



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

Minutes of the Eleventh Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Tuesday, 16 March 2010 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
 - Citibank Nominees Singapore 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)
Corporate Alliance Pte Ltd

In Attendance

1. Mr Philip Lee
KPMG LLP
2. Mr Yeo Kheng Chye
KPMG LLP
3. Ms Lynette Loo
Corporate Alliance Pte Ltd
4. Ms May Yeo
Corporate Alliance Pte Ltd

Shareholders

1. Ms Susan Ho Soon Boey
2. Mr Chin Thin Koon
3. Mr Goh Ah Tha William
4. Mr See Hock Lye
5. Mr Ow Hai Yong Stephen
6. Mr Lee Chee Meng
7. Ms Lim Teck Siong
8. Ms Yew Soon Tieh
9. Mr Tan Swan Khoon
10. Ms Chiam Hock Poh
11. Ms Han Chiew Yuen Hazel
12. Mr Tan Boon Kim
13. Ms Yap Mei Yen Sally
14. Mr Chong Num Kwee
15. Mr Goh Aik Tshin
16. Mr Chew Lin Teck
17. Mr Tan Wee Han
18. Mr Low Chai Yeong
19. Mr Lim Oh Teo
20. Mr Wong Ai Cheng
21. Mr Wee Chong Lim
22. Mr Leong Seng Kei @ Tan Beng Guan
23. Mr Tan Kwong Moh
24. Mr Wong Po Kew
25. Mr Cheng Aik Boo
26. Ms Tan Geok Kheng
27. Mr Tan Kian Lye
28. Mr Goh Lian Teck
29. Mr Wong Yin Kew
30. Mr Choo Chee Kiong
31. Mr TRC Raja
32. Ms Yap Saw Chin
33. Mr Leh Bee Hoe
34. Ms Chua Kiew Choo
35. Ms Ho Khwai Weng
36. Mr Chien Yuk Chun Dennis
37. Mr Kuan George
38. Mr Yeo Heng Kit
39. Mr Tan See Wah
40. Mr Goh Loi Heng
41. Mr Quek Nan Kee
42. Mr Heng Yiam Hwee
43. Mr Cheng Choo Jang
44. Mr Ng Koon Yong
45. Mr Tee Poi Teng



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5. Ms Joannah Paras
Corporate Alliance Pte Ltd
6. Ms Amelia Wong
M & C Services Private Limited
7. Ms Christine Loh
M & C Services Private Limited
8. Ms Khor Yoke Kean
Boardroom Corporate & Advisory Services Pte. Ltd.
9. Ms Jolene Ting
Boardroom Corporate & Advisory Services Pte. Ltd.

Proxies

46. Ms Gay Ah Fong Judy
Proxy for Ms Chen Lin Chin
47. Ms Lim Yue Li
Proxy for Ms Chiang Mee Fong
48. Mr Lau Kim Hup
First Proxy for Ms Ho Yuet Sim
49. Mr Yeow Meng Quee
Second Proxy for Ms Ho Yuet Sim
50. Mr Manohar P Sabnani
Proxy for Mdm Mohini Ramchand
Nathani
51. Ms Tan Sok Hwa
Proxy for Mr Neo Chin Leong
52. Mr Chiam Heng Hsien
First Proxy for Ms Ng Ah Leck @
Ng Siew Choo
53. Ms Chiam Xue Shan
Second Proxy for Ms Ng Ah Leck @
Ng Siew Choo

Observers

54. Ms Wong Mui Sing
55. Ms Chan Guek Nya
56. Mr Ong Swee Boon
57. Mr Ong Kim Key
58. Mr Yeo Boon Teck
59. Mr Guan Yunxuan
60. Mr Ho See Kim

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, 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.

Chairman further informed that as part of the Company’s continuing move to maintain a high standard of corporate governance, voting on all resolutions to be passed at the AGM would be conducted by poll. He then demanded for a poll to which the Secretary advised that the demand for a poll was in accordance with the provisions of the Articles of Association of the Company. The meeting also noted that under the Articles of Association, 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.



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Chairman announced that for purpose of conducting the poll, the Company would be using the poll voting system provided by Boardroom Corporate & Advisory Services Pte. Ltd (“Boardroom”).

The meeting noted that there would be ten 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.

At this juncture, Chairman invited Ms Khor Yoke Kean, director and representative of Boardroom to brief the meeting on the polling procedures.

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 @ Tan Beng Guan and seconded by Mr TRC Raja :-

“That the Directors’ Report and Audited Accounts for the financial year ended 31 December 2009 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 2009 (“FY 2009”).

Mr Low Chai Yeong, a shareholder present, noted from page 7 (Chairman’s Message) of the Annual Report 2009 (“Annual Report”) that the net assets backing per share was 16.40 cents as at 31 December 2009 while the share price of Qian Hu’s shares as at the close of business on 15 March 2010 (being the trading day before the AGM date) was 14.50 cents per share. He would like to know why the shares of the Company were trading below book value. Chairman explained that as the CEO of Qian Hu, his duty was to run a good company with sustainable growth and profit. Neither he nor the management team could control market sentiments or any short-term share price fluctuations. He re-assured shareholders that he was aware of his duties and responsibilities and it was always his intention to create and enhance long-term value and returns to the shareholders. He requested shareholders to continue to support and have faith in the business model of the Group as well as its management team.

Referring to page 109 of the Annual Report, Mr Low Chai Yeong observed that the company name of a 65% owned subsidiary, Kim Kang Aquaculture Sdn Bhd (“Kim Kang”), does not contain “Qian Hu” therein, which was inconsistent with the company name of the other subsidiaries within the Group. Chairman informed that Kim Kang’s Chinese name is 仟湖金江水族宠物有限公司. He explained that due to certain technicality issues, there were some difficulties and could be costly to change Kim Kang’s English name into “Qian Hu Kim Kang Aquaculture Sdn Bhd” in Malaysia. Hence, from the practical point of view, decision had been taken to maintain Kim Kang’s existing name.



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Mr Low Chai Yeong further referred to pages 128 and 129 of the Annual Report wherein he noted that the accessories and plastics segments had better yield in FY 2009 as compared to FY 2008 while the net profit margin derived from the ornamental fish segment had dropped from 14.1% (in FY 2008) to 12.8% (in FY 2009). He commented that the reason(s) for the decrease in margin should be highlighted in the Annual Report. Chairman explained that unlike the accessories or plastics businesses, ornamental fish sales would be subject to seasonal demand and supply of certain fish species, hence; there could be price fluctuations which might result in the variation of profit margin. Chairman pointed out that such fluctuations in margin were mainly due to differences in product mix and were not deteriorations. He further suggested to Mr Low to make comparison of the yield over a five to ten years period instead of on a year-on-year basis. Ms Lai Chin Yee, Finance Director, then added that explanations on the profitability by segment could be found on page 31 of the Annual Report.

On the Group's five visions as stipulated on page 1 of the Annual Report, Mr Low Chai Yeong asked whether there was a timeline set out in achieving all the five visions, especially the first vision, i.e. to become the world's No. 1 ornamental fish exporter. Chairman shared that Qian Hu was currently quite close to achieving that. He gave an indicative estimation of five years for the Group to become the world's No. 1 ornamental fish exporter.

Another shareholder, Mr Goh Lian Teck, complimented the management for a job well done on the modest improvement in performance and the various awards received by the Company in FY 2009. He would like to know the percentage of revenue contribution from the Group's retail chain stores and whether such sales were cash sales or otherwise. Chairman informed that the retail chain stores activities which were mostly in Malaysia and Thailand constituted approximately 6% of the total revenue in FY 2009. He shared that the Group started the chain store concept almost five years ago and these stores were providing good cash flow as most of the sales were in cash. He noted the potential in the chain store concept and the possible gradual growth in the number of retail stores. However; it should not require significant amounts of investment as the internal generated cash from these stores would be used in the setting up of new stores.

Mr Goh Lian Teck then referred to page 106 of the Annual Report on the increase in the quantity of brooder stocks in FY 2009 and enquired where the Company purchased these brooder stocks from and how the Company had valued and realised the value of the brooder stocks if an active market does not exist for brooder stocks. Chairman cited that there were agreements amongst farms to purchase brooder stocks to increase biodiversity. In addition, some of the hobbyists, having grown the Dragon Fish to a certain size, would sell them at the secondary markets. Chairman added that there had been established market valuation for brooder stocks of various sizes. As to why brooder stocks could not be sold, Chairman clarified that as brooder stocks were use in the breeding of Dragon Fish, it would be sold if it was assessed and decided that they were not productive. Ms Lai Chin Yee added that a decision would then be made to replace such brooder stocks and to sell them as trading inventory.

Referring to page 114 of the Annual Report, Mr Goh Lian Teck further enquired and Ms Lai Chin Yee clarified that the interest income in relation to the fixed deposits pledged to a financial institution to secure performance guarantee issued by that financial institution was payable to the Company and not to the financial institution. The interest income was included in "Interest income – bank deposits" on page 122 of the Annual Report.



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Another shareholder, Ms Han Chiew Yuen Hazel (“Hazel Han”), referred to page 94 of the Annual Report and enquired the basis of depreciating the brooder stocks over the estimate useful lives of 50 years. She asked if the 50-year used was the lifespan of the brooder stocks or the productive years of the brooder stocks. Chairman informed that according to industry knowledge, the lifespan of Dragon Fish is 100 years; accordingly, the Company has since its IPO in November 2000 agreed with its auditors to adopt such depreciation policy that brooder stocks be depreciated on a straight line basis over their estimated useful lives of 50 years. The Company also valued its brooder stocks according to the valuation established and adopted since November 2000.

Ms Hazel Han then concluded that as of current, the lifespan and the productivity of the brooder stocks were not certain. Chairman commented that the Dragon Fish was primitive, having originated from a prehistoric period. There were some cases where, in captive environment, a 60-year lifespan for Dragon Fish was not a problem and, in the wild, 100-year lifespan was possible. He informed that the Group’s research collaboration with the Temasek Life Sciences Laboratory on the breeding behavior of the Dragon Fish was carried out to improve the productivity of the Dragon Fish, such that with the ability in sexing the brooder stocks and putting them in the right ratios for breeding, the Dragon Fish production would be enhanced. He shared that a substantial amount of resources had been invested in research and development (“R&D”) to improve the productivity of brooder stocks.

Ms Hazel Han further asked why the Group increased its purchase of brooder stocks over the years when at current it was not completely certain of their lifespan or their productivity. Chairman replied that during the past two to three years, the Group acquired more brooder stocks due to the expansion of its breeding facilities in Malaysia and Singapore and that a certain quantity of brooder stocks was needed to fill up the additional pond capacity. He further explained that pending the concrete R&D findings on the breeding behavior of Dragon Fish, there should still be a reasonable quantity of brooder stocks needed in the ponds for random breeding; otherwise the new facilities would be under-utilised. With further R&D works, the quality of the Dragon Fish could be enhanced and eventually specialised knowledge would be acquired which should lead the move into selective breeding of Dragon Fish.

On the topic of R&D, Chairman informed that a shareholder had emailed the Company a question on R&D. Chairman explained that since Year 2003, the Group has been advocating shareholders’ participation in general meetings by providing various communication channels to facilitate shareholders to pose questions to management if they are unable to attend the AGM. He read out the e-mail received from, Mr Yong Nam Lee, who wanted to know how much Qian Hu had invested in R&D and the prospective cash flow estimated from this investment. Chairman informed that Qian Hu had invested approximately \$1.8 million in R&D in the past 2 years in terms of manpower cost, farm equipment, brooder stocks and other incidental costs. He added that R&D is an on-going process and it is the Group’s intention to further strengthen its R&D capabilities and commitment as mentioned in page 23 of the Annual Report. As R&D is an on-going process and the nature of the R&D work forms an integrated part of the normal business activities, it is difficult to isolate and quantify the prospective cash flow directly derived from R&D. Over the years, the results from certain of the R&D activities had improved the productivity and efficiency of the Group’s business activities which had resulted in increase in revenue and better cost controls.



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Mr Choo Chee Kiong, a shareholder, referred to page 29 of the Annual Report and requested for clarification on the nature of the Group's share of losses of associates as well as the entities with minority interests. After confirmation that the losses was in relation to Arcadia Products PLC ("Arcadia") due to the slow recovery in Europe's economy and that the minority interests were in relation to Kim Kang and the two subsidiaries in Thailand, he asked if the Company could consider providing more information relating to the Group's subsidiaries and associates in the Annual Report. Chairman said that the request would be taken into consideration when preparing the Annual Report 2010. He thanked Mr Choo for his suggestion.

Mr Goh Lian Teck follow-on to enquire the reason for the reclassifying of certain FY 2008 balances from trade receivables to amounts due from associates on page 112 of the Annual Report. Ms Lai Chin Yee clarified that the reclassified made in FY 2009 were in relation to outstanding balances due from Arcadia which was previously included in the trade receivable balances.

Mr Manohar P Sabnani ("Mr Mano Sabnani"), proxy for Mdm Mohini Ramchand Nathani, congratulated the Company for the overall good performance in FY 2009. He commented on the recent trend of companies conducting poll voting instead of show of hands voting in their general meetings. He said that small shareholders would prefer to vote by show of hands as the sentiments of small shareholders could be sensed. The Chairman of the meeting could demand for a poll subsequently based on the results from the show of hands. Chairman thanked Mr Mano Sabnani for his feedback. He explained that Qian Hu was constantly learning and exploring new initiatives. Voting by poll is the Company's way of enhancing its standards of corporate governance. While some shareholders might feel polling was cumbersome and was not able to show the sentiments of small shareholders but in all fairness, poll result is determined by shareholders casting their votes of one share one vote and the results of the poll would be verified and counted before Chairman's declaration whether the resolution is carried. Chairman expressed that he would like the Company and its shareholders to experience the poll voting process and hence would proceed with the poll voting at this AGM. Going forward, the Company would review this new voting process based on feedback received as well as the costs and benefits arising from poll voting before deciding if it should reverse the poll voting to show of hands voting in future AGMs.

Mr Mano Sabnani then suggested that voting be done by show of hands and a demand of poll be requested by Chairman when required. He added that while on a poll, shareholders would have one vote for every share held; they might not visualise how they vote instantaneously. Chairman again thanked Mr Mano Sabnani's suggestion, saying that the poll voting would proceed as the system has been duly set up.

Mr Mano Sabnani went on to pages 22 and 23 regarding the Group's long-term prospects. He would like to remind management that being focused is important for the Group which has created a niche market for itself with an approximate \$100 million of revenue and \$6.5 million of net profit. He raised his concern on the Group's intended geographical expansion, pointing out that if the Group was not capable to grow to a substantial size and capture markets in a particular country, likelihood was that not much benefit might be gained by investing in that country. He quoted that new companies set up would mean high start-up cost as opposed to established operations where costs would be more controlled.



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To this, Chairman confidently explained that he would not allow the market to pressurise him to expand beyond his capacity. Strategically, Qian Hu would like to build up the operating bases needed as a major supplier in the global ornamental fish market in order to strengthen the Group's long-term sustainability. The export of ornamental fish from the four countries in this region (namely, Singapore, Malaysia, Thailand and Indonesia) would contribute approximately 60 to 70% of the world ornamental fish supply. Qian Hu would make strategic move in these countries that have potential to ensure long-term success of the Group. He emphasised the relevance of Qian Hu having market capability rather than relying solely on the products it sells. However, he cautioned that while setting up new business ventures, the Group must be careful not to over-expand and over-commit in terms of cash flow. He shared with the meeting the two additional countries which Qian Hu would invest in within the next four years – Indonesia and Vietnam. The cost of investment in these two countries should not be significant; hence, there should be minimal strain on financial resources. Chairman commented that he is building a business beyond his generation, he believed in not interfering with the long-term objectives set even though the Group's performance might encounter short-term fluctuations. Chairman re-assured the shareholders that he and the management team would grow the Group for strategic reasons, based on future potentials and sustainability and would not be pressurised by the market.

Mr Ow Hai Yong Stephen (“Stephen Ow”), a shareholder, posed a question regarding the introduction of the revolutionary and new product – an innovative filtration system – jointly developed by Qian Hu with Clean World Environmental and Renewable Pte Ltd which adopt the Hydro-Pure technology that can improve water quality by as much as 50% as mentioned in page 20 of the Annual Report. Chairman informed that the prototype of this product was being developed in the Guangzhou factory and the launch of this new product is expected to take place in May 2010 at the INTERZOO (a trade show to be held in Germany). Mr Stephen Ow proposed that perhaps the Company should consider doing some promotion on this new product. Chairman noted and thanked Mr Ow for his interest in this new product.

Another shareholder, Mr TRC Raja, asked whether the Company had benefited from any government grants. Chairman informed that the finance personnel had been working closely with IE Singapore, Economic Development Board (EDB) and other relevant authorities to identify the tax incentives or relevant grants that were applicable to any of the Group's activities.

On comparing the executive directors' remuneration set out on page 125 of the Annual Report, Mr Low Chai Yeong, who had earlier posed a list of questions, commented that Chairman was underpaid. Chairman thanked him for his compassion, adding that he was satisfied with his current remuneration. He is appreciative of being able to learn and grow with Qian Hu, underscoring the team work and contributions from all the employees of Qian Hu. As a leader, he is prepared to make sacrifices so that the employees would receive respectable pay. He commented that he regards all the employees as the “Qian Hu family” members who understand the Group's visions, share the Qian Hu values & culture and would work towards the same objectives. The Group's success to date would not be possible without the commitment and contributions from these Qian Hu family members.

Mr Low Chai Yeong suggested to Chairman to raise his remuneration such that he is paid adequately as a CEO and he could donate the excess amount of his salary to charitable organisations. Once again, Chairman thanked him and informed that the Company made donation to charity organization on a regular basis as part of its corporate social responsibility.



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On the subject of succession planning, Mr Low Chai Yeong commented that Chairman, who would be 45 years of age, is still young to talk about retirement and succession planning. In response, Chairman shared that he had observed that there were not many companies engaged in succession planning. He highlighted to the meeting that Qian Hu's succession planning was put in place as early as 2004 as he felt that it might take at least 10 or even as long as 15 years to groom a team of successors. His belief was in cultivating people from within the Group instead of engaging a head hunter to source for his replacement upon his retirement. The structured succession planning programme in place had identified and would develop a team of employees based on their merit – Yap family members were not given special preferences – who could take Qian Hu to the next lap of growth. Chairman believed that training a team of next-generation leaders was critical to the continuity of the business which should last beyond this generation.

At this juncture, Mr Goh Lian Teck asked about the expiry date of the Qian Hu warrants issued in September 2007. He was informed that a letter dated 1 March 2010, notifying the warrants expiration date of 17 September 2010, was recently sent to all warrant holders.

Mr Ho Kai Weng, another shareholder, queried why the capital expenditure incurred in FY 2009 was lower than that of FY 2008. Ms Lai Chin Yee explained that the capital expenditure incurred for FY 2008 was in respect of infrastructure and enhancement of the breeding facilities in Malaysia while FY 2009 was incurred in respect of the construction and expansion of Singapore farm facilities which was much smaller in size. Accordingly, there was lower amount of capital expenditure incurred in FY 2009.

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

It was noted that the polling slip would be collected by Boardroom, acting as Scrutineers ('Scrutineers'), for verification after all ten resolutions put to the AGM had been voted upon.

2. Declaration of first and final dividend

On the request of Chairman, the following Ordinary Resolution No. 2 was duly proposed by Mr Tan Wee Han and seconded by Ms Chua Kiew Choo :-

“That a first and final dividend of 0.5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2009 be paid on 12 April 2010 to members registered in the books of the Company on 31 March 2010.”

Mr Mano Sabnani shared with the meeting his view on having a concrete dividend policy. He opined that fixing a dividend policy would provide clarity and guidance to shareholders on the amount of dividends payout each year based on the results of the Group. He urged Chairman to consider his suggestion to establish a dividend policy based on a percentage of the Group's earnings each year. Should there be a need for cash to be used in any expansion or acquisition plans, the Company could consider doing a rights issue or to have a warrant issue to raise funds.

Chairman thanked Mr Mano Sabnani for his input. He commented that, at present, he was not prepared to have a concrete dividend policy. While he firmly believed in the capability of the management team in cash management and the generation of cash from operations, he requested for some time to ensure the sustainable steadiness in such processes before implementing the said policy.



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Following the above, Mr Mano Sabnani suggested that perhaps the Company should consider terming the dividend payout as “high dividend payout” on the basis of a percentage of the Group’s earnings rather than “high dividend yield” as yield would be dependent on the share price performance of the Company. He commented that even though with a dividend policy, the shareholders might not query the Company on adherence to the policy as such policy is meant to be for guidance. Chairman differed. He re-iterated that he would like to start off a pattern by paying out high absolute amount of cash dividend each year (without fixing the total amount of dividend as a percentage of earnings). He indicated that he would perhaps require a few years’ time to have a concrete dividend policy in place.

Chairman noted the comment from Mr Ho Khwai Weng, a shareholder; that he would like to receive an increase in absolute amount of cash dividend payout each year.

As there were no further questions, Ordinary Resolution No. 2 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.

3. Re-election of Director – Mr Andy Yap Ah Siong

Chairman informed the meeting that Mr Andy Yap Ah Siong, Ms Lai Chin Yee and Mr Chang Weng Leong 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. 3 was duly proposed by Ms Lim Yue Li and seconded by Ms Yap Saw Chin :-

“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. 3 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Mr Andy Yap Ah Siong abstained from voting.

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

The following Ordinary Resolution No. 4 was duly proposed by Mr Mano Sabnani and seconded by Mr Goh Lian Teck :-

“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 by poll. Shareholders were informed to cast their votes on the polling slips provided. Ms Lai Chin Yee abstained from voting.



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5. Re-election of Director – Mr Chang Weng Leong

The following Ordinary Resolution No. 5 was duly proposed by Mr Tan Boon Kim and seconded by Mr Goh Lian Teck : -

“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. 5 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Mr Chang Weng Leong abstained from voting.

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

6. Approval of Directors' Fees

Chairman informed shareholders that at this AGM, shareholders’ approval would be sought on the payment of director’s fee of \$20,000 per annum per independent director, totaling \$60,000 (FY 2008 – \$18,000 per independent director totaling \$54,000).

It was noted that the executive directors did not receive directors’ fees.

The following Ordinary Resolution No. 6 was duly proposed by Mr Mano Sabnani and seconded by Mr Goh Lian Teck :-

“That the payment of Directors’ fees of \$60,000/- for the financial year ended 31 December 2009 be and is hereby approved.”

As there were no questions, Ordinary Resolution No. 6 was put to a vote. Shareholders were informed to cast their votes on the polling slips provided. Mr Robson Lee Teck Leng, Mr Chang Weng Leong and Mr Tan Tow Ee, abstained from voting.

7. Re-appointment of Auditors

After introducing Mr Philip Lee, the audit engagement partner of the Company, and his team, 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. 7 was duly proposed by Mr Mano Sabnani and seconded by Mr TRC Rajah :-

“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. 7 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.



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8. Any Other Business

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

SPECIAL BUSINESS

Ordinary Resolution

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

On the issue of shares on a non-pro rata basis, the Chairman informed that in the past, the Company had sought shareholders' approval for a 20% limit as per recommended in the Listing Rules. However, for the current financial year, the Board had proposed to reduce the limit for non-pro rata shares issues from 20% to 15% so as to protect shareholders against dilution of their shareholdings.

The following Ordinary Resolution No. 8 was duly proposed by Mr Leong Seng Kei @ Tan Beng Guan and seconded by Mr Wong Yin Kew :-

“That pursuant to Section 161 of the Companies Act, Chapter 50 (the “Act”), the Articles of Association 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:



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- (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:-*
 - (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) *the 50% limit in sub-paragraph (1) above may be increased to 100% for issues of Shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are given the opportunity to participate in the same on a pro rata basis;*
- (4) *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 Articles of Association for the time being of the Company; and*
- (5) *(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.*

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



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10. Authority to increase discount limit for placement exercise

The following Ordinary Resolution No. 9 was duly proposed by Mr Goh Lian Teck and seconded by Mr Ow Hai Yong Stephen :-

- (a) *subject to and conditional upon the passing of Resolution 8 above, authority be and is hereby given to the directors of the Company to issue Shares (other than on a pro rata basis to shareholders of the Company) at an issue price for each Share which shall be determined by the directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than 20% to the weighted average price of a Share for trades done on the SGX-ST (determined in accordance with the requirements of the SGX-ST); and*
- (b) *(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 Sabnani expressed his concern on the issue of new shares at a discount of up to 20%. He remarked that any fund raising exercise in connection with the issuance of new shares would inevitably result in the overall dilution of the shareholding of the shareholders. He opined that since the Company already have the provision to issue non-pro rata shares up to 15% limit and with its good cash position, strong reserves and the funds from the exercise of warrants, the issuance of new shares at a discount of up to 20%, which was substantial in his opinion, was not necessary to be tabled as a resolution for shareholder' approval at the AGM.

The Chairman understood the concern of Mr Mano Sabnani. He informed that the issuance of shares at a discount of up to 20% was introduced by SGX last year in view of the market volatility and difficult market conditions. In order to accelerate and facilitate companies in their fund raising efforts, SGX had allowed companies to undertake placements of new shares on a non-pro rata basis priced at discount of up to 20%. However, this resolution would be expiring on 31 December 2010. After which, the discount that could be given for the issue of shares on a non-pro rata basis would be at 10%.

Mr Robson Lee, Lead Independent Director, further explained that it would be good for the Company to have this flexibility measure in place. If such authority was approved by shareholders, it would enable the Board to act swiftly in response to situational changes. Whether the Company would use it or not in this coming year would be left at the discretion of the Board. However, he assured the shareholders that the Board of Directors, including the independent directors, would always give due consideration, exercise prudence and have shareholders' interest at heart prior to embarking on any fund raising exercise or transactions. With the proven track record of the performance of the Board for the past 10 years, he encouraged shareholders to continue to have confidence in them.

Mr Mano Sabnani noted the Directors' comments. He expressed that it did not matter to him whether the resolution would be carried or not. He felt that shareholders could vote against the resolution tabled if they feel uncomfortable about it. He then re-iterated his support for the show of hands voting method when the results and sentiments of shareholders could be known immediately. Mr Robson Lee reminded him of the meeting procedures and the rules and regulations to be adhered to. Adding that voting at the AGM would be democratic and the detailed polling results would be posted on SGXNET.



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In response to another shareholder, Mr Chong Nam Kwee's query on whether in the past there had been any issuance of new shares at discount, Chairman informed that the Company's last issuance of new shares at a discount of 9.4% was a placement exercise done in April 2002. The issuance of new shares via placement then was to meet the SGX listing criteria on the minimum spread of shareholders for the purpose of the Company's upgrading from the then SESDAQ to the Mainboard of SGX-ST. He also assured shareholders that all transactions would be carefully deliberated upon by the Board before execution.

Chairman added that being one of the substantial shareholders, he is mindful of the dilution effect has on existing shareholders upon the issuance of new shares, especially at a discount. As such, the Board has taken the initiatives to reduce the limit for non-pro rata shares issues from 20% to 15% so as to protect shareholders against dilution of their shareholdings (please refer to Ordinary Resolution No. 8 above).

As there were no further questions, Ordinary Resolution No. 9 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.

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 Extraordinary General Meeting of the Company held on 11 March 2009 would expire at this meeting and under the Companies Act, renewal to the Share Buyback 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.

On the request of the Chairman, the following Ordinary Resolution No. 10 was duly proposed by Mr Mano Sabnani and seconded by Mr Tan Boon Kim :-

"That:

(a) for the purposes of the Companies Act, Chapter 50 (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 Companies Act and the Listing Rules,*

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



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(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 purchases are carried out to the full extent mandated;*

(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 defined hereinafter), 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 an 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.*



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In response to Mr Goh Lian Teck's query on why the Company would require a Share Buyback Mandate when the Company could also consider returning surplus cash to the shareholders in the form of cash dividends. Chairman explained that the Share Buyback Mandate was implemented last year. Other than it was a mechanism to facilitate the return of surplus cash to the shareholders, it was also a measure in place to buy back the Company's shares to prevent any plunge of share prices in the event of a financial crisis. With the share buyback option made available, the Company would be able to purchase the shares of the Company at the appropriate price level so as to help militate against short-term market volatility and contain the effects of short-term speculation.

Mr Mano Sabnani said that although he proposed for Ordinary Resolution No. 10, he was of the view that the Share Buyback Mandate was generally ineffective. He opined that in times of financial crisis the Company should be more mindful to conserve cash rather than using up the cash to purchase its own shares from the market just so as to support the share price because it might benefit only investors who wanted to exit the market. He continued that in times of crisis, the share price would be down due to prevailing market forces, notwithstanding the buy back. On the other hand, under good market conditions, share prices would generally be high and it would make no sense to buy back the shares. As such, he could not see the real effectiveness of the Share Buyback Mandate which requires renewal on an annual basis.

Chairman felt that on the assumption of good cash flow, shares could be purchased and kept as treasury shares for use as incentive shares to award to employees under a share performance plan.

Mr Robson Lee concurred with Chairman's view. He re-iterated 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. He informed that the Company would adhere strictly to the limit, terms and rules on the share buyback as regulated by the Companies Act and Listing Rules. He added that the law would allow the Company to buy back its own shares not exceeding 10% of the Company's share capital in accordance with the applicable provisions of the Companies Act.

As there were no further questions, Ordinary Resolution No. 10 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.

The polling slips were collected by the Scrutineers for counting and verification.

Chairman informed that the results would be announced after the Scrutineers had verified the polling slips. He proposed for the meeting to be adjourned for 20 minutes. The meeting had no objection to the adjournment.

The meeting resumed at 1.10 p.m. with the requisite quorum.

Ms Khor Yoke Kean, representing Boardroom which acted as Scrutineers, then read out the results of poll on each resolutions put to vote at the AGM as follows :-



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Ordinary Resolution 1 - Adoption of Reports and Financial Statements

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	216,860,322	100.00%
Number of votes "AGAINST" :	0	0.00%
Total Number of Votes cast :	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 1 carried.

Ordinary Resolution 2 – Declaration of first and final dividend

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	216,860,322	100.00%
Number of votes "AGAINST" :	0	0.00%
Total Number of Votes cast :	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 2 carried.

Ordinary Resolution 3 – Re-election of Director – Mr Andy Yap Ah Siong

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	201,160,322	100.00%
Number of votes "AGAINST" :	0	0.00%
Total Number of Votes cast :	<u>201,160,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 3 carried.

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

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	216,538,919	100.00%
Number of votes "AGAINST" :	0	0.00%
Total Number of Votes cast :	<u>216,538,919</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 4 carried.



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Ordinary Resolution 5 – Re-election of Director – Mr Chang Weng Leong

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	216,690,572	99.99%
Number of votes “AGAINST”	31,150	0.01%
Total Number of Votes cast	<u>216,721,722</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 5 carried.

Ordinary Resolution 6 – Approval of Directors’ Fees

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	216,653,972	99.99%
Number of votes “AGAINST”	31,150	0.01%
Total Number of Votes cast	<u>216,685,122</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 6 carried.

Ordinary Resolution 7 – Re-appointment of Auditors

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	216,860,322	100.00%
Number of votes “AGAINST”	0	0.00%
Total Number of Votes cast	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 7 carried.

Ordinary Resolution 8 – 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”	216,829,322	99.99%
Number of votes “AGAINST”	31,000	0.01%
Total Number of Votes cast	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 8 carried.



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Ordinary Resolution 9 – Authority to increase discount limit for placement exercise

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	216,338,422	99.76%
Number of votes “AGAINST”	521,900	0.24%
Total Number of Votes cast	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 9 carried.

Ordinary Resolution 10 – Renewal of Share Buyback Mandate

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	216,770,672	99.96%
Number of votes “AGAINST”	89,650	0.04%
Total Number of Votes cast	<u>216,860,322</u>	<u>100.00%</u>

Chairman declared Ordinary Resolution 10 carried.

There being no further business, the meeting ended at 1.15 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