



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

**Minutes of the Twenty-First Annual General Meeting of the Company held at No. 71  
Jalan Lekar, Singapore 698950 on Thursday, 26 March 2020 at 11.00 a.m.**

**Board of Directors**

**Present**

1. Mr Kenny Yap Kim Lee - Executive Chairman & Managing Director
2. Mr Alvin Yap Ah Seng – Executive Director & Deputy Managing Director
3. Ms Lai Chin Yee – Finance Director & Company Secretary
4. Mr Tan Tow Ee – Lead Independent Non-Executive Director
5. Mr Chang Weng Leong – Independent Non-Executive Director
6. Ms Sharon Yeoh Kar Choo – Independent Non-Executive Director
7. Dr Ling Kai Huat – Independent Non-Executive Director

*Due to the restriction on the use of personal data pursuant to the provisions of the Personal Data Protection Act 2012, the names of the shareholders and proxies present at the meeting will not be published in this minutes.*

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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 updated the meeting that in view of the current COVID-19 pandemic, the market outlook remained volatile and challenging in the short-term. The directors and management of the Company were not able to comment on the potential impact it has on the operational and financial performance of the Qian Hu Group. Chairman sought the understanding and co-operation from the meeting to keep the questions within the AGM agenda so as to avoid prolonging the AGM for the health and safety of all the stakeholders present. Chairman added that, to stem the spread of COVID-19 in Singapore, the Singapore authorities had since tightened its border restrictions, as well as set out social distancing measures which include limiting the size of gatherings to no more than 250 people. Accordingly, Qian Hu had taken all possible steps to comply with the guidelines as stipulated by Singapore Exchange Regulation (SGX RegCo) in respect of holding AGM amid the COVID-19 situation, while minimising any disruptions to the AGM process. *(Note – the AGM had no more than 60 attendees – including shareholders, the directors, management & auditors of the Company and the relevant working parties.)*

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 Constitution of the Company. The meeting also noted that under the Constitution, 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.

The meeting noted that there would be seven 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. As in previous years, the polling shall be conducted in a paperless manner using a wireless hand held device.



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Chairman announced that polling services would be provided by Trusted Services Pte Ltd. Janusys Consultants Pte Ltd (“Janusys”) was appointed as the scrutineer. A short presentation explaining the electronic voting process was shown. A representative of Janusys explained the rules on the poll voting process to the shareholders and conducted a test resolution to familiarise shareholders with electronic poll voting.

## **ORDINARY BUSINESS**

### **1. Adoption of Directors’ Statement and Audited Financial Statements**

The following Ordinary Resolution No. 1 was duly proposed and seconded:-

*“That the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditors’ Report thereon be and are hereby received and adopted.”*

Chairman invited questions from the shareholders present on the Reports and Financial Statements for the financial year ended 31 December 2019.

A shareholder, referred to page 145 of the Annual Report 2019 (“Annual Report”) for the financial year ended 31 December 2019 (“FY 2019”), raised his concern on the recoverability of the amount included in trade and other receivables as at 31 December 2019 of \$10.3 million which was due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”), a wholly-owned subsidiary of the Group, given that GZQH had incurred losses in FY 2019. He noted that the Company had short-term bank borrowings of \$15.0 million as at 31 December 2019 which bore interest at rates ranging from 2.71% to 2.95% and hence suggested that the Company should consider charging GZQH interest on the amount outstanding.

Chairman briefed the meeting on the rationale of the GZQH acquisition. He commented that as part of the Group’s strategic plan to streamline its existing accessories operations in China, the Company had completed that acquisition of the entire equity interest in GZQH in December 2019. The acquisition of GZQH would be a meaningful backward integration for the Group, which would enhance the Group’s ability to grow its market position of its China accessories business. Chairman informed that upon the completion of the acquisition of GZQH, the Group had since taken over the management of GZQH. It would then be able to review and manage the cash flow of GZQH and prioritise the necessary payments to be made. He reminded that the Group continued to have business dealings with GZQH and that GZQH would be able to repay the outstanding debts from its operating and other cash flow.

The same shareholder, referred to pages 141 and 142 of the Annual Report, would like to know whether the amount of provisional goodwill arising from the acquisition of GZQH of approximately \$4.0 million would be impaired, citing GZQH’s loss-making position in FY 2019 and its relatively low net profit margin projected at 5.5%.

Ms Lai Chin Yee, Finance Director, responded that the amount of provisional goodwill was recognised upon the acquisition of GZQH. As mentioned earlier, the Group had deployed its own management team and had injected new projects into GZQH’s factory with the aim to turnaround its operations. With the relevant strategic plans put in place, the Group believed that the operating loss in GZQH would not persist. She elaborated that, in order to ascertain that the carrying value of provisional goodwill was not impaired, the management



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had performed a discounted cash flow (“DCF”) analysis to determine the recoverable amount of GZQH (the cash-generating-unit), taking into consideration the synergies, the future prospects and business outlook of GZQH. As at the reporting date, it was concluded that no impairment charge was required. Ms Lai Chin Yee added that the impairment testing on the carrying value of the provisional goodwill will be carried out annually. The management will continue to review the DCF computations, incorporating reasonably possible changes to the key assumptions and evaluate the outcome of the analysis.

The shareholder then sought clarification on the quantum of revenue generated from recurring business activities in GZQH. Chairman replied that, in general, all revenue from GZQH were recurring in nature as GZQH would produce and supply accessories products to all of its customers, including Qian Hu and its subsidiaries, based on orders received. Prior to the acquisition, GZQH was one of the suppliers of accessories products of the Group, producing certain of the Qian Hu’s proprietary accessories products.

Referred to page 159 of the Annual Report, the shareholder went on to comment that there was a surge in profit derived from the Group’s plastic segment, increasing by approximately 49% from approximately \$0.8 million in FY 2018 to \$1.1 million in FY 2019. He then enquired on the utilisation rate of the plastic factory. Chairman replied that the increase in profitability was partly due to the acquisition of equipment and customer base from a small plastic company in FY 2018 which had resulted in the increase in the plastic business and production capacity. Chairman clarified that the concept of utilisation rate had always been referred to producing the same type of products. In the case of Qian Hu Tat Leng Plastic Pte. Ltd. (“QHTL”), the Group’s wholly-owned subsidiary manufacturing plastic products, it manufactures a variety of plastic products based on customers’ demand. In FY 2019, QHTL had managed to generate revenue through the sales of different product mix with sustainable profit margins instead of entering into price war with competitors. He affirmed that the production capacity was not an issue for QHTL in relation to its revenue and profit generation capability in the near future.

In reply to the shareholder’s query on the sustainability of the revenue growth of QHTL and the expansion plan for the Group’s plastic segment, Chairman informed that QHTL is a “cash-cow” and an auxiliary business of the Group. It was never the intention for Qian Hu to grow its plastic business substantially as the Group had been focusing on nurturing its aquaculture business as its next growth engine. Nonetheless, the Group would continue to monitor the performance of the plastic segment and would explore any suitable business opportunities that might arise.

Making reference to page 152 of the Annual Report, the same shareholder commented that the Group’s ornamental fish revenue had decreased by approximately \$4.8 million or 13.8% in FY 2019 as compared to FY 2018. Given that Qian Hu captured more than 5% of the global market share in terms of ornamental fish export, he would like to understand the impact of the COVID-19 outbreak has on the Group’s ornamental fish revenue to-date. To that, Chairman replied that, as the COVID-19 pandemic continues to unfold, companies across every industry in Singapore and around the world are being confronted with new issues and facing unprecedented challenges. Qian Hu will stay vigilant and continue to monitor this rapidly evolving situation. However, it is not possible to qualify meaningfully the financial impact of this extraordinary pandemic on the Group’s business at this point in time. He further commented that the lower ornamental fish revenue registered in FY 2019 was mainly due to the decline in Dragon Fish revenue which was a result of intense price competition throughout the year.



**QIAN HU CORPORATION LIMITED**  
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Noting that the Group would be focusing on growing its aquaculture business to leverage on the ornamental fish revenue, the shareholder followed-on to enquire on the profit margins derived from the aquaculture business in the past months. Chairman explained that, given the COVID-19 pandemic, the operating situation of the aquaculture farms in the Hainan Province (China) did encounter short-term challenges. Notwithstanding the current uncertainties, the Group will continue to focus on its core strengths and longer term strategies. He reiterated that Qian Hu is committed in intensifying its aquaculture business capabilities as it gets prepared to venture into more untapped markets when it emerges from the crisis, which includes the building up of its research and development competences, as well as creating a platform for the development of a fully integrated aquaculture ecosystem.

When further asked by the same shareholder on the trend of ornamental fish ownership as compared to other pets, Chairman shared that in his view, the trend of rearing ornamental fish and keeping pets had remained stable in the recent years. He added that, along with the sales of ornamental fish and aquarium accessories, the Group's accessories segment also deals with the sales and distribution of pet food and pet related accessories, which contributed a portion of the Group's total revenue.

As there were no further questions, Ordinary Resolution No. 1 was put to a vote by poll. Shareholders were informed to cast their votes using the hand held device provided.

The voting results of the poll were as follows:

***Ordinary Resolution 1 – Adoption of Directors' Statement and Audited Financial Statements***

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes "FOR" :	60,629,550	99.98
Number of votes "AGAINST" :	12,100	0.02
Total number of votes cast :	<u>60,641,650</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 1 carried.

**2. Declaration of final dividend**

The following Ordinary Resolution No. 2 was duly proposed and seconded:-

*"That a final dividend of 0.3 cents Singapore Dollar per ordinary share one-tier tax exempt for the financial year ended 31 December 2019 be paid on 23 April 2020 to members registered in the books of the Company on 9 April 2020."*

As there were no questions, Ordinary Resolution No. 2 was put to a vote by poll. Shareholders were informed to cast their votes using the hand held device provided.



**QIAN HU CORPORATION LIMITED**  
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(Company Registration No.: 199806124N)

The voting results of the poll were as follows:

***Ordinary Resolution 2 – Declaration of final dividend***

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	60,604,737	99.98
Number of votes “AGAINST”	12,100	0.02
Total number of votes cast	<u>60,616,837</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 2 carried.

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

Chairman informed the meeting that Ms Sharon Yeoh Kar Choo, Mr Chang Weng Leong and he were to retire pursuant to Regulation 91 of the Company’s Constitution.

Ms Sharon Yeoh Kar Choo and he had consented to offer themselves for re-election. Mr Chang Weng Leong had decided not to seek re-election and shall retire as director after the conclusion of the meeting. Chairman informed that the retirement of Mr Chang Weng Leong indicated a progressive board renewal process which had started in FY 2018 so as to comply with the revised Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (MAS) in August 2018 and the amendments to the Listing Rules.

The Board put on record its gratitude and appreciation to Mr Chang Weng Leong for his invaluable contributions during his tenure of office.

The meeting would vote on the re-election of Mr Kenny Yap Kim Lee and Ms Sharon Yeoh Kar Choo 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 and seconded:-

*“That Mr Kenny Yap Kim Lee, who retired pursuant to Regulation 91 of the Company’s Constitution, 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 using the hand held device provided. Mr Kenny Yap Kim Lee abstained from voting.



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

The voting results of the poll were as follows:

***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”	57,049,449	99.98
Number of votes “AGAINST”	12,100	0.02
Total number of votes cast	<u>57,061,549</u>	<u>100.00</u>

Ms Lai Chin Yee declared Ordinary Resolution 3 carried.

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

The following Ordinary Resolution No. 4 was duly proposed and seconded:-

*“That Ms Sharon Yeoh Kar Choo, who retired pursuant to Regulation 91 of the Company’s Constitution, 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 using the hand held device provided.

The voting results of the poll were as follows:

***Ordinary Resolution 4 – Re-election of Director – Ms Sharon Yeoh Kar Choo***

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	60,545,200	99.98
Number of votes “AGAINST”	12,100	0.02
Total number of votes cast	<u>60,557,300</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 4 carried.

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

**5. Approval of Directors' Fees**

The following Ordinary Resolution No. 5 was duly proposed and seconded:-

*“That the payment of Directors’ fees of \$108,000/- for the financial year ended 31 December 2019 be and is hereby approved.”*





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

As there were no questions, Ordinary Resolution No. 5 was put to a vote by poll. Shareholders were informed to cast their votes using the hand held device provided. Mr Tan Tow Ee and Mr Chang Weng Leong abstained from voting.

The voting results of the poll were as follows:

***Ordinary Resolution 5 – Approval of Directors’ Fees***

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 60,493,487	99.98
Number of votes “AGAINST”	: 12,100	0.02
Total number of votes cast	: <u>60,505,587</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 5 carried.

**6. 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. 6 was duly proposed and seconded:-

*“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. 6 was put to a vote by poll. Shareholders were informed to cast their votes using the hand held device provided.

The voting results of the poll were as follows:

***Ordinary Resolution 6 – Re-appointment of Auditors***

	<u>No. of Votes</u>	<u>In Percentage</u>
Number of votes “FOR”	: 60,539,638	99.98
Number of votes “AGAINST”	: 12,100	0.02
Total number of votes cast	: <u>60,551,738</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 6 carried.

**7. Any Other Business**

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



**QIAN HU CORPORATION LIMITED**  
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(Company Registration No.: 199806124N)

## **SPECIAL BUSINESS**

### **Ordinary Resolution**

#### **8. General Mandate to authorise the Directors to issue shares or convertible securities**

The following Ordinary Resolution No. 7 was duly proposed and seconded:-

*“That pursuant to Section 161 of the Companies Act, Chapter 50 (the “Act”), the Constitution 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 and subsidiary holdings, 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 10% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings, 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 and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) at the time of the passing of this Resolution, after adjusting for:-*





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

- (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 Constitution 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. 7 was put to a vote by poll. Shareholders were informed to cast their votes using the hand held device provided.

The voting results of the poll were as follows:

***Ordinary Resolution 7 – 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”	: 60,542,700	99.98
Number of votes “AGAINST”	: 12,537	0.02
Total number of votes cast	: <u>60,555,237</u>	<u>100.00</u>

Chairman declared Ordinary Resolution 7 carried.

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There being no further business, the meeting ended at 11:40 a.m. Chairman thanked the support of all the shareholders of Qian Hu.

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

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**KENNY YAP KIM LEE**  
**CHAIRMAN**