



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

Minutes of the Thirteenth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Thursday, 15 March 2012 at 11.00 a.m.

Present

Board of Directors/Company Secretary

1. Mr Kenny Yap Kim Lee
 - (i) Executive Chairman & Managing Director
 - (ii) Shareholder
 - (iii) Proxy for:
 - Qian Hu Holdings Pte Ltd
 - Citibank Nominees Singapore Pte Ltd
 - Ms Ang Kim Sua
 - Mr Lim Boo Hua
 - Ms Lim Lee Seng
 - Mr Lim Peng Chuan
 - Mr Lim Peng Yian
 - Mr Ong Boon Kit Keith Andrew
 - Mr Seah Chong Huat
 - Mr Tan Boon Kim
 - Mr Tho Thiam Chye
 - Ms Yap Ai Hua
 - Ms Yap Chew Ring
 - Mr Yap Hey Cha
 - Mr Yap Hock Huat
 - Mr Yap Kim Choon
 - Mr Yap Kim Chuan
 - Mr Yap Ping Heng
 - Ms Yap Saw Chin
 - Ms Yap Chew See Susie
 - Ms Yap Thor Yee
 - Ms Yap Yock Ran
2. Mr Alvin Yap Ah Seng (Director)
Shareholder
3. Mr Andy Yap Ah Siong (Director)
Shareholder
4. Ms Lai Chin Yee (Director/Company Secretary)
Shareholder
5. Mr Chang Weng Leong (Director)
Shareholder
6. Mr Tan Tow Ee (Director)
Shareholder
7. Ms Sharon Yeoh Kar Choo (Director)

Shareholders

1. Mr Kho Oen Liong
2. Ms Chia Kwee Ching
3. Ms Yeo Siew Peng (Yang XiuPing)
4. Ms Chiang Mee Fong
5. Ms Yap Mei Yen Sally
6. Mr Sim Seng Yong
7. Mr Lim Oh Teo
8. Ms Wong Ai Cheng
9. Mr Distant Denis Walter
10. Mr Chin Thin Koon
11. Mr Tan See Wah
12. Mr Ng Guch Hwa
13. Mr Yew Soon Tieh
14. Mr Leong Seng Kei @ Tan Beng Guan
15. Mr Goh Lai Heng
16. Mr Wong Po Kew
17. Mr Chong Aik Boo
18. Ms Koh Siew Cheng
19. Mr Heng Yiam Hwee
20. Mr Teo Cheng Hai Ronnie
21. Ms Gan Kim Hong
22. Ms Ong Siang Ling
23. Mr Tan Siew Huat
24. Mr Tan Tok Jin
25. Ms Chew Kim Hoong
26. Mr Goh Lian Teck
27. Mr Chien Yuk Chun Dennis
28. Ms Tee Poi Teng
29. Ms Tan Soo Lin Winnie
30. Ms Ong Kim Key
31. Mr Tan Kwong Moh
32. Mr Lee Chin Teck
33. Ms Pae Bee Yong
34. Mr Ho Khwai Weng
35. Ms Chen Lin Chin
36. Mr Wee Chong Lim
37. Ms Ou Yang Yan Te
38. Mr Lee Liang Seok
39. Mr Goh Aik Tshin
40. Ms Ong Lye Chan
41. Mr Tan Whee Li
42. Mr Ng Thin Kong
43. Mr George Chen Fengrong
44. Ms Seah Chye Ann
45. Mr Manohar P Sabnani



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In Attendance

1. Mr Lee Jee Cheng Philip
KPMG LLP
2. Ms Kum Chew Foong
KPMG LLP
3. Ms Angeline Chiang
Corporate Alliance Pte. Ltd.
4. Ms Christine Loh
M & C Services Private Limited
5. Ms Amelia Wong
M & C Services Private Limited
6. Ms Khor Yoke Kean
Boardroom Corporate & Advisory Services Pte. Ltd.
7. Mr Edmund Lim
Boardroom Corporate & Advisory Services Pte. Ltd.
8. Ms Belinda Chew
Boardroom Corporate & Advisory Services Pte. Ltd.

Shareholders (cont'd)

46. Mr Choo Chee Keong
47. Mr Kuan George
48. Ms Han Chew Yuen Hazel
49. Mr Tan Wee Han
50. Mr Cheng Choo Jang @ Tee Saw Jang
51. Mr Ee Guan Soon

Proxies

52. Mr Chong Kim Leong
Proxy for Mr Chong Kim Sem
and Mr Ng Kim Yong
53. Ms Lim Yue Li
Proxy for Mr Lim Whay Chung

Observers

54. Ms Wong Mui Sing
55. Mr Lim Chor Kheng
56. Mr Chiam Ah Kee Christopher
57. Mr Chiam Heng Hsien

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 voting on all resolutions to be passed at the AGM would be conducted by poll. He then demanded for a poll in accordance with the provisions of the 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 polling services would be provided by Boardroom Corporate & Advisory Services Pte. Ltd. (“Boardroom”).

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.

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



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ORDINARY BUSINESS

1. Adoption of Reports and Financial Statements

The following Ordinary Resolution No. 1 was proposed by Chairman and seconded by Mr Tan Tok Jin:-

“That the Directors’ Report and Audited Accounts for the financial year ended 31 December 2011 and the Auditors’ Report thereon be and are hereby received and adopted.”

Chairman then invited questions from shareholders on the Reports and Financial Statements for the financial year ended 31 December 2011 (“FY 2011”).

A shareholder present, Mr Tan Tok Jin, enquired whether the vision objective of the Group as stated on page 5 of the Annual Report 2011 (the “Annual Report”) of achieving and maintaining a minimum of 10% net profit margin would be too optimistic as the Group only managed to achieve net profit margin in the range of 4% to 7% during the past five years as set out on page 32 of the Annual Report. Chairman commented that setting an audacious target would enable management to strive for higher achievement. He is confident that in doing everything right, coupled with good timing, the Group has the potential to achieve this target with its robust and diversified business model. He shared that some of Qian Hu’s business segment did manage to register such net profit margin, whereas some other business activities performance had seen some fluctuations for reasons such as business restructuring and unforeseen circumstances like global economy downturn and natural disasters, etc which has affected the Group’s overall profit margin. He added that he would still set a minimum of 10% net profit margin as a management goal so as to drive for sustainable growth in the next few years.

Mr Tan Tok Jin also noted that when the Group’s registered a higher net profit of \$ 6 million in FY 2008, it paid a net dividend of 0.2 cents per ordinary share. However, with the decline in the Group’s profitability in FY 2011, the dividend payout had increased. Chairman informed that the proposed dividend took into consideration not only the Group’s profit growth, but also the cash position, positive cash flow generated from operations and the projected capital requirements for business growth. He emphasised that net profit registered and cash flow of the Group were two different elements. The net profit registered would comprise of non-cash elements while cash flow would reflect the liquidity of the Company as a whole.

In response to Mr Tan Tok Jin’s question with regard to the increase in staff costs from \$12.5 million in FY 2010 to \$ 12.8 million in FY 2011 as stated on page 125 of the Annual Report which is contrary to the reduction in the number of staff from 719 employees in FY 2010 to 550 employees in FY 2011 as indicated on page 33 of the Annual Report, Ms Lai Chin Yee, Finance Director, explained that staff headcount reduced as at end of Year 2011 upon the disposal of a wholly-owned subsidiary, Guangzhou Qian Hu Aquarium and Pet Accessories Manufacturing Co., Ltd (“GZQH”). However, as the disposal of GZQH took place only in December 2011, the staff costs of GZQH for almost the entire FY 2011 was included as expenses of the Group, and that the labour and operating costs from the Guangzhou factory did escalate with the implementation of the minimum wage policy since the 2nd half of FY 2010. Accordingly, the staff costs incurred and the number of staff comparison would look disproportionate for these two years.



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Mr Tan Tok Jin further enquired about the Company's plan on one of its leasehold land parcel which would expire in Year 2013 as stated on page 109 of the Annual Report. Chairman replied that the current parcel of land expiring in Year 2013 is under an old lease agreement which was on a monthly rental basis. When the Company leased an additional parcel of land for 20 years from the Singapore Land Authority ("SLA") in Year 2008, an option was given to the Company to equalise the lease term of the current parcel of land with the new lease, however, it would require the Company to make upfront payment for its 20 years of lease (which was the payment arrangement for the new land parcel). As it would be more economical for the Company to continue with the monthly rental arrangement for the current parcel of land until Year 2013 than making upfront payment for both parcel of land then, the equalisation option was not taken up. Chairman informed that he was confident that the authority would grant the lease renewal to the Company upon its expiry in Year 2013. This is in line with the government's drive to promote business continuity and entrepreneurship.

Mr Tan Tok Jin followed-on to enquire the reasons for the surge in advances to suppliers and trade receivables balances due more than 90 days, referring to pages 116 and 117 of the Annual Report respectively. Ms Lai Chin Yee replied that following the disposal of GZQH in December 2011, the Group had reclassified its advance payment and trade balances with the former subsidiary as "Trade and other receivables" in the financial statements. Ms Lai Chin Yee further highlighted that as mentioned on page 117 of the Annual Report, the management is of the view that the overdue amounts with GZQH were not impaired as GZQH would be able to repay the outstanding debts from its operating and other cash flows. She added that the recoverability of the amount due from GZQH as at 31 December 2011 had been guaranteed by a major shareholder of the Company.

When asked by Mr Tan Tok Jin on whether the Company would explore the possibility of doing "proxy breeding" of Dragon Fish in Singapore, Chairman affirmed that the Company would not venture into such business as it was totally different from the Company's core business activities. Qian Hu would want to focus on its ornamental fish and accessories business, ranging from breeding, farming, exporting to distributing of ornamental fish as well as distribution of aquarium and pet accessories, including its own innovative products.

Another shareholder, Mr Distant Denis Walter ("Mr Denis Distant") commented that while the Group experienced an overall reduction in revenue in FY 2011, he noted on page 124 of the Annual Report that the revenue from the accessories segment seemed to have upheld as compared to the dip in fish business. Hence, he was unsure why there were no photographs or illustrations featuring the growing accessories business of the Group in the Annual Report. Chairman commented that while the Group's fish business exports to more countries and has a higher entry barrier than its accessories business, the latter is of a resilient nature. Chairman also shared his belief that with every dollar of fish purchase, it would yield five dollars of accessories purchase; hence, there should be a recurring accessories consumption pattern alongside with the fish business. Chairman noted Mr Denis Distant's feedback and added that he would look into dedicated coverage in future annual reports for accessories business, including the introduction of the new and innovative accessories products that Qian Hu had developed. Chairman thanked Mr Denis Distant for his good suggestion.

Mr Denis Distant then would like to know that with such sustainable revenue from the accessories segment and it being a business that Qian Hu would want to continue to grow and expand its distribution network, what was the rationale of disposing GZQH in FY 2011. Chairman replied that as previously announced (please refer to SGXNET announcement



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number 00099 released on 23 December 2011), the disposal of GZQH was part of the Group's strategic plan to redirect its effort to concentrate on research and development ("R&D") for more innovation and high margin products as well as to strengthen its marketing capability that would help to enhance the market position of its accessories business in the PRC. It would also enable the Group to focus on its core expertise and to further expand the distribution network of its accessories business in the PRC. The Group would continue its business collaboration with the Guangzhou factory by outsourcing the manufacturing of some of the Group's newly innovated products to the Guangzhou factory.

Referring to pages 2 to 10 of the Annual Report, another shareholder, Mr Manohar P Sabnani ("Mr Mano") felt that the charts presented were not practical and was not concise on the message that it was trying to convey. Chairman noted his feedback and commented that the charts were more of an artistic expression of the Group's business model and past years' performance.

Mr Mano then commented on the decrease in revenue and profitability of the Group over the past three years, noting the Return on Shareholders' Funds has reduced to 5.5% in FY 2011 as compared to 6.7% and 11.0% in FY 2010 and FY 2009 respectively. He also pointed out that the share price of the Company was trading at approximately 10 to 11 cents in March 2012, which was below its net asset value ("NAV") of 16.21 cents as at 31 December 2011. He expressed his concerns and would like to understand the issues faced with the Group's business. He commented that Qian Hu is very far from achieving its minimum 10% net profit margin target as rightfully highlighted earlier by a fellow shareholder, Mr Tan Tok Jin, and that the management must do many things to get the business back on track. He would also like to know what the Board would do to improve its Return on Equity ("ROE").

Chairman concurred that there are many things that the Group must do going forward. He explained that the global economy climate and the business environment are consistently changing, as such; Qian Hu needs to react, adapt and adjust accordingly. It would take time to see the results of actions such as transforming certain segments of the business, managing competition, or changing our product portfolio by discontinuing products that do not commensurate with the level of margin desired. Chairman assured that as responsible Board and management, shareholders should trust that necessary actions would be carried out to reinstate its profit margin. Management would always try its best in putting forward ideas and solutions to achieve better profitability, taking into consideration the sustainability of the Group's business beyond his term as CEO.

Mr Mano further suggested for Chairman to look at how overseas companies achieved their growth through the use of technology, for example exploring techniques that would help in fish breeding, and asked whether the Group has done enough to grow its businesses. He then moved on to leadership issue, suggesting that Chairman should move from beyond the family members to search for a capable CEO to run the business should the performance of the Group remained stagnant or deteriorate going forward. He felt that if Chairman only relied on his family's talent pool, there might be constraints on the growth of the Group. Chairman reiterated that as mentioned on page 50 of the Annual Report on Qian Hu's succession planning as well as in dialogue sessions with various media and professionals, he had always been advocating that the best person should run Qian Hu and that family members would not be given any special preferences.



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On the subject raised by Mr Mano of why shareholders should only expect a change in leadership when Chairman reached 55 years old and what would Chairman do if the ROE of the Group does not increase within the next two years, Chairman replied that all the shareholders have the right to question the performance of CEO, however, he did not believe that constantly replacing CEO due to short term profit fluctuation is a good way to build a long term and sustainable business. In the search for the next person to lead the Group, he would continue to ensure the long term growth and sustainability of the Group. He added that for the purpose of approving resolution number 1 of this AGM regarding the “Adoption of Reports and Financial Statements”, the discussion should not be focused on management style or replacing the CEO in two years’ time.

Making reference to page 127 of the Annual Report, Mr Mano asked the Board for an explanation on the increase in salary and bonus payment for the four executive directors totalling \$1.2 million in FY 2010 to \$1.3 million in FY 2011 despite the Group reported reduction in earnings. Chairman informed that the executive directors’ salaries and bonus amounts were not excessive. The reduction in profit would not necessarily be the fault of the executive directors, as it could be due to external uncontrollable factors which had affected the overall performance of the Group. He commented that being too calculative might pose difficulty in people and talent retention and building a sustainable team. Mr Mano disagreed with the justifications made by Chairman. He appreciated that the Finance Director was doing a good job and hence justified the salary increment and bonus payment. While appreciating that the salary of the other three executive directors were not high, the bonus payment was not justifiable (from no bonus payment in FY 2010 to a bonus payment of \$30,000 per executive director in FY 2011). In response, Chairman shared with Mr Mano that the executive directors’ did either forgo or reduce their bonus entitlement during those years when the Group performances were not up to expectation. Mr Mano said that he was not aware of such history and emphasised that shareholders would support the salary increment and bonus payment should the Group’s earnings increase but not when earnings were declining.

Mr Mano continued to enquire about the losses incurred by the associates of the Group located in the United Kingdom (UK) and India. Chairman informed that the associate in the UK was facing consumption issues, with tepid demand caused by the slowdown of the European economy. Nonetheless, it has put in place cost savings measures to reduce its overheads in the coming quarters to improve its profitability. On the India associate, it was a joint venture set up only two years ago and is in the process of establishing its market presence and widening its distribution network in India. Chairman commented that although the India operations is overseen by a Singaporean, certain regulations and procedures faced by the entity are not so straight-forward. It needed more time to better understand the business operating environment and the consumption pattern in order to enhance its operation and financial performance.

At this juncture, contrary to what an earlier shareholder, Mr Denis Distant, had commented on the Group’s sustainable accessories business, Mr Mano noted that as mentioned on page 39 of the Annual Report, operating profit from its accessories business dipped by approximately 41.0% should the gain on the disposal of GZQH was excluded. He then enquired if the retail chain stores business had contributed to the losses registered by the accessories segment and enquired why there were not much mentioned of the retail chain stores business in the Annual Report. Chairman replied that the performance of the accessories business was partially affected by the losses incurred by GZQH prior to its disposal in December 2011, coupled with the conscientious effort made to reduce inventory



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level which had affected the profit margins. On the retail chain stores business, Chairman commented that the Group currently operates retail chain stores in China, Malaysia and Thailand which were overall profitable. Although there was no expansion plan for its retail chain store business, the existing retail chain stores would be retained as part of the Group's overall business strategy.

At the end of his questions, Mr Mano requested Chairman to take all his remarks in a positive way and that he was not trying to suggest that the CEO should be replaced. With due respect he had for the Chairman and in recognising his accomplishments as an entrepreneur, Mr Mano urged management to be more drastic in its action to achieve targets, adding that in order to bring the Group to the next lap, sometimes, painful decisions have to be made. Chairman responded that he was relatively young at his age and would hope to lead the Group to scale new height within his term as a CEO of the Group.

Another shareholder, Ms Han Chew Yuen Hazel ("Ms Hazel Han") would like to know the ability of GZQH to repay the amount owing to the Company in the coming years, if GZQH has been incurring losses prior to its disposal. Ms Lai Chin Yee responded that GZQH was disposed to a third-party to manage and run its operations. With the new business strategies and customers base, it was envisaged that its financial performance should turnaround, with cash flow generated from operations to repay the debts. In addition, collection of the amount due from GZQH was guaranteed by a major shareholder of the Company as mentioned earlier. Ms Hazel Han further enquired about the nature of the guarantee, to which Ms Lai elaborated that this was a guarantee provided by Qian Hu Holdings Pte Ltd (a major shareholder of Qian Hu Corporation Limited) on the repayment of receivables due from GZQH.

Ms Hazel Han then requested clarification on one of the Group's 2012 prospects statement as mentioned on page 31 of the Annual Report, that the management "envisage keener competition especially from the source of supply of Dragon Fish". Chairman explained that there was an increase in supply of the golden species of Dragon Fish (Golden Arowana) in recent years as a result of the setting up of many new fish farms in Malaysia to produce this species of Dragon Fish, hence keener competition was expected, especially price competition. Chairman opined that the way to hedge the keen competition would be through the Group's marketing capability. If Qian Hu is able to distribute and sell more Dragon Fish, including this species of Dragon Fish, through its established distribution network, it would be able to address this challenge. Ms Hazel Han inquired if the Golden Arowana was a more popular species, to which Chairman clarified that the Golden Arowana was a popular but cheaper species. He added that the Red Arowana is as well-liked but more expensive, nevertheless, it was not affected by the supply issue as mentioned above.

Ms Hazel Han enquired about the targeted production yield of the Group's brooder stocks and the expected timeline for results on the second phase of the Group's research collaboration with Temasek Life Sciences Laboratory ("TLL"). At the same time, she requested for an update on the collaboration with TLL which started in Year 2000 and was now in its 11th year. Chairman replied that Qian Hu had since Year 2009 moved some of the research work in-house. It was a long process understanding the DNA code and the DNA components of the Asian Arowana. Over the years, results obtained from the research collaboration with TLL had been used to improve the Dragon Fish production yield. It would be a continuous process and it is difficult to commit specifically to an expected yield or timeline. He was not at liberty to reveal more details at this point on the nature of the research work but added that it would be a long term research project which might need at



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least four to five years to complete. With the knowledge gained from the research, it would definitely enhance the productivity and enable the Group to do selective breeding of Dragon Fish. On the cost of performing such R&D work, Chairman informed that the research works are on-going and portions of such work could be on project basis. The Company would obtain grant from the relevant authority, such as the Economic Development Board (EDB), to fund certain projects.

Referring to page 32 of the Annual Report, Mr Goh Lian Teck, one of the shareholders present, noticed that in the calculation of the Return on Shareholders' Funds for FY 2009, non-controlling interests were not included, whereas for FY 2010 and FY 2011, non-controlling interests were included, which gave rise to a lower return. He suggested that the management might want to ensure consistency in such presentation. Chairman took note of Mr Goh's observation for future annual report.

Mr Goh Lian Teck then referred to page 42 of the Annual Report on the amount of bank borrowings and commented that the trade and other receivables of approximately \$10.5 million overdue receivables owing by GZQH had exposed the Group to a higher gearing ratio. He suggested that the recovery of these receivables should be accelerated to reduce the Group's gearing ratio. This was also in accordance with its objective of moving towards being a debt free company. Chairman informed that it was always the intention of the Group to reduce its external borrowings with the gradual repayment of debts from its operating cash flows. He added that the management had already put in place a time schedule to recover the outstanding amounts due from GZQH.

Mr Goh Lian Teck noted that the biological assets constituted approximately 27% of the Group's total assets. He went on to ask whether the Group had considered insuring these biological assets so as to minimise losses in the event of any outbreak of diseases on the brooder stocks. Chairman replied that the Group had explored insurance coverage and concluded that the cost of insuring these biological assets would be much higher than the cost of installing internal measures, such as to boost the health management of Dragon Fish, to manage this risk. Chairman further explained that there was no known virus that could completely wipe out the entire Dragon Fish stock. Mr Goh Lian Teck further commented that since the likelihood of virus occurrence was low, the insurance premium for insuring these biological assets should not be high. Ms Lai Chin Yee clarified that although the likelihood of virus occurrence was low, the insurance premium quoted was high for the coverage of livestock. In addition, the likelihood of successfully making claims for mortality might be questionable as the proving of the cause of death of the brooder stocks was not internally attributed could be very subjective.

Mr Goh Lian Teck would like to know the nature of bills payable to bank. Ms Lai Chin Yee explained that these were letter of credits issued by financial institutions which provide an irrevocable payment undertaking in favour of certain overseas suppliers at their requests. The financial institutions would grant a maximum of 120 days credit period to the Group to settle the outstanding payments.

With regard to the Statement of Cash Flows on page 96 of the Annual Report, Mr Goh Lian Teck sought clarification on the capital contribution from non-controlling shareholders was in relation to which subsidiary. Ms Lai Chin Yee replied that it was capital contribution from the non-controlling shareholders of the newly set up Indonesia subsidiary during the financial year, which the Group has 55% equity interest.



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Mr Goh Lian Teck also noted that the amount of additions and disposals of biological assets as set out on page 110 of the Annual Report were identical and would like to know if it was coincidental. To this, Lai Chin Yee commented that it was as a result of the replacement of brooder stocks among the different categories. The amount of brooder stocks was disposed of in exchange for the purchase of similar amount of brooder stocks of another category.

In response to the question raised by Mr Goh Lian Teck on whether the financial institutions having the right to call back loans extended to the Group and whether the Group had the resources to pay back the loans should the financial institutions make the recall, Ms Lai Chin Yee informed that financial institutions has a standard clause in its bank's offer letter stating that the financial institutions reserved the rights to recall the loans. Accordingly, such loans had been classified as current liabilities in the financial statements, regardless of the loans tenure. Such classification in the financial statement was not an indication that there was any possibility of default. She confirmed that should such recall be made, Qian Hu would have sufficient resources to settle the outstanding amounts.

Mr Goh Lian Teck then referred to Mr Mano's earlier comments on the bonus payment made to the three executive directors in FY 2011 when the earnings of the Group were lower than FY 2010. He commented that Qian Hu had always given the impression that it was transparent and honest with shareholders, as such, the bonus payment in FY 2011 to the executive directors when the results of the Group was not satisfactory, might risk the possibility of sending wrong signals to the market. He suggested that the management should consider adopting a profit-based reward system, whereby the remuneration of the executive directors is based on the overall financial performance of the Group. Nonetheless, he agreed that management should reward themselves adequately when appropriate. Mr Goh Lian Teck expressed that the shareholders appreciated the Chairman's valuable contributions over the years. He commented that the Chairman was indispensable and that the share price of Qian Hu might take a hit if the CEO is replaced. Chairman is humbled by the tributes, but believed that no one within the Group is indispensable. He took note of the feedback from shareholders on this subject and acknowledged that the Board should be more sensitive on remuneration matters in the future when the Group did not perform up to expectation.

Another Shareholder, Mr George Kuan, complimented the Annual Report. However, he felt that the chart on page 43 of the Annual Report illustrating the "Net Earnings and Dividend Payout Ratio" was misleading visually. He commented that despite the dividend payout as a percentage of the Group's net earnings had increased over the years, the amount of dividend payment per share did not increase significantly. Chairman commented that pictorial representation of absolute and ratio data were sometimes not as clear as it should be. Chairman noted and thanked him for his remarks.

Mr Denis Distant and another shareholder, Mr Yew Soon Tieh, would like to know more about the plastics business which constituted approximately 13% of the Group's overall revenue in FY 2011 as indicated on page 124 of the Annual Report. Chairman elaborated that the plastics business is an ancillary business to the Group. The plastics factory, located in Woodland, manufactures different types and grades of plastic bags for different usages. Besides supplying plastic bags for the Group's internal consumption for fish packaging, the plastic bags were also supplied to other customers in the fish, food and electronics industries, as well as to supermarkets and wet markets.



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Mr Denis Distant was concerned about the impact on the Group's revenue should there be a ban on the use of plastic bags in Singapore as a result of green movements initiated by the government. Chairman consented that such move by the government would affect the revenue of the plastics segment. However, the Group should be able to mitigate the impact by switching to the use of biodegradable resins and producing environmental friendly biodegradable plastic bags. He added that, currently, as the cost of producing biodegradable plastic bags was higher than normal plastic bags, as such, the factory has focused on the production of normal plastic bags to meet the customers' demand.

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

The following Ordinary Resolution No. 2 was duly proposed by Chairman and seconded by Ms Pae Bee Yong:-

"That a first and final dividend of 0.6 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2011 be paid on 11 April 2012 to members registered in the books of the Company on 29 March 2012."

A shareholder, Mr Tan Siew Huat, commented that the dividend declared for FY 2011 was low. Chairman reiterated 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 mentioned earlier. The proposed dividend payment of 0.6 cents per ordinary share, which was higher than 0.5 cents per ordinary share paid in FY 2010, was consistent with the Group's intention of becoming a debt-free and high dividend payout company.

Chairman then informed the meeting that an email was received from another shareholder, Mr Tan Kwong Moh, who showed his appreciation to the Board for declaring a higher dividend of 0.6 cents per ordinary share in FY 2011. He reckoned that share buyback or good news from the Company are measures to stabilise Qian Hu's share price.

He also suggested to the Company to save cost by simplifying the annual report and doing away with the printing and sending out of table calendars to all shareholders. To this, Chairman replied that it is our intention to include as much information as possible in the annual report for shareholders' information. He said that he would also continue with the sending out of table calendars as the calendars carry quotes written by him and it has been a simple gesture we give to the shareholders each year. It was noted that some shareholders at the meeting expressed that they would like to continue receiving the table calendars from the Company each year. On the practical suggestion by Mr Tan Kwong Moh in the same email of providing packed lunch for shareholders at the AGM, Chairman followed-on to say that all shareholders at this meeting had already been provided with packed lunch boxes. At this juncture, some shareholders at the meeting clapped their hands in support of this move. Chairman then thanked Mr Tan Kwong Moh for his commendation and suggestions.



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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 Alvin Yap Ah Seng

Chairman informed the meeting that Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong retired as directors pursuant to Article 89 and Ms Sharon Yeoh Kar Choo retired as director pursuant to the Article 88 of the Company's Articles of Association. All three directors were eligible and had offered themselves for re-election.

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

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

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

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

The following Ordinary Resolution No. 4 was duly proposed by Chairman and seconded by Mr Mano: -

“That Mr Andy Yap Ah Siong, who retired pursuant to Article 89 of the Company's Articles of Association, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company.”

As there were no questions, Ordinary Resolution No. 4 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Mr Andy Yap Ah Siong abstained from voting.

5. Re-election of Director – Ms Sharon Yeoh Kar Choo

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

“That Ms Sharon Yeoh Kar Choo, who retired pursuant to Article 88 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. 5 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.

It was noted that Ms Sharon Yeoh Kar Choo would be considered an independent director of the Company, and would remain a member of the Audit Committee and Remuneration Committee and Chairman of the Nominating Committee.



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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, totalling \$75,000/- (FY 2010 – \$25,000 per independent director totalling \$75,000/-).

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

The following Ordinary Resolution No. 6 was duly proposed by Chairman and seconded by Ms Lim Yue Li:-

“That the payment of Directors' fees of \$75,000/- for the financial year ended 31 December 2011 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 Chang Weng Leong and Mr Tan Tow Ee abstained from voting.

7. Re-appointment of Auditors

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

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

“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.



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The following Ordinary Resolution No. 8 was duly proposed by Chairman and seconded by Mr Choo Chee Kiong:-

“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:

- (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*



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- (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.

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 11 March 2011 would expire at this meeting and under the Companies Act, the renewal of the Share Buyback Mandate (the “Mandate”) would require the consent of the shareholders at each AGM. A copy of the “Appendix to shareholders in relation to the proposed renewal of Share Buyback Mandate” relating to the proposed renewal of the Mandate had been despatched together with the Notice of AGM to the shareholders for reference.

The following Ordinary Resolution No. 9 was duly proposed by Chairman and seconded by Ms Chiang Mee Fong:-

“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”);



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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 Buybacks 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 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.”*



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Mr Mano asked whether there had been any purchase of shares since the Mandate was put in place, to which Ms Lai Chin Yee informed that the Company had not made any share buy back to-date pursuant to the Mandate. Mr Mano then queried the relevance of the Mandate since the Company had not used it, citing notwithstanding when the Company's share price was as low as below nine cents since September 2011 until end December 2011, the Company did not purchase any shares. He added that the Company could have bought back its shares then and kept as treasury shares for the use as incentive shares to reward employees under a share performance plan. He opined that in times of financial crisis the Company should be more mindful to conserve cash rather than using 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. 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 Mandate which requires renewal on an annual basis.

Chairman reiterated that the Mandate was implemented in Year 2009 after the financial crisis in Year 2008 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. Nonetheless, Chairman concurred with Mr Mano's comment that as far as possible the Group would utilise cash for the repayment of bank borrowings and payment of dividends to shareholders than funding share buyback.

Mr Goh Lian Teck would like the Company to have in mind an "ideal price" to buy back its shares. Chairman informed that the Company would not be able to reveal the "ideal price" at this meeting. He re-assured the shareholders that the Company would activate the share buyback exercise only when changes from the external environment which triggered such a situation to warrant the buying back of its shares. The Company is mindful not to engage in share buybacks to such extent that would result in a material adverse effect on the liquidity or the financial position of the Group.

On the request made by Mr Tan Tok Jin, Chairman confirmed that the major shareholder of the Company, Qian Hu Holdings Pte Ltd, did not purchase any shares of the Company during the financial year.

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



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The meeting resumed at 1.00 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" :	249,073,764	99.96
Number of votes "AGAINST" :	88,500	0.04
Total number of votes cast :	<u>249,162,264</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" :	248,968,764	99.92
Number of votes "AGAINST" :	193,500	0.08
Total number of votes cast :	<u>249,162,264</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 2 carried.

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

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	233,331,712	99.99
Number of votes "AGAINST" :	26,000	0.01
Total number of votes cast :	<u>233,357,712</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 3 carried.



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Ordinary Resolution 4 – Re-election of Director – Mr Andy Yap Ah Siong

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 233,373,764	99.99
Number of votes “AGAINST”	: 26,000	0.01
Total number of votes cast	: <u>233,399,764</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 4 carried.

Ordinary Resolution 5 – Re-election of Director – Ms Sharon Yeoh Kar Choo

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 249,073,764	99.99
Number of votes “AGAINST”	: 26,000	0.01
Total number of votes cast	: <u>249,099,764</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”	: 248,630,164	99.95
Number of votes “AGAINST”	: 131,000	0.05
Total number of votes cast	: <u>248,761,164</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”	: 249,136,264	99.99
Number of votes “AGAINST”	: 26,000	0.01
Total number of votes cast	: <u>249,162,264</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”	: 249,058,264	99.96
Number of votes “AGAINST”	: 104,000	0.04
Total number of votes cast	: <u>249,162,264</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”	: 248,940,514	99.94
Number of votes “AGAINST”	: 159,250	0.06
Total number of votes cast	: <u>249,099,764</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 9 carried.

There being no further business, the meeting ended at 1.05 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