



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

Minutes of the Ninth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Tuesday, 11 March 2008 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:
 - Qian Hu Holdings Pte Ltd
 - Hong Leong Finance Nominees Pte Ltd
 - DBS Nominees (Private) Limited
 - Citibank Nominees Singapore Pte Ltd
 - Mr Yap Ping Heng
 - Mr Yap Hock Huat
 - Mr Yap Kim Choon
 - Mr Yap Kim Chuan
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. Mr Chiam Hock Poh
2. Mr Ho Khwai Weng
3. Mr Lim Oh Teo
4. Mr Tan Whee Li
5. Mr Liew Yee Fatt
6. Mr Wong Po Kew
7. Mr Teo Swee Ngor
8. Mr Choo Chee Kiong
9. Mr Cheng Choo Jang
10. Ms Tan See Wah
11. Ms Pae Bee Yong
12. Ms Chiang Mee Fong
13. Ms Tan Siew Huat
14. Ms Susan Ho Soon Boey
15. Mr Chong Yih Tyng
16. Mr Goh Aik Tshin
17. Ms Yeo Heng Kit
18. Ms Leh Bee Hoe
19. Mr Ng Eng Seng
20. Mr Chong Aik Boo
21. Mr Teo Cheng Hai Ronnie
22. Mr Yew Soon Tieh
23. Mr Tee Poi Teng
24. Mr Leong Seng Kei
25. Mr Sim Seng Yong
26. Ms Chia Kwee Ching
27. Mr Goh Lian Teck
28. Ms Chua Kiew Choo
29. Ms Tan Mui Lan
30. Mr Ee Hock Beng
31. Mr Quek Nam Kee

Proxies

32. Ms Gay Ah Fong Judy
Proxy for Mr Neo Chin Leong
33. Ms Chen Lin Chin
Proxy for Mr Neo Chin Leong

Observers

34. Mr Han Keen Juan
35. Ms Chow Hui Shien
36. Ms Jasmine Chew
37. Mdm Kweek Nan
38. Ms Chiam Xue Shan

Present (cont'd)

In Attendance

1. Mr Philip Lee
KPMG
2. Ms Wang Pei Pei
KPMG
3. Ms Sam Mei Ling
M & C Services Private Limited
4. Ms Angeline Chiang
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 Mr Leong Seng Kei and seconded by Mr Choo Chee Kiong:-

“That the Directors’ Report and Audited Accounts for the financial year ended 31 December 2007 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 2007 (“FY 2007”).

A shareholder, Mr Goh Lian Teck, referred to Page 3 of the Annual Report 2007 (“Annual Report”) wherein it was mentioned “..... *“Qian Hu” brand of Dragon Fish is perceived as a premium brand in Northeast China.....*”. He enquired on what basis Qian Hu made such statement. Chairman explained that the supply of Dragon Fish in China was mainly from a few countries, namely Singapore, Malaysia and Indonesia. Each of the “Qian Hu” brand of Dragon Fish came with a certificate and tag number which could be verified against the Dragon Fish database contained in Qian Hu’s website. With such quality assurance, the Group was able to distinguish its own brand of Dragon Fish and was able to commend higher profit margin as compared with other distributors.

Mr Goh Lian Teck then referred to page 16 of the Annual Report which mentioned that Arcadia (Qian Hu’s 20% associate) was expected to outsource its entire production of aquarium lamps to the Group’s factory in Guangzhou. On this, he would like to know the extent of the recent severe snow storm in China had affected the Guangzhou factory operations. Chairman commented that the snow storm had not had significant impact on the Guangzhou factory operations as it occurred mainly in the Central and Eastern part of China. He added that the transportation of raw materials and the logistics arrangements for the factory’s export were not affected as the factory’s supplies were mainly from the Southern region of China. The electricity supply to the Guangzhou factory was also not interrupted during the snow storm.

Another shareholder, Mr Yew Soon Tieh referred to page 137 of the Annual Report and requested for elaboration on the reduction in the Group's reserves balance from S\$23.5 million in FY 2006 to S\$18.7 million in FY 2007. Ms Lai Chin Yee, Finance Director, explained that the reduction was mainly due to the payment of a special interim dividend of 8.54 cents per share less tax of 18% on 25 September 2007 amounted to approximately S\$9.1 million from the accumulated profits. She referred Mr Yew Soon Tieh to the Statements of Changes in Equity on page 97 of the Annual Report wherein movements of the various categories of reserve balances were shown. Mr Yew Soon Tieh commented that not every shareholder benefited from the special interim dividend payout as he bought the Qian Hu shares at a high price. He then asked whether any dividend would be paid going forward. Chairman responded that capital gain was a separate issue regardless of the Company's dividend policy. In addressing Mr Yew Soon Tieh's query on the payment of dividend, he said that the Company had not set a concrete dividend policy at present. Any future dividend payment would take into consideration the Group's profit growth, cash position, positive cash flow generated from operations and the projected capital requirements for business expansion. Chairman added that, except for FY 2004 when the Group commenced its restructuring exercise which required cash funding, the Company had been paying dividend every year since it was listed in FY 2000.

Mr Goh Lian Teck sought clarification on the nature of the restatement of comparative figures made as shown in the Balance Sheets on page 94 of the Annual Report. Ms Lai Chin Yee referred Mr Goh Lian Teck to page 171 of the Annual Report wherein it was disclosed that the restatement was made to recognise a prior year adjustment of a subsidiary whereby deferred tax liability was not adequately provided for previously; hence, affected the calculation of goodwill on consolidation. The restatement had no impact on the accumulated profits of the Group.

Mr Goh Lian Teck further enquired on the increase in the amount of unsecured long-term loan (non-current portion) from S\$0.6 million as at 31 December 2006 to S\$1.4 million as at 31 December 2007 on page 138 of the Annual Report. Ms Lai Chin Yee responded that the additional unsecured loan was taken up by a subsidiary to finance the acquisition of a new piece of land in Batu Pahat, Malaysia.

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. Re-election of Director

Chairman informed the meeting that Mr Chang Weng Leong, Mr Robson Lee Teck Leng and Ms Lai Chin Yee, were to retire pursuant to Article 89 of the Company's Articles of Association. All three 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. 2 was duly proposed by Mr Goh Lian Teck and seconded by Ms Chua Kiew Choo:-

"That Mr Chang Weng Leong, 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. 2 was put to a vote. Mr Chang Weng Leong abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 2 carried.

It was noted that Mr Chang Weng Leong was considered an independent director, and would remain a member and Chairman of the Remuneration Committee and member of the Audit and Nominating Committees.

3. Re-election of Director

The following Ordinary Resolution No. 3 was duly proposed by Mr Goh Lian Teck and seconded by Ms Pae Bee Yong: -

“That Mr Robson Lee Teck Leng, 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 Robson Lee Teck Leng abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 3 carried.

It was noted that Mr Robson Lee Teck Leng was considered an independent director, and would remain a member and Chairman of the Audit Committee and member of the Remuneration and Nominating Committees.

4. Re-election of Director

The following Ordinary Resolution No. 4 was duly proposed by Mr Kenny Yap Kim Lee and seconded by Ms Chia Kwee Ching: -

“That Ms Lai Chin Yee, who retired pursuant to Article 89 of the Company’s Articles of Association, 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. Ms Lai Chin Yee abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 4 carried.

5. Approval of Directors' Fees

Chairman mentioned that the management was aware that the directors’ fees paid to the independent directors, namely Mr Robson Lee Teck Leng, Mr Chang Weng Leong and Mr Tan Tow Ee, were not commensurate with current market rate. In a move to adjust the amount of directors’ fees to the market rate, the Company had since FY 2006 revised the director’s fee to S\$12,000 from S\$10,000 (since the listing of the Company in FY 2000) per annum per independent director. For FY 2007, approval would be sought at this AGM from shareholders to increase the director’s fee to S\$15,000 per annum per independent director. Chairman informed that the director’s fees would be increased to S\$18,000 in FY 2008 subject to shareholders’ approval. It was noted that the executive directors did not receive directors’ fees.

The following Ordinary Resolution No. 5 was duly proposed by Ms Chia Kwee Ching and seconded by Mr Choo Chee Kiong:-

“That the payment of Directors’ fees of S\$45,000/- for the financial year ended 31 December 2007 be and is hereby approved.”

As there were no questions, Ordinary Resolution No. 5 was put to a vote. 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 KPMG were appointed as the Company's auditors with effect from financial year ended 31 December 2007. KPMG had expressed their willingness to accept re-appointment as auditors of the Company.

The following Ordinary Resolution No. 6 was duly proposed by Ms Chua Kiew Choo and seconded by Ms Pae Bee Yong:-

“That KPMG 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. 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 Mr Goh Lian Teck and seconded by Mr Robson Lee Teck Leng :-

“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,

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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 shares in the 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 shares in the 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 number of issued shares in the capital of the Company 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 11.25 a.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