated by the Group's non-wholly owned subsidiaries as compared to the Group's wholly-owned subsidiaries.

Another shareholder present, Mr Ho Hai Pang ("Mr Henry Ho") commented that Qian Hu's Annual Report comprises comprehensive information of the Group and its products. However, he noted that the impressive innovative products showcased were not able to translate into revenue or profit for the Group as evident by its unsatisfactory financial performance in recent years. Chairman responded that time is needed to penetrate markets and to realise the full potential of these new innovative products. After the launch of these products, the process of familiarising the consumers with these products through a learning process will also take time. Management was frustrated that it has taken a longer period than anticipated to translate these innovative products sales into revenue growth to a certain extent due to unforeseen circumstances. However, he was positive that the expected results would stream in eventually and reflected accordingly in the Group's performance.

Mr Henry Ho echoed the comment made by Mr Mano earlier on the amount of directors' remuneration vs the profitability of the Group and commented that the management should strike a balance between these two components and that any imbalance in managing these might give rise to sustainability issue going forward.

Making reference to page 65 of the Annual Report on the remuneration paid to the immediate family members of the Chairman, Mr Henry Ho sought clarification from the Chairman on the duties & responsibilities of the three family members mentioned in the Annual Report as they are not part of the senior management team but seemed well remunerated. Chairman replied that although they are not considered senior management in terms of position, they are the co-founders of Qian Hu. He elaborated that they are in charge of local ornamental fish sales (Yap Ping Heng), farm management (Yap Hock Huat) and the farm's retail operations (Yap Kim Chuan). Chairman further explained that, there are other managers, who are non-family members, receiving similar salary package as these three family members. However, as they are not related to the Chairman and/or executive directors, their remuneration particulars are not disclosed in the Annual Report.



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Mr Henry Ho then referred to page 103 of the Annual Report on the tenure of the leasehold land parcel, 69 & 71 Jalan Lekar, and pointed out that it would expire in November 2016. Chairman commented that the Singapore Land Authority (SLA) had extended the lease term of the leasehold land in November 2013 for three years with a lower rental rate. As to the future lease terms upon renewal in Year 2016, he explained that the Animal and Veterinary Authority (AVA) is currently working on and would emerge with a formula to measure the productivity and innovation efforts implemented on the leasehold land as a basis to determine the period of lease to be granted eventually. Chairman informed that he was confident that the authority would approve the lease renewal to the Company upon its expiry in Year 2016. This is in line with the government's drive to promote business continuity and entrepreneurship.

Mr Henry Ho followed-on to seek clarification on the fluctuation in profitability of the Group's ornamental fish business segment from quarter to quarter as reflected on page 25 of the Annual Report. Ms Lai Chin Yee explained that the profitability of the ornamental fish business was affected by the amount of revenue and sales mix registered in each quarter.

Another shareholder, Mr Soo Kwok Weng, raised his concerns on the recoverability of receivables from two of the former subsidiaries of the Group, namely, Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") and Kim Kang Aquaculture Sdn Bhd ("Kim Kang"). Ms Lai Chin Yee replied that the amount due from GZQH and Kim Kang was approximately \$10.5 million and \$3.7 million as at 31 December 2015 respectively. As mentioned on pages 111 and 112 of the Annual Report, the amount due from GZQH was guaranteed by a major shareholder of the Company and a director of the Company, while the amount due from Kim Kang was guaranteed by one of the purchasers of Kim Kang.

Ms Lai Chin Yee further informed that as mentioned in the previous AGMs, the Group continues to have business dealings with GZQH and that GZQH would be able to repay the outstanding debts from its operating and other cash flow. The management had formalised a plan with the management of GZQH to reduce the outstanding amount progressively over the years. As for the amounts due from Kim Kang and its purchasers, in accordance with the Sales and Purchase Agreement and the Advance Repayment Agreement entered into with Kim Kang and its purchasers on 17 October 2012, the final instalment in respect the outstanding amounts would be due in October 2016. She elaborated that the purchasers of Kim Kang has since consented to transfer a piece of land parcel situated in Batu Pahat ("Property") to the Company to be sold, such that the Company is able to realise and receive the outstanding amount out of the net sales proceeds of the Property. The shortfall between the market value of the Property and the amounts due would be settled in cash eventually. As the amount involved is significant, Mr Soo Kwok Weng proposed that the management should assign a dedicated person to look into these long outstanding receivables. Chairman noted his suggestion.

Mr Henry Ho, referred to page 111 of the Annual Report, he noted that the ageing of loans and receivables past due for more than 90 days had increased from \$17.7 million in FY 2014 to \$18.0 million in FY 2015. He would like to know whether there would be any impairment issue in relation to the long outstanding receivables. Ms Lai Chin Yee clarified that the majority of the amount was related to amounts due from GZQH and Kim Kang as mentioned earlier.



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Mr David Lee Chong Meng (“Mr David Lee”), another shareholder, suggested the Company to remunerate its executive directors, who are also the substantial shareholders of the Company, with dividends payments instead of cash payout so as to align their interests with those of the shareholders. Chairman noted his comments.

Mr David Lee continued to inquire on the short lease tenure in relation to the farms located in Bangkok (Thailand). Ms Lai Chin Yee replied that the lease agreements entered into with the local authority were renewable every two to three years.

On Mr David Lee’s query if Qian Hu provides fish doctor services, Chairman replied that such services are normally provided on an ad-hoc basis to attend to specific customers’ requests. As Singapore is a small domestic market, the setting up of a new business segment focusing on providing such services might not be cost effective. Mr David Lee further enquired if the Group would consider selling bird accessories, such as bird cages. Mr Alvin Yap Ah Seng, executive director, commented that the market for bird accessories is too insignificant in Singapore, while pointing out that the Group does export such accessories to overseas countries, such as Indonesia and the Philippines.

Referring to page 111 of the Annual Report, Mr Goh Lian Teck, another shareholder present, noted that of the total amount of \$10.5 million due from GZQH, only \$8.3 million was guaranteed by the major shareholder of the Company and a director of the Company. Ms Lai Chin Yee clarified that the guaranteed amount was in relation to amount owing by GZQH prior to its disposal in FY 2011. The non-guaranteed outstanding amount of \$2.2 million was accumulated from FY 2012 to FY 2015 as a result of the on-going business relationship with GZQH after its disposal as mentioned earlier. With the substantial amounts outstanding from GZQH, Mr Goh Lian Teck felt that it may not be economically viable for the Group to continue its business dealings with GZQH as GZQH might transact with the Group at a higher selling price in order to settle the outstanding amounts. Ms Lai Chin Yee noted his concern and ensured that the Group would review and balance the business essence of its dealings with GZQH. She affirmed that GZQH is not the sole manufacturer for Qian Hu’s proprietary products.

In response to Mr Goh Lian Teck’s question on whether the Group has considered franchising its retail chain store business which it has started since Year 2004, Chairman replied that currently, the Group would prefer to manage its own retail chain stores until its management team had learned enough and had the competence to go into doing franchising. Chairman acknowledged that more efforts had to be put in to growing the retail chain store business as it remained an insignificant business activities within the Group. Mr Goh Lian Teck reminded that while Chairman is working on business transformation and building a company that can last through generations; as a listed company with more than 44% of its shares are being held by public investors, it is also crucial to emphasise on generating respectable profits. He commented that the Chairman should strike a balance in realising visions and addressing the practicability issues, which the Chairman concurred and thanked him for his comments.



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Mr Henry Ho noted that the share price of Qian Hu after its share consolidation exercise in August 2015 has since fallen below 20 cents per share which was the minimum trading price (“MTP”) required as stipulated by the Singapore Exchange Securities Trading Limited (“SGX-ST”) in March 2016. Chairman remarked that SGX-ST has since announced that issuers which had undergone share consolidation exercise before 1 March 2016 would be reviewed for MTP compliance on 1 September 2016. He added that even if a company is placed on the SGX watch-list for non-compliant, it would have three years to carry out the necessary actions to improve its share price so as to comply with the MTP requirement before SGX-ST would delist the company.

Mr Ho Khwai Weng, another shareholder, noted that the value distribution pie chart presented on page 37 of the Annual Report had indicated that only 3% of the distributable financial value went to shareholders in the form of dividends in FY 2015, which he deemed very insignificant. To this, Ms Lai Chin Yee explained that as the Group had registered lower revenue and minimal profit in FY 2015, the percentage of value created to be distributed to employees in the form of remuneration and related costs would emerge noticeably higher relatively.

Mr Ho Khwai Weng then suggested that Qian Hu should consider transferring to Catalist which need not comply with the MTP requirement and also to do away with the quarterly results announcements in order to conserve resources so as to focus on driving business activities. Chairman noted his comments and responded that the Group could explore a few options pending any new directions from SGX-ST on the MTP and quarterly reporting requirements. Mr Goh Lian Teck added that should Qian Hu decide to phase out quarterly reporting, he requested for certain useful information, such as the inventory turnover ratio, be disclosed in the Company’s annual report. Chairman noted his request.

Responding to Mr Henry Ho’s question on whether the Qian Hu’s succession planning programme put in place since Year 2004 is as stipulated, Chairman confirmed that the process is on the right track. A new CEO would take over the helm in Year 2020 and he would step down as the Chairman of the Group in Year 2025.

As there were no further questions, Ordinary Resolution No. 1 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 1 - Adoption of Directors’ Statement and Audited Financial Statements

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,322,584	99.98
Number of votes “AGAINST”	10,875	0.02
Total number of votes cast	<u>61,333,459</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 1 carried.



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2. Declaration of final dividend

The following Ordinary Resolution No. 2 was duly proposed by Chairman and seconded by Mr David Lee Chong Meng:-

“That a final dividend of 0.2 cents Singapore Dollar per ordinary share one-tier tax exempt for the financial year ended 31 December 2015 be paid on 21 April 2016 to members registered in the books of the Company on 11 April 2016.”

The Board noted Mr Ho Khwai Weng’s request for the Company to declare more dividends to the shareholders in the coming years.

As there were no further comments or questions, Ordinary Resolution No. 2 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 2 – Declaration of final dividend

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,276,121	99.48
Number of votes “AGAINST”	317,625	0.52
Total number of votes cast	<u>61,593,746</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 2 carried.

3. Re-election of Director – Mr Alvin Yap Ah Seng

Chairman informed the meeting that Mr Alvin Yap Ah Seng, Ms Lai Chin Yee and Mr Tan Tow Ee were to retire pursuant to Regulation 89 of the Company’s Constitution. Dr Ling Kai Huat was to retire pursuant to Regulation 88 of the Company’s Constitution. All the four directors had consented to offer themselves for re-election. The meeting would vote on the re-election one at a time.

The following Ordinary Resolution No. 3 was duly proposed by Chairman and seconded by Mr Lim Oh Teo:-

“That Mr Alvin Yap Ah Seng, who retired pursuant to Regulation 89 of the Company’s Constitution, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company.”

As there were no questions, Ordinary Resolution No. 3 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided. Mr Alvin Yap Ah Seng abstained from voting.



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The voting results of the poll were as follow:

Ordinary Resolution 3 – Re-election of Director – Mr Alvin Yap Ah Seng

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR” :	57,162,008	99.49
Number of votes “AGAINST” :	292,625	0.51
Total number of votes cast :	<u>57,454,633</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 3 carried.

4. Re-election of Director – Ms Lai Chin Yee

The following Ordinary Resolution No. 4 was duly proposed by Chairman and seconded by Ms Yap Mei Yen Sally: -

“That Ms Lai Chin Yee, who retired pursuant to Regulation 89 of the Company’s Constitution, being eligible and offering herself for re-election be and is hereby re-elected as Director of the Company.”

As there were no questions, Ordinary Resolution No. 4 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided. Ms Lai Chin Yee abstained from voting.

The voting results of the poll were as follow:

Ordinary Resolution 4 – Re-election of Director – Ms Lai Chin Yee

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR” :	61,248,271	99.52
Number of votes “AGAINST” :	292,625	0.48
Total number of votes cast :	<u>61,540,896</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 4 carried.

5. Re-election of Director – Mr Tan Tow Ee

The following Ordinary Resolution No. 5 was duly proposed by Chairman and seconded by Mr Tan Kwong Moh: -

“That Mr Tan Tow Ee, who retired pursuant to Regulation 89 of the Company’s Constitution, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company.”



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As there were no questions, Ordinary Resolution No. 5 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided. Mr Tan Tow Ee abstained from voting.

The voting results of the poll were as follow:

Ordinary Resolution 5 – Re-election of Director – Mr Tan Tow Ee

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,112,959	99.52
Number of votes “AGAINST”	292,812	0.48
Total number of votes cast	<u>61,405,771</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 5 carried.

It was noted that Mr Tan Tow Ee would be considered an Independent Director of the Company, and would remain as member of the Audit Committee, Remuneration Committee and Risk Management Committee and the Chairman of the Audit Committee and Risk Management Committee.

6. Re-election of Director – Dr Ling Kai Huat

The following Ordinary Resolution No. 6 was duly proposed by Chairman and seconded by Mr Tan Teng Hock @ Tan Tong: -

“That Dr Ling Kai Huat, who retired pursuant to Regulation 88 of the Company’s Constitution, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company.”

Chairman introduced Dr Ling Kai Huat who was appointed as an Independent Director of the Company with effect from 1 August 2015 after his retirement from Agri-Veterinary Authority of Singapore (“AVA”) in June 2015. He was the Head of the Ornamental Fish Section of AVA from 1991 to 2011 and the Senior Specialist of AVA from 2012 to 2015. Chairman added that Dr Ling’s experience and proficiency was well sought after by the Group and the Board believed that he would be able to contribute his knowledge and expertise towards the Group’s aquaculture projects going forward.

On the independent directors who has served the Board for more than nine years, Ms Lai Chin Yee commented that it was mentioned on page 42 of the Annual Report that the independence of these directors are subjected to rigorous review in accordance with Guideline 2.4 of the Code of Corporate Governance 2012. The Board recognised that these long-serving independent directors might over time develop significant insights in the Group’s business and operations, and could continue to provide noteworthy and valuable contribution to the Board. Their independence should be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they had served on the Board.



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Chairman added that the Company did not set a tenure for independent directors to serve on the Board. However, it had stipulated that a director should not have in aggregate more than four listed company board representations and other principal commitments concurrently so as to be able to devote sufficient time and attention to the affairs of the Company.

As there were no further questions, Ordinary Resolution No. 6 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 6 – Re-election of Director – Dr Ling Kai Huat

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,265,496	99.52
Number of votes “AGAINST”	292,625	0.48
Total number of votes cast	<u>61,558,121</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 6 carried.

It was noted that Dr Ling Kai Huat would be considered an Independent Director of the Company, and would remain as member of the Audit Committee and Nominating Committee.

7. Approval of Directors' Fees

The following Ordinary Resolution No. 7 was duly proposed by Chairman and seconded by Mr Tan Wee Han:-

“That the payment of Directors’ fees of \$90,417/- for the financial year ended 31 December 2015 be and is hereby approved.”

Mr Mano would like the Chairman to consider trimming the existing Board size. He is of the view that based on the Group’s current level of operations, a board size of five members should be sufficient. Chairman thanked him for the suggestion and remarked that he would seriously consider the suggestion.

As there were no further comments or questions, Ordinary Resolution No. 7 was put to a vote by poll. Mr Tan Tow Ee and Mr Chang Weng Leong abstained from voting.



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The voting results of the poll were as follow:

Ordinary Resolution 7 – Approval of Directors’ Fees

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,193,659	99.44
Number of votes “AGAINST”	342,937	0.56
Total number of votes cast	<u>61,536,596</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 7 carried.

8. Re-appointment of Auditors

Chairman informed the meeting that KPMG LLP had expressed their willingness to accept re-appointment as auditors of the Company.

The following Ordinary Resolution No. 8 was duly proposed by Chairman and seconded by Ms Wong Ai Cheng:-

“That KPMG LLP be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

As there were no questions, Ordinary Resolution No. 8 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 8 – Re-appointment of Auditors

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,328,621	99.53
Number of votes “AGAINST”	292,625	0.47
Total number of votes cast	<u>61,621,246</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 8 carried.

9. Any Other Business

As there was no other business, Chairman proceeded to the Special Business of the meeting.



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SPECIAL BUSINESS

Ordinary Resolution

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

The following Ordinary Resolution No. 9 was duly proposed by Chairman and seconded by Mr Tan Kwong Moh:-

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

- (a) (i) *allot and issue shares in the capital of the Company (“Shares”) (whether by way of rights, bonus or otherwise); and/or*
- (ii) *make or grant offers, agreements, or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,*

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

- (b) *(notwithstanding the authority conferred by this Resolution may have ceased to be in force):*
 - (i) *issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and*
 - (ii) *issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above,*

provided that:

- (1) *the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the Company’s total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below); and*
- (2) *(subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:-*



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- (a) *new Shares arising from the conversion or exercise of convertible securities;*
 - (b) *new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and*
 - (c) *any subsequent bonus issue, consolidation or subdivision of Shares;*
- (3) *in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and*
- (4) *(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”*

Mr Mano commented that in view of the low share price of the Company, the Board should be prudent in the allotment of new shares so as not to dilute the shareholdings of the existing shareholders. He further suggested that the Company could consider issuing free warrants to existing shareholders to lift its share price. The cash received from the exercise of warrants by warrants holders subsequently would serve as a good source of capital for the Company. Chairman noted Mr Mano’s remarks.

As there were no further comments or questions, Ordinary Resolution No. 9 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 9 – General Mandate to authorise the Directors to issue shares or convertible securities

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,261,121	99.35
Number of votes “AGAINST”	399,500	0.65
Total number of votes cast	<u>61,660,621</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 9 carried.



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11. Renewal of Share Buyback Mandate

The Chairman informed the shareholders that the Share Buyback Mandate which had been approved by the shareholders at the last Annual General Meeting of the Company held on 19 March 2015 would expire at this meeting and under the Companies Act, the renewal of the Share Buyback Mandate (the “Mandate”) would require the consent of the shareholders at each AGM. A copy of the “Appendix to shareholders in relation to the proposed renewal of Share Buyback Mandate” relating to the proposed renewal of the Mandate had been despatched together with the Notice of AGM to the shareholders for reference.

The following Ordinary Resolution No. 10 was duly proposed by Chairman and seconded by Ms Ow Yong Eng Seng:-

“That:

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

- (i) *market purchase(s) (each a “Market Purchase”) transacted through the SGX-ST’s ready market or, as the case may be, on another stock exchange on which the Shares are listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or*
- (ii) *off-market purchase(s) (each an “Off-Market Purchase”) effected pursuant to an equal access scheme (as defined in Section 76C of the Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Act and the Listing Rules,*

be and is hereby authorised and approved generally and unconditionally (the “Share Buyback Mandate”);

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

- (i) *the date on which the next Annual General Meeting (“AGM”) of the Company is held or required by the law to be held;*
- (ii) *the date on which the authority conferred by the Share Buyback Mandate is revoked or varied; or*
- (iii) *the date on which Share Buybacks are carried out to the full extent mandated;*



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(c) *in this Resolution:*

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

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

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

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

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

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

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

In response to Mr David Lee’s enquiry on the rationale for the renewal of the Share Buyback Mandate, Chairman explained that the purpose of the Share Buyback Mandate would allow the Company to have a mechanism in place to act on a timely basis as and when required thus mitigating the effects of the financial crisis and instilling shareholders’ confidence.

Mr David Lee felt that the Company should consider doing some share buyback now as the share price of the Company was low. Chairman commented that the Group needs to prioritise its cash flow requirements and to review the circumstances before undertaking any share buyback actions. Mr Mano was of the view that the Share Buyback Mandate was generally ineffective. He added that if any cash should be utilised to buy back the shares of the Company, the management should consider using the cash to pay dividends to shareholders instead.

Mr Soo Kwok Weng suggested that the directors should buy back shares of the Company personally in order to enhance shareholders’ confidence. He further proposed that the executive directors be remunerated partially in shares instead of cash.

Chairman thanked the shareholders for their comments.



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As there were no further comments or questions, Ordinary Resolution No. 10 was put to a vote by poll. Shareholders were informed to cast their votes using the handheld device provided.

The voting results of the poll were as follow:

Ordinary Resolution 10 – Renewal of Share Buyback Mandate

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	61,144,834	99.23
Number of votes “AGAINST”	473,912	0.77
Total number of votes cast	<u>61,618,746</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 10 carried.

There being no further business, the meeting ended at 12.45 p.m. Chairman thanked the support of all the shareholders of Qian Hu.

**CONFIRMED AS A CORRECT RECORD
OF THE PROCEEDINGS OF THE MEETING**

KENNY YAP KIM LEE
CHAIRMAN