



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

**Minutes of the Eighth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Monday, 19 March 2007 at 11.00 a.m.**

**Present**

**Board of Directors/Secretaries**

1. Mr Kenny Yap Kim Lee
  - (i) Executive Chairman & Managing Director
  - (ii) Shareholder
  - (iii) Proxy for:
    - DBS Nominees (Private) Ltd
    - HSBC (Singapore) Nominees Pte Ltd
    - Mr Yap Hock Huat
    - Mr Yap Kim Choon
    - Mr Yap Kim Chuan
    - Mr Yap Ping Heng
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 Robson Lee Teck Leng (Director)  
Shareholder
6. Mr Chang Weng Leong (Director)  
Shareholder
7. Mr Tan Tow Ee (Director)  
Shareholder
8. Ms Sharon Yeoh (Company Secretary)  
M & C Services Private Limited

**Shareholders**

1. Ms Yap Saw Chin
2. Ms Chua Kiew Choo
3. Ms Yap Ai Hua
4. Mr Chiam Hock Poh
5. Mr Leong Seng Kei @ Tan Beng Guan
6. Mr Cheng Yow Hui @ Cheng Yow Hooi
7. Mr Ng Eng Seng
8. Mr Tan Siew Huat
9. Mr Chiam Ah Kee
10. Mr Lee Kim Hwat
11. Mr Ho Khwai Weng
12. Ms Tan Ah Moi
13. Ms Yeo Bee Choo
14. Ms Liu Gim Hong
15. Ms Leh Bee Hoe
16. Mr Soo Kwok Weng
17. Ms Yap Ai Choo
18. Mr Goh Lian Teck
19. Mr Chiang Yew Kwong
20. Mr Chong Aik Boo

**Proxies**

21. Ms Wong Po Kew  
Proxy for Mr Chong Aik Boo
22. Mr Chiam Heng Hsien  
Proxy for Mr Ng Ah Leck
23. Ms Lee Tuan  
Proxy for Mr Vijeyacone Ariyacone
24. Ms Chen Lin Chin  
Proxy for Ms Tan Sok Hwa

**Observers**

25. Ms Tan Chwee Lian
26. Ms Chiam Xue Shan

## **Present (cont'd)**

### **In Attendance**

1. Mr Alvin Phua  
Ernst & Young
2. Ms May Yo Yee  
Ernst & Young
3. Mr Danny Teoh  
KPMG
4. Mr Phillip Lee  
KPMG
5. Ms Christina Lee  
Shook Lin & Bok
6. Ms Amelia Wong  
M & C Services Private Limited
7. Ms Doris Chua  
M & C Services Private Limited
8. Ms Sam Mei Ling  
M & C Services Private Limited

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

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

## **ORDINARY BUSINESS**

### **1. Adoption of Reports and Financial Statements**

On the request of Chairman, the following Ordinary Resolution No. 1 was duly proposed by Ms Yap Saw Chin and seconded by Ms Liu Gim Hong:-

“That the Directors’ Report and Audited Accounts for the financial year ended 31 December 2006 and the Auditors’ Report thereon be and are hereby received and adopted.”

Chairman invited questions from shareholders on the Reports and Financial Statements for the financial year ended 31 December 2006 (“FY 2006”).

A shareholder, Mr Leong Seng Kei, noted that there was a 41.6% increase in minority interests from \$897K in FY 2005 to \$1.27 million in FY 2006 on page 44 of the Annual Report 2006 (“Annual Report”). Chairman replied that the increase in minority interests was due to the increase in profit contribution from the Group’s 65% owned subsidiary, Kim Kang Aquaculture Sdn Bhd (“Kim Kang”), during FY 2006. He added that the increase in profit contributions from any of the Group’s non wholly-owned subsidiaries would result in the increase in the share of minority interests accordingly.

Another shareholder, Mr Soo Kwok Weng, referred to page 114 of the Annual Report and would like to know why was there additional allowance for doubtful trade receivables made during FY 2006 of \$500K and the chances of recovering these doubtful trade receivables. Chairman replied that the additional allowance made were pertaining to trades transacted in both the domestic and overseas markets, including doubtful trade receivables identified by the Group's overseas subsidiaries. He commented that the Group had always adopted a conservative and prudent approach in making allowance for doubtful trade receivables. As the Group's turnover increased in FY 2006, the allowance made for such doubtful trade receivables increased accordingly. With regard to the chances of recovering these receivables, he said that he was not in the position to comment specifically as it was a normal practice for companies to make such allowance. However, he assured shareholders that management was mindful and would always be actively involved in recovering such doubtful trade receivables.

Mr Soo Kwok Weng further enquired how the amount written off against allowance made for amount due from associate as stated on page 116 of the Annual Report tied up with the allowance made for doubtful trade receivables as mentioned earlier. Chairman explained that the allowance made for amount due from associate was either written off or transferred to allowance made for doubtful trade receivables upon the disposal of the Group's interest in its associate in Taiwan (Republic of China), Jin Jien Hsing Enterprise Co., Ltd, in FY 2006.

Mr Goh Lian Teck referred to page 84 of the Annual Report with regard to "Bills payable to banks". He sought clarification on the reasons for the significant increase in bills payable balance from \$2.7 million as at 31 December 2005 to \$5.2 million as at 31 December 2006. Ms Lai Chin Yee, Finance Director, explained that bills payable was a form of financing available and utilised by Kim Kang for the acquisition of additional brooder stocks which was part of its farm expansion undertaken in FY 2006. The increase in bills payable was in line with the increase in brooder stocks acquired during FY 2006.

On Mr Tan Siew Huat's request to elaborate on "Consultancy and professional fees" disclosed on page 47 of the Annual Report, Chairman replied that in pursuing for business excellence, the Group had constantly incurred fees to engage outside professionals to assist in upgrading its information technology system, enhancing its human resource system (Qian Hu was certified under People Developer Standards in January 2006) and carrying out research and development initiatives (in collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish since 2004).

Mr Soo Kwok Weng noted from the segment reporting on page 128 of the Annual Report that the profit margin from the accessories business had decreased over the years while that from the plastics business seemed to have increased. He asked whether the Group should look into expanding its plastics operations and whether there were any efforts put in place to improve the profit margin of the accessories business. To this, Chairman replied that plastics had always been an auxiliary business to the Group, as such, unless the Group came across opportunities which were in alignment with its growth strategy, it would not consider further investment in its plastics operations. The accessories business, on the other hand, was a core business activity of the Group. During the past two and a half years, the profitability of the accessories business had been affected by the transformation process underwent by the Group. With the "tree-pruning" phase of consolidation and the business model transformation substantially completed, it was the management's duty to bring the accessories' profit margin back to a respectable level. He commented that the accessories business would be more export-oriented going forward. It should leverage on the Group's existing distribution network and infrastructure available to explore more untapped markets with growth potential.

Mr Tan Siew Huat enquired the Company's Section 44 tax credit balance. Chairman responded that after the payment of the first and final dividend declared for FY 2006, the balance of the Section 44 tax credit would be approximately \$2 million. On whether the Company would be able to completely utilise its Section 44 tax credit balance prior to the deadline of transferring to the one-tier tax system (i.e. by 31 December 2007), he informed that the Board would discuss the subject in due course and would make relevant announcement on its decision by the first half of 2007.

As there were no further questions, Ordinary Resolution No. 1 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 1 carried.

## **2. Declaration of First and Final Dividend**

Chairman highlighted the reduction of corporate tax rate from 20% to 18% for Year of Assessment 2008 as announced on 15 February 2007 during the Budget Announcement and accordingly, the proposed first and final dividend of 0.6 cents would be subjected to a corporate tax rate of 18% instead of 20% as stated in the Notice of the AGM.

The following Ordinary Resolution No. 2 was duly proposed by Ms Yap Ai Hua and seconded by Ms Yap Saw Chin:-

“That a first and final dividend of 0.6 cents per ordinary share less 18% Singapore income tax for the financial year ended 31 December 2006 be paid on 11 April 2007 to members registered in the books of the Company on 28 March 2007.”

As there were no questions, Ordinary Resolution No. 2 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 2 carried.

## **3. Re-election of Director**

Chairman informed the meeting that Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong, both Executive Directors, were to retire pursuant to Article 89 of the Company's Articles of Association. Both 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 Mr Chiang Yew Kwong and seconded by Ms Liu Gim Hong:-

“That Mr Alvin Yap Ah Seng, who retired pursuant to Article 89 of the Company's Articles of Association, 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. Mr Alvin Yap Ah Seng abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 3 carried.

#### **4. Re-election of Director**

The following Ordinary Resolution No. 4 was duly proposed by Ms Chua Kiew Choo and seconded by Ms Tan Ah Moi: -

“That Mr Andy Yap Ah Siong, who retired pursuant to Article 89 of the Company’s Articles of Association, 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. 4 was put to a vote. Mr Andy Yap Ah Siong abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 4 carried.

#### **5. Approval of Directors' Fees**

Chairman informed the shareholders that during the last AGM, the Company had proposed to increase the directors’ fees paid to its independent directors to \$12,000/- per annum per independent director in recognition of their onerous duties and positive contributions to the different aspects of the Group’s business. The executive directors did not receive directors’ fees.

The following Ordinary Resolution No. 5 was duly proposed by Mr Goh Lian Teck and seconded by Ms Yap Saw Chin:-

“That the payment of Directors’ fees of \$36,000/- for the financial year ended 31 December 2006 be and is hereby approved.”

In response to Mr Leong Seng Kei’s query on the areas of increase in duties and responsibilities of the independent directors, Chairman commented that there had been numerous changes made to the Singapore Financial Reporting Standards (“FRS”) and the Code of Corporate Governance in the recent years and the directors, including the independent directors, had the duties to ensure that the Company complied with such changes. He added that with the current ever-changing business environment, more time would have to be devoted by the independent directors to contribute constructively to assist the board in its exploring of business opportunities and deliberations of business strategies to face the challenging times ahead.

As there were no further questions, Ordinary Resolution No. 5 was put to a vote. The independent directors, Mr Robson Lee Teck Leng, Mr Chang Weng Leong and Mr Tan Tow Ee, abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 5 carried.

#### **6. Re-appointment of Auditors**

Chairman informed the meeting that the rationale for the change of auditors from Ernst & Young to KPMG was set out in the letter to shareholders dated 23 February 2007 which had been despatched to shareholders together with the Annual Report. Further announcement was made on 28 February 2007 via SGXNET, confirming that Ernst & Young had confirmed to KPMG that they were not aware of any professional reasons why KPMG should not accept the appointment as auditors of the Company. In addition, Ernst & Young and the Board were not aware of any accounting and auditing matters relating to the audit of the Company, which in their opinion should be brought to the attention of KPMG. There were no other circumstances connected with the change of auditors that needed to be brought to the attention of the shareholders. KPMG had expressed their willingness to accept the appointment as auditors of the Company.

On behalf of the Company, Chairman expressed appreciation to Ernst & Young, represented by Mr Alvin Phua and Ms May Yo Yee, for their professional services rendered to the Group for the past years.

The following Ordinary Resolution No. 6 was duly proposed by Ms Yeo Bee Choo and seconded by Mr Tan Siew Huat:

“That KPMG be and are hereby appointed as Auditors of the Company in place of Ernst & Young to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

Mr Soo Kwok Weng made reference to the amount of auditors’ remuneration as stated on page 121 of the Annual Report and commented that the audit fees paid to Ernst & Young had increased from \$66K in FY 2005 to \$80K in FY 2006. He asked whether the appointment of new auditors would further increase the amount of auditors’ remuneration in FY 2007 as the new auditors might incur “set-up” cost and require more time in understanding the Group’s businesses. Chairman clarified that the higher audit fees incurred in FY 2006 were due to additional work carried out by the auditors as a result of new/additional audit procedures and disclosures as required by the new FRSs. Ms Lai Chin Yee added that the Company had an understanding with KPMG that the amount of auditors’ remuneration for FY 2007 should not be higher than that of FY 2006. On Mr Soo Kwok Weng’s remarks of incurring “set-up” cost by the new auditors, she commented that KPMG could leverage on the level of their understanding of the Group’s business operations and its control environment when they acted as the Group’s internal auditors previously. .

Mr Goh Lian Teck asked whether the Company would be appointing another professional firm to be the Group’s internal auditors as KPMG could no longer act as its internal auditors upon their appointment as external auditors. Ms Lai Chin Yee confirmed that the Company would appoint new internal auditors for its internal audit work in FY 2007.

As there were no further questions, Ordinary Resolution No. 6 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 6 carried.

## **7. Any Other Business**

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

## **SPECIAL BUSINESS**

### **Ordinary Resolution**

## **8. General Mandate to Authorise the Directors to Issue Shares or Convertible Securities**

The following Ordinary Resolution No. 7 was duly proposed by Ms Yap Ai Hua and seconded by Ms Chua Kiew Choo:-

“That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the “Listing Rules”), authority be and is hereby given to the Directors of the Company to allot and issue: -

- (a) shares; or
- (b) convertible securities; or
- (c) additional securities issued pursuant to Rule 829 of the Listing Rules; or
- (d) shares arising from the conversion of securities in (b) and (c) above,

in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that: (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution must be not more than 50% of the issued share capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the issued share capital of the Company (calculated in accordance with (ii) below); and (ii) for the purpose of determining the number of shares and convertible securities that may be issued pursuant to (i) above, the percentage of issued share capital shall be calculated based on the Company's issued share capital at the time of the passing of this resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution and (c) any subsequent consolidation or subdivision of shares. Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this resolution shall remain in force until the earlier of 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 earlier."

As there were no questions, Ordinary Resolution No. 7 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 7 carried.

There being no further business, the meeting ended at 11.40 a.m. Chairman thanked the support of all the shareholders of Qian Hu.

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



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**KENNY YAP KIM LEE**  
**CHAIRMAN**