



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

Minutes of the Twelfth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Friday, 11 March 2011 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. Ms Anne Soo
Corporate Alliance Pte. Ltd.
3. Ms Amelia Wong
M & C Services Private Limited
4. Ms Christine Loh
M & C Services Private Limited

Shareholders

1. Ms Chen Lin Chin
2. Mr Soh Chwee Seng
3. Ms Yap Mei Yen Sally
4. Ms Yap Saw Chin
5. Mr Chong Num Kwee
6. Mr Choo Chee Kiong
7. Ms Chiang Mee Fong
8. Mr Ho Khwai Weng
9. Mr Lim Oh Teo
10. Ms Wong Ai Cheng
11. Ms Wong Mui Sing
12. Mr Gurpal Singh
13. Mr Quek Nam Kee
14. Mr Tan Kiang Ngiap
15. Mr Wong Po Kew
16. Mr Chong Aik Boo
17. Mr Ng Guch Hwa
18. Mr Tan See Wah
19. Mr Sow Kah Min
20. Mr Goh Lian Teck
21. Mr Tan Siew Huat
22. Mr Goh Aik Tshin
23. Mr Goh Lai Heng
24. Mr Yew Soon Tieh
25. Ms Han Chew Yuen Hazel
26. Mr Cheng Choo Jang @ Tee Saw Jang
27. Ms Susan Ho Soon Boey
28. Mr Chien Yuk Chun Dennis
29. Ms Ong Siang Ling
30. Mr Ng Eng Seng
31. Mr Leong Seng Kei @ Tan Beng Guan
32. Mr Chin Thin Koon
33. Mr Yeo Heng Kit
34. Ms Tan Sok Hwa
35. Mr Teo Cheng Hai Ronnie
36. Mr Tan Whee Li
37. Mr See Hock Lye
38. Mr Chiam Hock Poh
39. Mr Leh Bee Hoe
40. Ms Ong Kim Key
41. Mr Tan Kwong Moh
42. Mr Ee Guan Soon



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5. Ms Khor Yoke Kean
Boardroom Corporate & Advisory Services Pte. Ltd.
6. Ms Jolene Ting
Boardroom Corporate & Advisory Services Pte. Ltd.

Proxies

43. Ms Gay Ah Fong Judy
Proxy for Ms Josselyn Lee Hui Tse
44. Ms Lim Yue Li
Proxy for Mr Lim Whay Chung
45. Ms Lieu Swee Lin
First Proxy for Mr Neo Chin Leong
46. Ms Ker Sew Ling
Second Proxy for Mr Neo Chin Leong
47. Mr Chiam Heng Hsien
First Proxy for Ms Ng Ah Leck @
Ng Siew Choo
48. Ms Chiam Xue Shan
Second Proxy for Ms Ng Ah Leck @
Ng Siew Choo
49. Mr Chong Kim Leong
Proxy for Mr Ng Kim Yong

Observers

50. Ms Wang Jii Kiang
51. Ms Yeo Siew Peng
52. Mr Wee Chong Lim
53. Mr Manohar P Sabnani

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 Company 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.

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”).



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The meeting noted that there would be nine 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 Goh Lian Teck and seconded by Choo Chee Kiong:-

“That the Directors’ Report and Audited Accounts for the financial year ended 31 December 2010 and the Auditors’ Report thereon be and are hereby received and adopted.”

Chairman shared with the meeting the email that were received from shareholders who could not attend the AGM. The first email was received from Mr Tan Kian Lye, who congratulated the Company on its tenth year anniversary and wished the Company success in its continual expansion of its export business. He would like to know how the proposed increase in foreign worker levy announced at the Budget 2011 would have an impact on the Company. Chairman informed that Qian Hu holds a pragmatic view that foreign worker levy will continue to increase. As such, it would need to continue to improve on its operational work flow and processes so that it is less reliant on people. For the past two years, the Group had introduced/modified certain work procedures of its fish operations in Singapore which had resulted in the reduction in labour costs as well as the enhancement in the quality of fish exported. Mr Tan Kian Lye also noted that the Qian Hu’s succession planning programme stated on page 46 of the Annual Report 2010 (“Annual Report”) was mainly for its CEO. He enquired if the next CEO of Qian Hu would also hold the position as the Chairman of the Board. To this, Chairman outlined his proposed plan to step down as Qian Hu’s CEO at the age of 55 but would stay as its Chairman until he is 60 years old. Thereafter, he would continue to act as an advisor to Qian Hu if his service is still needed. Chairman explicitly stated that the next Qian Hu’s CEO and Chairman will be separate persons.

Another email was received from shareholder, Mr Lau Kim Hup, who also congratulated Qian Hu on its tenth year anniversary of its listing on 8 November 2010. He expressed his view that Qian Hu should get an award for its Annual Report which he found to be informative and transparent. He concluded from pages 10 and 11 of the Annual Report that Qian Hu is a sincere and humble company as its management team was willing to talk about its mistakes made in the past ten years and shared the lessons learnt from these mistakes. He wished Qian Hu a successful Year 2011.

Chairman then invited questions from shareholders on the Reports and Financial Statements for the financial year ended 31 December 2010 (“FY 2010”).



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Mr Gurpal Singh, a shareholder present, noted that China, Indonesia and India are developing countries with political instability and possible corruption. He asked how Qian Hu dealt with these issues and how these issues might have affected Qian Hu's investments in the countries. Chairman replied that there would be political and domestic cultural issues to consider when conducting business in developing countries (or any other countries), but as long as the local management is doing the right things for the Company and adhere to Qian Hu's strong principles, core values and corporate culture, the Company will not be swayed to do wrong things. Mr Gurpal Singh also enquired about Qian Hu's growth plans in FY 2011, which Chairman informed that the detailed prospects of the Group for FY 2011 were set out in pages 24 and 25 of the Annual Report. He commented that after being a listed company for ten years, Qian Hu is no longer in its expansion phase. It would focus on utilising its existing resources in each country to grow the business in the next five to ten years, hence, there should not be substantial capital expenditure and investment costs required. Mr Gurpal Singh asked whether in its celebration of its tenth year of listing, Qian Hu would consider rewarding its shareholders. To this, Chairman replied that Qian Hu had always been conscious about rewarding its shareholders. He would discuss this further during the next resolution relating to dividend payment.

Following Chairman's comments on growing the business with existing assets, another shareholder, Ms Han Chew Yuen Hazel, commented that as a substantial part of the Group's assets are biological assets which she noticed, sporadically, due to unforeseen circumstances, the shortage in the production of self-bred breeder stocks could affect the revenue and profitability of the Group. She would like to know how Qian Hu might "grow" its biological assets to meet the market demands so as to increase its revenue accordingly. Chairman explained that Qian Hu's assets consist of not only its biological assets, it also includes its distribution network, infrastructure and more importantly its people. The revenue derived from the breeding of Dragon Fish constituted approximately 20% of the overall Group's revenue. He underscored that the Group maintains a diversified business model that has multi-sources of income and avenues for growth.

Another shareholder, Mr Goh Lian Teck, commented that China has recently increased the minimum wage for its workers and many factories were faced with a shortage of labour supply. He would like to know how this would impact the Group's factory operations in Guangzhou. Chairman informed that the Group is aware that China is no longer a cheap labour market. Qian Hu would concentrate on increasing its factory productivity while moving up the products' value chain in order to achieve higher efficiency. It is important that Qian Hu focused on innovative product development, ensuring consistency in quality and the building up of its own proprietary brand names. Its Guangzhou factory would recruit more skilled workers to produce higher value products instead of mass producing low value items. Chairman also shared that the Guangzhou factory is in the process of changing its direction by reducing the production of OEM products while focusing more on the manufacturing of the Group's own brand of accessories products. He would not eliminate the possibility of relocating the Guangzhou factory should the labour cost continue to escalate in the future.

Referring to page 17 of the Annual Report, another shareholder, Mr Chong Num Kwee, noted that the net profit growth of the Group over the past ten years did not correspond with the increase in its revenue. He enquired what could Qian Hu do to benchmark itself against other companies with higher profit margin so as to improve its net profit margin and at the same time sustain its long-term growth.



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Chairman commented that Qian Hu's profit had seen some fluctuations over the years. In a bid to becoming a fully integrated ornamental fish company, Qian Hu initiated its retail chain store strategy in Year 2004 which saw the Group's results plunged significantly due to the high start up costs and pre-operating losses incurred by those retail chain stores. The Group subsequently went through a phase of consolidation and transformation in Year 2005 and turnaround in Year 2006. After the restructuring exercise, Qian Hu's profit had increased in tandem with the revenue registered until the last financial year which Chairman, at this juncture, apologised to the shareholders for the significant dip in the Group's operating profit in FY 2010.

Chairman then explained that FY 2010 was an unfortunate year for Qian Hu as its revenue and profitability were affected by multiple whammies, including the unprecedented severe hot weather and unstable weather condition which had led to a lower supply of self-bred Dragon Fish; widespread airport closures and flight cancellations over European air space due to the Icelandic volcanic ash (in end April and early May) and the heavy snowfall (in December); political riots in Bangkok and the weakening purchasing sentiments from the European markets in anticipation of the curb in the government's budget spending which has dampened the demand for its products. The lower sales had resulted in the reduction in operating profit recorded in FY 2010. However, Chairman believed that Qian Hu having a diversified business model and barring unforeseen circumstances, has all the potential to register respectable profit margins and to achieve sustainable growth going forward. As mentioned earlier, the next five to ten years would be a growing phase for Qian Hu without much requirement of capital expenditure and investment costs. The facilities and resources built and invested during the past ten years would propel the Group into better profitability. He added that the management would continue to enhance on elements of the Group's business model which can be controlled – i.e. customers, suppliers, systems and processes.

On the benchmarking of Qian Hu's net profit margin with other companies, Chairman explained that when Qian Hu underwent the SQA (Singapore Quality Award) assessment in years 2004 and 2009, it had attempted but was unable to identify another company with a similar business model as Qian Hu for benchmarking. By integrating various business segments, including export of ornamental fish, breeding of Dragon Fish, manufacturing and distribution of aquarium and pet accessories products, into one business model, Qian Hu has built itself a very unique and niche business, even though it might have competitors dealing in a single segment of its operation. Accordingly, it would be challenging to benchmark Qian Hu against any other companies and even if benchmarking were to be carried out, the results would not be conclusive.

Referring to the Chairman's Statement in page 5 of the Annual Report, another shareholder, Mr Tan Siew Huat, asked how far Qian Hu has come to reach its vision of being the world number one ornamental fish exporter. Citing the proposed setting up of a new subsidiary in Indonesia, which is a country with a large supply base of ornamental fish in the region, Chairman informed that if the Indonesian subsidiary manages to emerge as one of the top three ornamental fish exporters in Indonesia eventually and with Qian Hu's existing export hubs in Singapore, Malaysia, Thailand and China exporting to more than 80 countries around the world, capturing more than 5% of the world's ornamental fish export market, Qian Hu might possibly be the world number one ornamental fish exporter then. Qian Hu's long-term goal is to gradually increase its export markets to 100 countries with a global market share of 10%.



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On the subject of how the recent surge in oil price has impacted Qian Hu's profitability as raised by Mr Soh Chwee Seng. Chairman replied that as the freight charges incurred for the delivery of ornamental fish were borne by its customers, Qian Hu was not affected by the increase in such costs.

At this juncture, Mr Goh Lian Teck noted that the Group's internal target of realising at least half of its profits generated into cash, as mentioned in page 24 of the Full Year Financial and Dividend Statements Announcement for the year ended 31 December 2010 dated 12 January 2011 ("SGX Announcement"), was not reflected in the Annual Report. Chairman took note of Mr Goh's observation for future annual reports. *[After note – The above internal target was mentioned in page 25 of the Annual Report]*

Mr Goh Lian Teck then referred to page 38 of the Annual Report where it was mentioned that the Group had complied with all the borrowing covenants in FY 2010. However, he noted that the Group's long term bank loans had been reclassified as current liabilities as it did not have the unconditional right at the reporting date to defer settlement of these loans for at least 12 months after the reporting date. Accordingly, these loans could be recalled by the bank lenders at any time even if there is no default. He sought clarification on the nature of the Group's loan covenants and under what situation would the financial institutions call back these loans and whether the Group had the resources to pay back the loans should the financial institutions make the recall. Ms Lai Chin Yee, Finance Director, informed that the loan covenants imposed by the financial institutions mainly include maintaining a certain amount of net worth and current ratio of the Company. She further clarified that after the International Accounting Standards Board (IASB) issued a technical clarification in November 2010 on the way callable loans were to be classified in the balance sheet, a company with a standard clause in its bank's offer letter stating that the financial institutions reserved the rights to recall the loans, would be required to classify such loans as current liabilities, regardless of the loans tenure. Ms Lai added that such reclassification were necessary among companies unless the companies managed to re-negotiate with the financial institutions to remove the said clause. The reclassification made in the FY 2010 financial statement was not an indication that there was any possible or default. She confirmed that should such recall be made, Qian Hu would have sufficient resources to settle the outstanding amounts.

Mr Goh Lian Teck follow-on to enquire on the reasons for the disposal of two plots of land in Batu Pahat, Malaysia as reflected in page 101 of the Annual Report. Chairman explained that the decision to dispose of the land was made as a result of the consolidation of the breeding activities and administrative function of one of its Malaysia subsidiaries into a new location so as to improve operational efficiency. The land site of the unused old farm facilities was disposed of accordingly to free up financial resources.

Another shareholder, Mr Ho Khwai Weng further asked whether the Group would impose an Integrated Resorts (IR) exclusion ban on its key management team to safeguard its management from overindulging in gambling activities which might have a negative impact on the Group. Chairman opined that he viewed work life and personal life separately and everyone needs to have their personal space. If the employees can perform their work as required of them in accordance with the scope of their employment contract and that they adhered to Qian Hu's core values and corporate culture, then the Company should not impose such restrictions on their personal activities. He believed that Qian Hu has put in place safeguard controls such as the implementing a strong internal control system with adequate checks and balances, exercise good corporate governance practices, and more importantly, instill robust financial reporting processes to prevent its employees from doing things which were detrimental to the Company.



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Mr Chong Num Kwee further referred to page 109 of the Annual Report on the trade receivable balances which were past due for more than 90 days of approximately \$5.8 million and queried on the adequacy of the amount of impairment loss as well as the actions taken by management to monitor its outstanding receivables. Ms Lai Chin Yee replied that while the Group faced the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade receivables were deemed not collectible. The review of the collectibility of trade receivables is done regularly and allowance for doubtful trade receivables was made gradually over the years with an allowance of approximately \$620K was made in FY 2010 after the management had assessed that the likelihood of collecting those debts was low. Chairman added that the Company had a good credit control procedures but would nevertheless continue to strengthen its collection of overdue debts. He emphasised that the management was aware that the Company did not have the practice of financing its customers. However, with the large customer base and as part of doing business, there would be collection issues with some customers. Ms Lai Chin Yee also highlighted that the Group's trade receivables' turnover days were consistently in the range of 73 to 75 days throughout the past three years. She re-iterated that although there were some customers who would not abide by the Group's credit period, this should not be a major concern as long as these customers had a healthy payment pattern.

Mr Chong Num Kwee went on to request Chairman to provide more clarity on the Group's prospects and its outlook of Qian Hu in Year 2011. Chairman replied that the Group's detailed prospects for the current financial year were stated in both the SGX announcement and in pages 24 and 25 of the Annual Report as mentioned earlier. Barring any unforeseen circumstances, Qian Hu will continue to be profitable in Year 2011. It will perform better than the previous year, despite possible fluctuations in its operating profit from quarter to quarter.

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 nine 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 Ho Khwai Weng and seconded by Mr Leong Seng Kei @ Tan Beng Guan:-

"That a first and final dividend of 0.5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2010 be paid on 8 April 2011 to members registered in the books of the Company on 25 March 2011."

Chairman informed the meeting that an email was received from a shareholder, Mr Tan Kwong Moh, to request for more dividends payout since the Company was profitable in FY 2010. Mr Tan commented that this might then boost up the share price of the Company as it had been stagnant in recent years.



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Chairman replied that Qian Hu is still a relatively young company. While building a sustainable business, it was essential to balance the needs of the Company and of the shareholders. He re-iterated that in recommending the proposed dividend payment, the directors took into consideration the Group's profit growth, cash position, positive cash flow generated from operations and the projected capital requirements for business growth. As such, it would not set a concrete dividend policy at present. With minimal capital expenditure and investment costs in the foreseeable future, the Group would be moving towards becoming a debt-free company with respectable dividend payout.

Chairman highlighted that in its pursuit of market excellence by becoming a global player with an extensive distribution network, the Group's would focus on adopting good practices to achieve sustainable growth which mainly include –

- i) Remain focused on improving cash position
- ii) Improve profitability by selling products with respectable profit margins
- iii) Enhance productivity and efficiency

In response to Mr Ho Khwai Weng's suggestion to consider declaring half-yearly interim dividend payment, Chairman replied that the Board is open-minded on his request. However, it would consider making more regular dividend payments when the Group attained its debt free position, which he envisaged would require another few years.

Mr Chong Num Kwee commended the Company in declaring a final dividend of 0.5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2010, considering that reduction in profit registered by the Group in FY 2010. He would like to know the steps taken by the Company to increase the capital gain derived from Qian Hu's share as the share price had slipped from \$0.16 per share in January 2010 to \$0.125 per share in February 2011. Chairman thanked him for his commendation on the amount of dividend payout. As for the capital gain on Qian Hu's share, 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 noted that Year 2010 was a disappointing year for Qian Hu as the management team was not able to exceed its profit forecast due to unforeseen circumstances which might have affected its share price performance. The Company had then rewarded its shareholders in another way, i.e. by declaring respectable dividend. Chairman informed that he understood that some of the shareholders are looking forward to positive capital gain instead of merely good dividend payout. He re-assured shareholders that it was always his intention to create and enhance long-term value and returns to the shareholders.

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.



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3. Re-election of Director – Mr Kenny Yap Kim Lee

Chairman informed the meeting that Mr Robson Lee Teck Leng, Mr Tan Tow Ee and Chairman himself 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.

On Chairman's own re-election as director, the Chairmanship of the meeting was passed to Ms Lai Chin Yee, the Finance Director of the Company. The meeting had no objection to the arrangement.

The following Ordinary Resolution No. 3 was duly proposed by Mr Chong Num Kwee and seconded by Mr Choo Chee Kiong:-

“That Mr Kenny Yap Kim Lee, 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 Kenny Yap Kim Lee abstained from voting.

4. Re-election of Director – Mr Robson Lee Teck Leng

The following Ordinary Resolution No. 4 was duly proposed by Mr Chong Num Kwee and seconded by Mr Tan Siew Huat: -

“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. 4 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Mr Robson Lee Teck Leng abstained from voting.

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

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

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

“That Mr Tan Tow Ee, 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 Tan Tow Ee abstained from voting.



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It was noted that Mr Tan Tow Ee would be considered an independent director of the Company, and would remain a member of the Audit Committee, Remuneration Committee and Chairman of the Nominating 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 \$25,000 per annum per independent director, totaling \$75,000 (FY 2009 – \$20,000 per independent director totaling \$60,000).

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

The following Ordinary Resolution No. 6 was duly proposed by Mr Goh Lian Teck and seconded by Ms Lim Yue Li:-

“That the payment of Directors' fees of \$75,000/- for the financial year ended 31 December 2010 be and is hereby approved.”

A shareholder, Ms Wong Ai Cheng, requested for the reasons for the increase of \$5,000 in director's fee for each independent director for FY 2010. Chairman felt that the increment of \$5,000 was well justified. He commented 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 since the listing of the Company. In a move to adjust the amount of directors' fees to the market rate, the Company had since in FY 2006 revised the director's fee to \$12,000 from \$10,000 (since the listing of the Company in FY 2000) per annum per independent director. The director's fee was progressively increased to \$15,000 (in FY 2007), \$18,000 (in FY 2008) and \$20,000 (in FY 2009) per annum per independent director. The increase to \$25,000 in FY 2010 would be the last increment in directors' fees until the Group achieves certain targets as set by the management.

Mr Choo Chee Kiong queried why the executive directors' remuneration was lower in FY 2010 as compared to FY 2009 while the independent directors' fees had increased. Chairman responded that the independent directors' role, among others, is to provide a check and balance to the Board's decision making function as well as to provide guidance to the Group in attaining a higher level of corporate governance, while the executive directors are appraised and remunerated based on their individual performance and in accordance with the Group's performance appraisal system. Their remuneration packages were also dependent on the financial performance of the Group.

As there were no further 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.



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7. Re-appointment of Auditors

After introducing Mr Philip Lee, the audit engagement partner of the Company, 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 Goh Lian Teck 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. 7 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.

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, Chairman informed that the Board, as in the previous year, had proposed to reduce the limit for non-pro rata shares issues to 15%, so as to protect shareholders against dilution of their shareholdings.

The following Ordinary Resolution No. 8 was duly proposed by Ms Yap Saw Chin and seconded by Ms Lim Yue Li :-

“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):*



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- (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:-*
 - (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 Articles of Association 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."*

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. 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 16 March 2010 would expire at this meeting and under the Companies Act, the renewal of 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. 9 was duly proposed by Ms Lim Yue Li and seconded by Mr Tan Siew Huat :-

“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;*

(c) *in this Resolution:*



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“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 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.”

At this juncture, Mr Goh Lian Teck made reference to last year’s AGM discussion which Chairman commented that the shares bought back under this mandate could be kept as treasury shares for the use as incentive shares to reward employees under a share performance plan. He concurred with Chairman’s view as it would help to increase staff’s loyalty which is beneficial to the Company. However, other than this proposed use of the purchased shares, Mr Goh expressed that he did not believe that share buyback exercise would benefit the Company as 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 to support the share price because it might benefit only investors who wanted to exit the market. Chairman re-iterated that the Share Buyback Mandate was implemented in Year 2009 after the financial crisis to 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. 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 mitigate against short-term market volatility and contain the effects of short-term speculation.

Mr Goh Lian Teck further suggested that the intention to buyback shares of the Company to reward loyal employees should be mentioned in the Appendix to shareholders as one of the rationales for the share buyback. Chairman noted and thanked Mr Goh Lian Teck for his suggestion.



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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.

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 30 minutes. The meeting had no objection to the adjournment.

The meeting resumed at 1.05 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 :-

Ordinary Resolution 1 - Adoption of Reports and Financial Statements

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	215,450,189	100.00
Number of votes "AGAINST" :	0	0.00
Total number of votes cast :	<u>215,450,189</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" :	215,387,689	99.97
Number of votes "AGAINST" :	62,500	0.03
Total number of votes cast :	<u>215,450,189</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 2 carried.

Ordinary Resolution 3 – Re-election of Director – Mr Kenny Yap Kim Lee

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	201,427,939	100.00
Number of votes "AGAINST" :	0	0.00
Total number of votes cast :	<u>201,427,939</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 3 carried.



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Ordinary Resolution 4 – Re-election of Director – Mr Robson Lee Teck Leng

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	215,437,589	100.00
Number of votes “AGAINST”	0	0.00
Total number of votes cast	<u>215,437,589</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 4 carried.

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

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	215,244,189	100.00
Number of votes “AGAINST”	0	0
Total number of votes cast	<u>215,244,189</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”	214,995,989	99.96
Number of votes “AGAINST”	86,750	0.04
Total number of votes cast	<u>215,082,739</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”	215,450,189	100.00
Number of votes “AGAINST”	0	0.00
Total number of votes cast	<u>215,450,189</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 7 carried.



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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”	215,443,189	99.997
Number of votes “AGAINST”	7,000	0.003
Total number of votes cast	<u>215,450,189</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 8 carried.

Ordinary Resolution 9 – Renewal of Share Buyback Mandate

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	215,427,189	99.99
Number of votes “AGAINST”	23,000	0.01
Total number of votes cast	<u>21,450,189</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 9 carried.

There being no further business, the meeting ended at 1.10 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