



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

**Minutes of the Tenth Annual General Meeting of the Company held at No. 71 Jalan Lekar, Singapore 698950 on Wednesday, 11 March 2009 at 11.00 a.m.**

**Present**

**Board of Directors/Secretaries**

1. Mr Kenny Yap Kim Lee
  - (i) Executive Chairman & Managing Director
  - (ii) Shareholder
  - (iii) Proxy for:
    - DBS Nominees (Private) Limited
    - Hong Leong Finance Nominees Pte Ltd
    - Citibank Nominees Singapore Pte Ltd
    - Mr Andy Yap Ah Siong
    - Mr Yap Ping Heng
    - Mr Yap Hock Huat
    - Mr Yap Kim Choon
    - Mr Yap Kim Chuan
    - Mr Gerard Charles Holland Oates
2. Mr Alvin Yap Ah Seng (Director)  
Shareholder
3. Mr Andy Yap Ah Siong (Director)  
Shareholder (*Absent with apologies*)
4. Ms Lai Chin Yee (Director/Company Secretary)  
Shareholder
5. Mr Robson Lee Teck Leng (Director)  
Shareholder
6. Mr Chang Weng Leong (Director)  
Shareholder
7. Mr Tan Tow Ee (Director)  
Shareholder
8. Ms Sharon Yeoh (Company Secretary)  
M & C Services Private Limited

**In Attendance**

1. Mr Philip Lee  
KPMG LLP
2. Mr Yeo Kheng Chye  
KPMG LLP
3. Ms Sam Mei Ling  
M & C Services Private Limited

**Shareholders**

1. Mr Chiam Hock Poh
2. Mr Ho Khwai Weng
3. Mr Tan Whee Li
4. Mr Wong Po Kew
5. Mr Choo Chee Kiong
6. Mr Cheng Choo Jang
7. Ms Pae Bee Yong
8. Mr Tan Siew Huat
9. Mr Goh Aik Tshin
10. Ms Yeo Heng Kit
11. Ms Leh Bee Hoe
12. Mr Chong Aik Boo
13. Mr Teo Cheng Hai Ronnie
14. Mr Yew Soon Tieh
15. Mr Tee Poi Teng
16. Mr Leong Seng Kei
17. Ms Chia Kwee Ching
18. Mr Goh Lian Teck
19. Ms Chua Kiew Choo
20. Mr Quek Nam Kee
21. Mr Ee Guan Soon
22. Mr Hong Yih Soo
23. Ms Yap Ai Hua
24. Mr Wu Voon Sing
25. Mr Quek Soon Chong
26. Mr Ng Guch Hwa
27. Ms Lee Liang Seok
28. Ms Wong Ai Cheng
29. Ms Ong Siang Ling
30. Mr Chien Yuk Chun Dennis
31. Mr Chin Thin Koon
32. Mr Chiang Yew Kwong
33. Mr Kuan George
34. Mr Ang Hao Yao
35. Mr Cheng Yow Hui
36. Mr Soo Kwok Weng
37. Mr Lim Oh Teo

**Proxies**

38. Ms Chen Lin Chin  
First Proxy for Mr Neo Chin Leong
39. Ms Tan Sok Hwa  
Second Proxy for Mr Neo Chin Leong



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

4. Ms Angeline Chiang  
M & C Services Private Limited

40. Ms Chiam Heng Hsien  
First Proxy for Ms Ng Ah Leck

41. Ms Chiam Xue Shan  
Second Proxy for Ms Ng Ah Leck

42. Ms Lim Chor Kheng  
Proxy for Yew Soon Tieh

43. Ms Lim Yue Li  
Proxy for Mr Lim Whay Chung

**Observers**

44. Mr Chien Yuk Fu James  
45. Mr Tan Kian Choo

---

The Chairman of the Board of Directors, Mr Kenny Yap Kim Lee, chaired the Annual General Meeting ("AGM"). Having noted that a quorum was present, the meeting was called to order.

Chairman thanked the shareholders and all those present for the overwhelming attendance. With the permission of the meeting, the notice convening the meeting was taken as read.

**ORDINARY BUSINESS**

**1. Adoption of Reports and Financial Statements**

On the request of Chairman, the following Ordinary Resolution No. 1 was duly proposed by Mr Leong Seng Kei and seconded by Mr Choo Chee Kiong:-

"That the Directors' Report and Audited Accounts for the financial year ended 31 December 2008 and the Auditors' Report thereon be and are hereby received and adopted."

Chairman invited questions from shareholders on the Reports and Financial Statements for the financial year ended 31 December 2008 ("FY 2008").

Referring to page 75 of the Annual Report 2008 ("Annual Report"), Mr Ang Hao Yao, a shareholder present, enquired and Chairman clarified that, the purchase of property, plant & equipment and biological assets of approximately \$4.1 million and \$6.7 million respectively was mainly for the construction and expansion of the Group's existing Dragon Fish breeding capacity in its Malaysia Dragon Fish farm. He further explained that these biological assets purchases were the parent stocks of Dragon Fish (i.e. brooder stocks) used in the breeding of Dragon Fish and were not inventory held for trading purposes. Mr Ang Hao Yao further enquired on the projected increase in the Group's Dragon Fish revenue going forward with the increase in breeding capacity after the expansion. Ms Lai Chin Yee, Finance Director, informed that there had not been any significant contributions noted in FY 2008 from the expansion as it was only completed in end 2008. Any revenue arise from the expansion in breeding capacity would be registered with effect from the current financial year. Based on the increase in the quantity of brooder stocks and the expanded land area, there should be a proportionate 50% increase in the breeding capacity in the Malaysia Dragon fish farm. However, she pointed out that the breeding capability of the brooder stocks would not be within the Group's control.



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

Mr Ang Hao Yao asked for a timeline to market the Dragon Fish bred from the breeding techniques based on the research results from the R&D collaboration with Temasek Life Sciences Laboratory (“TLL”). Chairman informed that the collaboration was currently in its second phase and would be for a period of 3 years. Any Dragon Fish product arose from the breeding techniques would be likely after the 3-year term.

Mr Ang Hao Yao then referred to the trade statistics released earlier on the drop in Singapore export activities in January and February 2009 and asked its effect on the Group’s export business. Chairman replied that the Group’s current business model had become more robust and diversified after the completion of its restructuring exercise in FY 2006. The Group’s business activities include the export and domestic distribution of more than 1,000 species and varieties of ornamental fish and 3,000 types of aquarium & pet accessories products, manufacturing activities and retail chain stores operations. He commented that the Group had not experienced any reduction in export activities to-date. He added that, operating in a niche market and having in place a diversified business model, the Group should be well placed to face the challenges ahead in this global economy downturn.

Another shareholder, Mr Goh Lian Teck, would like to know whether the Group had patented the research findings under the R&D collaboration with TLL as mentioned earlier. Chairman informed that all the research findings developed under first phase of collaboration would be co-owned by Qian Hu and TLL. The Company’s consent would be required should such findings were to be used by others. The rights to the research findings under the second phase of collaboration would be owned solely by the Company.

Mr Goh Lian Teck further enquired on the increase in the amount of net trade receivables from \$17.6 million as at 31 December 2007 to \$20.7 million as at 31 December 2008 on page 96 of the Annual Report. Chairman explained that the increase was as a result of higher credit sales generated in the last quarter of FY 2008. He commented that the Group would not deliberately cut back on its credit terms granted to its existing customers. However, he assured shareholders that the management was mindful and would closely monitor its debts collection with the aim to improve the Group’s cash flow position. Chairman agreed with Mr Goh Lian Teck’s comment that the cash collections from its trade receivables could be used to finance the Group’s capital expenditure without the need of incurring additional external borrowings.

Mr Goh Lian Teck also noted that approximately \$5.9 million of the trade receivables as at 31 December 2008 were denominated in Chinese Renminbi (“RMB”) as disclosed in page 96 of the Annual Report and sought clarification on whether a majority of the Company’s customers were from the People’s Republic of China (“PRC”). Ms Lai Chin Yee explained that these trade receivables denominated in RMB, which represented 25% of the total trade receivables balances as at 31 December 2008, were due from customers of the Group’s PRC subsidiaries whose books were denominated in RMB. The majority of the Group’s trade receivables balances were denominated in Singapore dollars.

Referring to page 97 of the Annual Report on the increase in trade receivables past due for more than 90 days from approximately \$5 million as at 31 December 2007 to approximately \$6 million as at 31 December 2008, Mr Goh Lian Teck asked whether these amounts past due for more than 90 days would decrease in the current financial year. Ms Lai Chin Yee affirmed that the Group would try to improve its trade receivables aging in the current financial year. At this juncture, Chairman commented the Group had always disclosed its trade receivables and inventory turnover days in its quarterly results announcements posted on the SGX website and the Company website.



**QIAN HU CORPORATION LIMITED**

**(Incorporated in the Republic of Singapore)**

**(Company Registration No : 199806124N)**

Another shareholder, Mr Soo Kwok Weng, congratulated the management for a good set of results. He referred to page 35 of the Annual Report and requested for an elaboration on the improvement in the Group's gross and net profit margins in FY 2008 as compared to FY 2007. Chairman explained that following the completion of the restructuring exercise in FY 2006, the Group's profit margins had shown improvement these two years (FY 2007 & FY 2008). The Group sold products with respectable profit margins and delivered service quality. Over the years, the Group had inculcated good discipline in its employees. In FY 2009, the Group would continue to focus on containing operating costs and increasing its productivity. Accordingly, its profit should grow at a faster pace than that of the increase in revenue (in term of percentage).

Mr Soo Kwok Weng then enquired on the nature of the banking facilities as disclosed on page 39 of the Annual Report and would like to know if there was any revocation of banking facilities by the financial institutions. Ms Lai Chin Yee informed that the credit facilities provided by the financial institutions to the Group were in the form of long and short term loans, bank overdrafts, letter of credit, etc. She further informed that the Group was not aware of any withdrawal of such facilities by the financial institutions. In fact, the financial institutions had offered more competitive interest rates to the Group.

In addressing Mr Soo Kwok Weng's query on the basis of valuation of the Group's breeder stocks (i.e. the offspring of brooder stocks) balances on page 91 of the Annual Report, Chairman replied that the breeder stocks were measured based on their fair value as at the balance sheet date. The fair value was determined based on the age, breed and genetic merit of a similar fish that could be purchased from suppliers.

Mr Soo Kwok Weng noted on page 95 of the Annual Report that Arcadia Products PLC ("Arcadia"), the Group's 20% associate, had incurred losses in FY 2008. He requested for an update on the performance of Arcadia. Chairman expressed his confidence in the investment in Arcadia amidst the global economy downturn. As Arcadia did not meet the profit target as agreed earlier, the Group was not obliged to pay further consideration for the acquisition until Arcadia managed to achieve the profit target set for in FY 2009. Chairman further explained that the acquisition of 20% stake in Arcadia had enable the Group to make its foray into the European market which Qian Hu had limited presence in terms of accessories products. The Group intended to work with Arcadia to further establish its aquarium and pet accessories products in the Europe continent. He emphasized that Arcadia is a strategic partner which could not be evaluated solely based on its financial performance.

Mr Goh Lian Teck followed-on to enquire whether the Group would take the opportunity to take control of Arcadia as its valuation might be attractive given the current economy conditions. Chairman responded that the Group had no intention to take full control of Arcadia. However, in the long run, the Group might consider increasing its stake beyond the present 20% equity holding if it was in the interest of the Group to do so. The factors to consider in increasing the equity stake would include future market development, the product distribution network in the European market and whether the entity would fit into the Group's business model. Chairman further shared that the Group would continue to look out for business opportunities in India, Indonesia, Vietnam and the Middle East as mentioned in the Group's long term prospects on page 12 of the Annual Report.

Mr Goh Lian Teck complimented the Company's commitment to transparency and good corporate governance practices in disclosing the exact remuneration figures of all its directors and key executives. Chairman thanked Mr Goh Lian Teck for the compliment and commented that Qian Hu had always been practicing consistency and timeliness in its disclosures to all stakeholders regardless of the performance of the Company.



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

As there were no further questions, Ordinary Resolution No. 1 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 1 carried.

## **2. Declaration of first and final dividend**

On the request of Chairman, the following Ordinary Resolution No. 2 was duly proposed by Mr Ronnie Teo Cheng Hai and seconded by Mr Chiang Yew Kwong :-

“That a first and final dividend of 0.2 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2008 be paid on 6 April 2009 to members registered in the books of the Company on 25 March 2009.”

A shareholder, Mr Quek Soon Chong, commented that the amount of the proposed final dividend of 0.2 cents per ordinary share one-tier tax exempt was too negligible.

To that, Chairman explained that the total amount of dividend payout in terms of absolute value in respect of FY 2008 was actually higher than the amount of dividend payout for FY 2006 (which was 0.6 cents per ordinary share less 18% income tax). In FY 2007, following the Company's Rights cum Warrants Issue on the basis of two right shares for every one existing share in the capital of the Company, the number of shares held by each individual shareholder had increased accordingly. As such, the amount of dividend to be received by each shareholder would also increase accordingly even though the dividend per share declared for FY 2008 was lower than that in FY 2006. He re-iterated that in recommending the proposed dividend payment, the directors took into consideration the Group's profit growth, cash position, positive cash flow generated from operations and the projected capital requirements for business expansion. He added that as the Company was still growing its operations, cash is needed for its expansion; hence it would not set a concrete dividend policy at present.

Mr Choo Chee Kiong, another shareholder, asked whether the Company would declare a higher dividend payout should the Company make more profits going forward. Chairman said that it was the Company's intention to declare higher dividend payout in the coming years if it was justified to do so, based on the Group's profit growth and its cash flow position.

As there were no further questions, Ordinary Resolution No. 2 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 2 carried.

## **3. Re-election of Director**

Chairman informed the meeting that Mr Alvin Yap Ah Seng, Mr Tan Tow Ee and Chairman himself were to retire pursuant to Article 89 of the Company's Articles of Association. All three directors had consented to offer themselves for re-election. The meeting would vote on the re-election one at a time.

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

The following Ordinary Resolution No. 3 was duly proposed by Mr Goh Lian Teck and seconded by Mr Ang Hao Yao:-



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

“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. Mr Kenny Yap Kim Lee abstained from voting. However, he voted as proxy in accordance with the instructions on the proxy forms that appointed him as proxy. As there was no vote against, Ms Lai Chin Yee declared Ordinary Resolution No. 3 carried.

With no objection from the shareholders, the Chairmanship of the meeting was passed back to the Chairman.

**4. Re-election of Director**

The following Ordinary Resolution No. 4 was duly proposed by Ms Chua Kiew Choo and seconded by Ms Pae Bee Yong: -

“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. 4 was put to a vote. Mr Alvin Yap Ah Seng abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 4 carried.

**5. Re-election of Director**

The following Ordinary Resolution No. 5 was duly proposed by Mr Chiang Yew Kwong and seconded by Ms Chia Kwee Chiang: -

“That Mr Tan Tow Ee, who retired pursuant to Article 89 of the Company’s Articles of Association, being eligible and offering himself for re-election be and is hereby re-elected as Director of the Company.”

As there were no questions, Ordinary Resolution No. 5 was put to a vote. Mr Tan Tow Ee abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 5 carried.

It was noted that Mr Tan Tow Ee would considered an independent director of the Company, and would remain a member and Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

**6. Approval of Directors' Fees**

Chairman informed that the independent directors had been paid very reasonable directors’ fees. He complimented the commitment of the independent directors who had provided valuable guidance to the management in its decision making process. He informed shareholders that at this AGM, shareholders approval would be sought to increase the director’s fee to \$18,000 per annum per independent director, totaling \$54,000 (FY 2007 – \$15,000 per independent director).





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

Chairman informed the shareholders that the directors' fees would be increased to \$60,000 in FY 2009, i.e. \$20,000 per independent director, subject to shareholders approval at the next AGM. It was noted that the executive directors did not receive directors' fees.

The following Ordinary Resolution No. 6 was duly proposed by Mr Choo Chee Kiong and seconded by Ms Lim Yue Li:-

"That the payment of Directors' fees of \$54,000/- for the financial year ended 31 December 2008 be and is hereby approved."

As there were no questions, Ordinary Resolution No. 6 was put to a vote. Mr Robson Lee Teck Leng, Mr Chang Weng Leong and Mr Tan Tow Ee, abstained from voting. As there were no votes against, Chairman declared Ordinary Resolution No. 6 carried.

## **7. Re-appointment of Auditors**

After introducing Mr Philip Lee, the audit engagement partner of the Company, and his team, Chairman informed the meeting that KPMG LLP had expressed their willingness to accept re-appointment as auditors of the Company.

The following Ordinary Resolution No. 7 was duly proposed by Mr Tan Siew Huat and seconded by Mr Soo Kwok Weng:-

"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. As there were no votes against, Chairman declared Ordinary Resolution No. 7 carried.

## **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**

The following Ordinary Resolution No. 8 was duly proposed by Ms Yap Ai Hua and seconded by Ms Wong Ai Cheng:-

"It was resolved that pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "Listing Rules"), authority be and is hereby given to the Directors of the Company to allot and issue: -

- (a) shares; or
- (b) convertible securities; or
- (c) additional convertible securities issued pursuant to Rule 829 of the Listing Rules; and/or
- (d) shares arising from the conversion of securities in (b) and (c) above,



**QIAN HU CORPORATION LIMITED**

**(Incorporated in the Republic of Singapore)**

**(Company Registration No : 199806124N)**

in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that: (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution must be not more than 50% of the total number of issued shares excluding treasury shares in the capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares in the capital of the Company (calculated in accordance with (ii) below); and (ii) for the purpose of determining the aggregate number of shares and convertible securities that may be issued pursuant to (i) above, the total number of issued shares excluding treasury shares shall be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution and (c) any subsequent bonus issue, consolidation or subdivision of shares. Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this resolution shall remain in force until the earlier of the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

As there were no questions, Ordinary Resolution No. 8 was put to a vote. As there were no votes against, Chairman declared Ordinary Resolution No. 8 carried.

There being no further business, the meeting ended at 12.05 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**