



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

Minutes of the Fourteenth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Friday, 15 March 2013 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
 - Ms Ang Kim Sua
 - Ms Chang Yin Lee
 - Ms Chua Kiew Choo
 - Mr Eu Yang Yek
 - Mr Gerard Charles Holland Oates
 - Mr Goh Ngian Boon
 - Mr Keh Boon Kheng
 - Mr Koh Kim Hoe
 - Mr Kwee Kim Kian
 - Mr Lee Kim Hwat
 - Mr Lim Boo Hua
 - Ms Lim Geok Kiew
 - Ms Lim Lee Seng
 - Mr Lim Peng Chuan
 - Mr Lim Peng Yian
 - Mr Lim Yik Kiang
 - Mr Liow Swee Choon
 - Mr Low Eng Hua
 - Mr Ng Kim Chai
 - Mr Ng Wah Hong
 - Mr Ong Boon Kit Keith Andrew
 - Ms Pae Bee Yong
 - Mr Poh Hock Eng
 - Mr Seah Chong Huat
 - Mr Tan Boon Kee
 - Mr Tan Boon Kim
 - Mr Teo Boon Hock
 - Mr Teoh Ai Huat
 - Mr Tho Thiam Chye
 - Ms Yap Ai Choo
 - Ms Yap Ai Hua
 - Ms Yap Ai Tin
 - Ms Yap Chew Ring
 - Ms Yap Chew See Susie
 - 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 Yock Ran

Shareholders

1. Ms Yap Mei Yen Sally
2. Ms Chiang Mee Fong
3. Mr Ow Yong Eng Seng
4. Mr Goh Aik Tshin
5. Mr Sim Seng Yong
6. Mr Soo Kwok Weng
7. Ms Chen Lin Chin
8. Mr Gurpal Singh
9. Mr Goh Lian Teck
10. Mr Lim Oh Teo
11. Ms Wong Ai Cheng
12. Mr Ng Eng Seng
13. Mr Cheng Choo Jang @ Tee Sew Jang
14. Ms Tee Poi Teng
15. Ms Wong Kok Yee
16. Mr Chien Yuk Chun Dennis
17. Mr Choo Chee Kiong
18. Mr Tan See Wah
19. Mr Wee Chong Lim
20. Mr Chin Thin Koon
21. Mr Chua Ghim Hock
22. Mr Loh Tee Yang
23. Mr Ng Guch Hwa
24. Mr Tan Tok Jin
25. Mr Manohar P Sabnani
26. Mr Lok Weng Kit
27. Mr Tan Wee Han
28. Ms Chia Kwee Ching
29. Mr Yeo Heng Kit
30. Ms Seah Chye Ann
31. Ms Han Chew Yuen Hazel
32. Mr Quek Soon Chong
33. Mr Yew Soon Tieh

Proxies

34. Ms Chiam Heng Hsien
Proxy for Mr Ng Ah Leck
35. Ms Gay Ah Fong Judy
Proxy for Ms Josselyn Lee Hui Tse
36. Ms Lim Yue Li
Proxy for Mr Lim Whay Chung

Observers

54. Ms Wong Mui Sing
55. Mr Ee Guan Soon



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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)

In Attendance

1. Ms Kum Chew Foong
KPMG LLP
2. Mr Steven Ng
KPMG LLP
3. Ms Angeline Chiang
Corporate Alliance Pte. Ltd.
4. Ms Frannie Chuah
Corporate Alliance Pte. Ltd.
5. Ms Karen Goh
Corporate Alliance Pte. Ltd.
6. Mr Oli Lim
Corporate Alliance Pte. Ltd.
7. Mr Iskander Namazie
M & C Services Private Limited
8. Ms Amelia Wong
M & C Services Private Limited

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.



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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 M & C Services Private Limited (“M & C Services”).

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 Christine Loh, representative of M & C Services, to brief the meeting on the polling procedures.

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 2012 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 2012 (“FY 2012”).

Referring to page 31 of the Annual Report 2012 (“Annual Report”), Mr Tan Tok Jin, a shareholder, pointed out that the value-added per employee had reduced from \$38,000 in FY 2011 to \$16,000 in FY 2012. He would like to know that with the Wage Credit Scheme (“WCS”) introduced by the Government recently, would the Company be eligible and benefit from the WCS. Chairman commented that the productivity data is directly tied to the profit achieved each year in computing value-added per employee. He opined that it is the individual company’s responsibility to drive its productivity initiatives so as to achieve the desired productivity rate. As to whether to increase the salary of individual employees, he felt that it should depend on each company’s internal needs rather than relying on the availability of the WCS. A company with good human resource practices, having a fair and transparent system of awarding people according to their performance or KPI set, should not be relying on the WCS in granting salary increases. Nonetheless, the Company would draw on the WCS, where appropriate, so as to have some cost savings, i.e. 40% payout from the Government on the wages increases given to Singaporean employees earning a gross monthly salary of up to \$4,000 for the 3-year period. Chairman ensured that when there is an improvement in the Group’s profits, the value-added per employee would improve accordingly.



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Mr Tan Kok Jin further referred to page 104 of the Annual Report on the tenure of the leasehold land parcel, 69 & 71 Jalan Lekar, which would expire in November 2013. He enquired how the white paper on the proposed re-development of the Sungei Tengah & its surrounding area would affect the said leasehold land. Chairman informed that the Company is currently in talk with the Singapore Land Authority (SLA) and the Animal and Veterinary Authority (AVA) on the extension of the lease term of the leasehold land. While he understood that the leasehold land was catered for agriculture, green space and recreation purposes, he was not in the position to disclose any further details.

Mr Tan Tok Jin noted that the Group reported an allowance for doubtful trade receivables of \$2.1 million in FY 2012 as compared to \$1.7 million in FY 2011 as stated on page 112 of the Annual Report. He also noted on page 113 of the Annual Report that the ageing of trade receivables due more than 90 days had increased from \$12.2 million in FY 2011 to \$15.6 million in FY 2012. He would like to know whether there could be any impairment issue in relation to the long outstanding trade receivables. Ms Lai Chin Yee, Finance Director, replied that out of the total trade and other receivables of the Group as at 31 December 2012, approximately \$11.4 million was due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”), a former subsidiary of the Group. The amount was reduced from \$12.7 million as at 31 December 2011. She further informed that the Group continues to have business dealings with GZQH and that GZQH would be able to repay the outstanding debts from its operating and other cash flow. In addition, the recoverability of the entire amount due from GZQH is being guaranteed by a major shareholder of the Company.

Another shareholder, Mr Goh Lian Teck, followed-on to enquire the estimated timeframe for the repayment of the outstanding amount due from GZQH and whether the Group had explored any factoring-like arrangement to collect the cash earlier. Chairman informed that the management had formalised a plan with the management of GZQH to reduce the outstanding amount substantially within four to five years, based on a reduction of approximately \$1.5 million to \$2.0 million per year going forward. Management had not considered factoring the debt as there is still on-going business relationship with GZQH and this mode of settlement might not be appropriate at this point in time.

Mr Goh Lian Teck then referred to page 1 of the Annual Report regarding the Group’s expansion of its ornamental fish and accessories network in China and India and would like to have an understanding of the Group’s expansion strategy in these countries. Chairman shared that the Group’s market share in China continues to grow aggressively, especially in the 3rd and 4th tier cities. It would expand its distribution network and sales team extensively to increase its distribution points in China. He is confident that as the Group has been in China for many years, it had established certain growth momentum to progress further. While for India, Chairman commented that the Group is in the process of negotiating with its Indian business partner to strategise on how to improve its business operations and to set up additional distribution network in more parts of India.

Mr Goh Lian Teck further enquired whether the expansion plans in China and India would result in an increase in capital expenditure. Chairman responded that based on the current expansion plan in China, the increase in sales force would not result in the increase in capital expenditure. There is likelihood that the Group might incur small amount of capital expenditure in India while in the process of revamping some business operations.



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Another shareholder, Mr Manohar P Sabnani (“Mr Mano”) complemented on the informative Annual Report. Chairman thanked him for the compliments. Mr Mano then commented that the new innovative products featured in the Annual Report seemed to have potential markets. Mr Alvin Yap, Deputy Managing Director, who is in charge of the Group’s accessories business, informed that most of these newly innovative products were launched in 2012 with positive responses and that the Group is able to expand its customer base with these innovative products. He added that the Group’s R&D team would continue to modify the design of these products based on feedback received so as to enhance the design and functionality of these products. He believed that at least two years would be required to realise the full potential of these products, as the Group would prefer to familiarise its customers with these innovative products through a learning process before the customers could appreciate the revolutionary nature of these products.

On the plunge in the operating profit from the ornamental fish segment to approximately \$0.3 million in FY 2012 as compared to approximately \$2.9 million in FY 2011, which was mainly due to the significantly lower revenue registered as a result of the intense price competition caused by the oversupply of Dragon Fish as stated on page 35 of the Annual Report, Mr Mano would like to know from the management if there is any solution to overcome the price competition as the ornamental fish business was one of the Group’s core businesses. Chairman affirmed this and highlighted that the Group’s export of ornamental fish business is resilient as it has a distribution network of exporting to more than 80 countries. He added that the Group has recently increased its equity interest in its Indonesia subsidiary from 55% to 90%, which should also improve the Group’s revenue and profit contribution. It is the Group’s long-term vision to be the world number 1 exporter of ornamental fish. He commented that with the disposal of Kim Kang Aquaculture Sdn Bhd (“Kim Kang”) in FY 2012, the Group would be able to contain the erosion of profits from its Dragon Fish business. He acknowledged that the Group is still facing challenges in the 1st half of the current financial year in terms of stabilising the selling prices of Dragon Fish. However, he envisaged that the Group would see steady growth in ornamental fish’s profit in the 2nd half of the financial year.

Making reference to page 77 of the Annual Report on the remuneration paid to the immediate family members of the Chairman, Mr Mano sought clarification from the Chairman on the duties & responsibilities of the three family members mentioned in the Annual Report as they are not part of the senior management team but seemed well remunerated. Chairman replied that although they are not considered senior management in terms of position, they are the co-founders of Qian Hu. He elaborated that they are in charge of local ornamental fish sales (Yap Ping Heng), farm management (Yap Hock Huat) and the farm’s retail operations (Yap Kim Chuan). Chairman further explained that, in fact, their salary drawn had been adjusted downwards over the years with their growing age and lesser job responsibilities.

Mr Mano continued to enquire about the breakdown of the Group’s general and administrative expenses of \$22.8 million incurred in FY 2012 as stated on page 85 of the Annual Report. Ms Lai Chin Yee pointed out that there was a breakdown of the various major components of operating expenses on page 121 of the Annual Report. She commented that a substantial amount of such expenses were staff related expenses, followed by depreciation charges and utilities cost. In response to Mr Mano’s enquiry on whether there are any means to trim down the overall staff costs of the Group, Chairman replied that it is not likely to reduce the amount of staff costs in the coming years unless there is a transformation done on the method of fish farming. Instead, the forward direction would be to work on moderating the rate of its increase by emphasising the need to increase the productivity of the work force.



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Referring to page 105 of the Annual Report, Mr Mano asked whether the reduction in the carrying amount of brooder stocks from \$28.9 million in FY 2011 to \$8.9 million in FY 2012 was due to the disposal of Kim Kang, to which Ms Lai Chin Yee affirmed. He then noted on page 104 of the Annual Report that the carrying value of leasehold buildings at 69 & 71 Jalan Lekar decreased tremendously from \$1.2 million in FY 2011 to \$0.6 million in FY 2012. Ms Lai Chin Yee clarified that the decrease was due to the depreciation charge on the leasehold buildings as FY 2013 is the final year of the lease tenure since the leasehold buildings were depreciated in a straight line method over the remaining lease terms. Similarly, the same depreciation policy applies to the leasehold land and buildings in Thailand of which the leases are ending in FY 2013 and FY 2014.

Another shareholder, Mr Chua Ghim Hock, commented that the revenue derived from the accessories business was higher than the revenue generated from ornamental fish in FY 2012 as reflected on page 33 of the Annual Report. However, on page 35 of the Annual Report, it was mentioned that the Group's on-going efforts to capture more sales has affected the profit margin of the accessories business, hence, registering an operating profit of approximately \$1.7 million in FY 2012, which was merely comparable to that of FY 2011. He queried whether the overall profit margin for the accessories business is sustainable. Chairman replied that in certain years when the Group wants to capture more market share, it has to sacrifice its profit margin slightly to grow its revenue. Chairman added that once the Group has the market share, then its strategy would be to sell products with respectable profit margins. He reiterated that the Group is very mindful of its profit margins as well as its cash flow generation.

Mr Chua Ghim Hock then referred to page 110 of the Annual Report and enquired about the losses incurred by the associates of the Group located in the United Kingdom (UK) and India. On the India associate, Chairman replied that it was a joint venture set up three years ago and is in the process of establishing its market presence and widening its distribution network in India. It needed more time to better understand the business operating environment and the consumption pattern in order to enhance its operational and financial performance. Mr Alvin Yap, commenting on the performance of another associate, Arcadia Products PLC ("Arcadia"), said that UK was facing consumption issues, with tepid demand caused by the slowdown of the European economy. Nonetheless, Arcadia has put in place cost savings measures to reduce its overheads in the coming quarters to improve its profitability. Mr Chua Ghim Hock clarified that the impairment loss on investment was related to Arcadia, to which Chairman affirmed.

Mr Choo Chee Kiong, one of the shareholders present, would like to have an update on the brooder stocks received from the purchasers of Kim Kang as part of the purchase consideration on the disposal of Kim Kang. Chairman informed that Qian Hu has set up a system for the monitoring of these brooder stocks which are currently still kept in Kim Kang's premises. Ms Lai Chin Yee confirmed that there are 750 tails of brooder stocks in Singapore while there are 1,100 tails placed in Kim Kang. Mr Choo Chee Kiong further enquired about the breeding process of the Albino Arowana as mentioned on pages 12 of the Annual Report. Mr Andy Yap, Deputy Managing Director, who is in charge of the Group's ornamental fish business, replied that there are two types of such breed namely, (i) Albino Silver Arowana and (ii) Albino Asian Arowana. Qian Hu has started selling the Albino Silver Arowana in the market since December 2012, while the Albino Asian Arowana is a unique breed and is awaiting its mature stage before debuting in the market.



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With regard to the shareholders' statistics on page 137 of the Annual Report, Mr Tan Tok Jin noted that the shareholders of the Company are mainly Yap family members or individuals, with few institutional investors. Chairman commented lightheartedly that the Company has almost 2,800 shareholders and that he did not have over two thousand relatives. He then highlighted that, as stated on page 137 of the Annual Report, approximately 44% of the issued share capital of the Company was held in the hands of the public as at 5 February 2013. He further pointed out that institutional investors set certain criteria on their target investee companies, such as a certain level of market capitalisation. The Company's current market capitalisation of approximately \$43 million might be too small for their investment consideration. Chairman believed that the Company should now focus on its internal business restructuring before venturing into promoting its shares to the institutional investors via road shows etc.

Mr Tan Tok Jin further suggested that since the share price of the Company is wavering around 10 cents for a long period, the Company should consider doing a share consolidation exercise so as to improve the share price. Chairman reiterated that it is more critical for the Group to be focusing on its business processes and to get back to its growth path in the coming financial year. He added that there would be a lot of factors to consider, including the liquidity of the trading shares, prior to doing a share consolidation exercise.

Mr Yew Soon Tieh, another shareholder present, disagreed with Mr Tan Tok Jin's suggestion for a share consolidation exercise.

Mr Yew Soon Tieh went on to ask the management about the potential of the US market for ornamental fish. Mr Andy Yap replied that the Group has already set foot in the US market seven or eight years ago. However, over the years, the Group's focus has been doing business in the Asian and European markets more than in the US market. As part of the Group's growth strategy, it would now re-look into expanding its presence in the US market to maximise its exposure so as to further increase the market share of its export business.

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 M & C Services, 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 Mr Choo Chee Kiong:-

"That a first and final dividend of 0.2 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2012 be paid on 12 April 2013 to members registered in the books of the Company on 1 April 2013."

Mr Tan Tok Jin referred to the special dividend of 0.5 cents per ordinary share that the Company has announced previously to pay the shareholders of the Company from the proceeds arising from the disposal of Kim Kang in October 2013. He asked whether the special dividend can be paid earlier, together with the first and final dividend in April 2013. Chairman clarified that the first and final dividend for the financial year ended 31 December



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2012 was the dividend declared out of the ordinary course of business of the Group, while the special dividend can only be paid in October 2013 upon the receipt of the second tranche of cash proceeds from the purchasers of Kim Kang. Nonetheless, Chairman indicated that the Company will pay the 0.5 cents per ordinary share of special dividend to the shareholders in October 2013 regardless of whether or not the second tranche of cash proceeds is received.

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 Kenny Yap Kim Lee

Chairman informed the meeting that Ms Lai Chin Yee, Mr Chang Weng Leong 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 Ms Lai Chin Yee and seconded by Ms Lim Yue Li:-

"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 – Ms Lai Chin Yee

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

"That Ms Lai Chin Yee, who retired pursuant to Article 89 of the Company's Articles of Association, being eligible and offering herself for re-election be and is hereby re-elected as Director of the Company."

As there were no questions, Ordinary Resolution No. 4 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Ms Lai Chin Yee abstained from voting.

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

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

"That Mr Chang Weng Leong, who retired pursuant to Article 89 of the Company's Articles of Association, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company."



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Mr Mano would like to know the contribution made by Mr Chang Weng Leong as an independent director of the Company in the past and going forward. Chairman informed that Mr Chang Weng Leong has assisted the Company in obtaining its Singapore Quality Awards (SQA) in 2004 and 2009 and the People Excellence Award in 2009. He has offered relevant advice to the Group in its pursuit of business and people excellence. Mr Chang Weng Leong added that he has provided input to the management team in terms of setting up framework relating to people excellence processes and quality procedures in connection with the operations of the Group. Going forward, he would continue to contribute to the areas as mentioned.

As there were no further questions, Ordinary Resolution No. 5 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided. Mr Chang Weng Leong abstained from voting.

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

6. Approval of Directors' Fees

Chairman informed shareholders that at this AGM, shareholders' approval would be sought on the payment of director's fee of \$30,000 to Mr Tan Tow Ee (Chairman of the Audit Committee) and \$25,000 each to Mr Chang Weng Leong and Ms Sharon Yeoh, totaling \$80,000/- (FY 2011 – \$25,000 per independent director totaling \$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 \$80,000/- for the financial year ended 31 December 2012 be and is hereby approved.”

As there were no questions, Ordinary Resolution No. 6 was put to a vote by poll. 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 Choo Chee Kiong:-

“That KPMG LLP be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

As there were no questions, Ordinary Resolution No. 7 was put to a vote by poll. Shareholders were informed to cast their votes on the polling slips provided.



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8. Any Other Business

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

SPECIAL BUSINESS

Ordinary Resolution

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

On the issue of shares on a non-pro rata basis, 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 Chairman and seconded by Mr Tan Wee Han:-

“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*



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- (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.

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 15 March 2012 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 Lim Yue Li:-

“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:*



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- (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 authorized 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:

“**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 hereinafter defined), 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



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(d) the Directors of the Company and/or any of them be and are hereby authorized 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.”

Mr Choo Chee Kiong enquired whether the Company had bought back any shares since the implementation of the share buyback mechanism. Chairman reiterated that the Mandate was first introduced in 2009 after the financial crisis in 2008, such that the Company had 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. Chairman informed that as at to-date, the Company had yet to make any share buyback.

Mr Choo Chee Kiong noted that the Company share price has hit its low for some time. He viewed that Company should have exercise the Mandate granted by the shareholders earlier to support the trading price of Qian Hu's shares. In response to the comment, Chairman replied that the Company is currently in the process of restructuring its business segments and that the available surplus cash should be conserved for better use in growing the businesses than to manage the fluctuation in its share price. He reiterated that the management is always looking into the best possible ways to utilise the available financial resources.

Mr Tan Tok Jin opined that the Chairman should be looking into both the business restructuring process and the capital structure of the Company concurrently. He also enquired whether the Chairman had sufficient time serving both roles as the Chairman of the Board as well as the Managing Director of the Company. Chairman replied that the shareholders would be able to see the separation of both roles upon the Chairman reaching the age of 55. He added that such period of time is necessary as it would fit in with the timeframe required to train and nurture the next generation of leaders.

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.



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

Ms Christine Loh, representative of M & C Services 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" :	258,588,586	100
Number of votes "AGAINST" :	0	0
Total number of votes cast :	<u>258,588,586</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" :	258,588,586	100
Number of votes "AGAINST" :	0	0
Total number of votes cast :	<u>258,588,586</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" :	244,588,586	100
Number of votes "AGAINST" :	0	0
Total number of votes cast :	<u>244,588,586</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 3 carried.



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

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 258,267,183	100
Number of votes “AGAINST”	: 0	0
Total number of votes cast	: <u>258,267,183</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 4 carried.

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

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 258,449,986	100
Number of votes “AGAINST”	: 0	0
Total number of votes cast	: <u>258,449,986</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”	: 258,249,986	100
Number of votes “AGAINST”	: 0	0
Total number of votes cast	: <u>258,249,986</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”	: 258,588,586	100
Number of votes “AGAINST”	: 0	0
Total number of votes cast	: <u>258,588,586</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”	: 258,335,086	99.90
Number of votes “AGAINST”	: 253,500	0.10
Total number of votes cast	: <u>258,588,586</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”	: 258,272,586	99.88
Number of votes “AGAINST”	: 316,000	0.12
Total number of votes cast	: <u>258,588,586</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 9 carried.

There being no further business, the meeting ended at 1.15 p.m. Chairman thanked the support of all the shareholders of Qian Hu.

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

KENNY YAP KIM LEE
CHAIRMAN