

PRESS CLIPPING

The Business Times

24 April 2009

Section Singapore Corporate Awards Supplement

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Ms Lai: *'We work hard to make Qian Hu a company everyone is proud to work for.'*

Winning awards and winning over investors

By CHEW XIANG

WHY should a fish farm selling fish need to be listed? That was the first challenge facing Lai Chin Yee when she became chief financial officer of Qian Hu prior to its listing in 2000. "We went to great lengths to explain to people that Qian Hu is not just a fish farm selling fishes," she says. "We have a diversified business model selling a variety of fish and accessories with a distribution network reaching more than 80 countries and still counting."

It's not an argument that seems particularly compelling – or necessary. Qian Hu is after all unabashedly in the fish business, and chief executive officer Kenny Yap even calls himself 'the fish'. Its accessories segment is a natural development of the business of, once again, selling fish, albeit more expensive and of higher quality than most.

But despite – or perhaps because of – the perceived unglamorous line of business it is in, Qian Hu has been making waves in other seas. It won the 'Best Managed Board' gong in the 2007 Singapore Corporate Awards. The previous year, it won medals for Best in Investor Relations and Best Annual Report.

While most companies whose financial year ended in December are now only just starting to ship out annual reports and schedule their annual general meetings, Qian Hu held its AGM over a month ago, in early March. Its year-end results were released just 12 days into the new year and much of the credit must go to Ms Lai and her finance team.

She points out that consistency and timeliness in reporting, and other forms of disclosure generates confidence – precisely what is most needed from those who don't think a fish farm deserves to be listed. "During the earlier years, we needed to explain at length the businesses of Qian Hu to the public, the media, the bankers, the analysts," she says.

As well, banks needed to be convinced. "Initially, I needed the banks to understand and be convinced about our business model."

Openness certainly helped. "When we underwent restructuring in 2004, we needed to obtain external borrowings to finance the setting up of our retail chain store operations. However, our profit dived due to the set-up costs and pre-operating expenses the retail chain stores incurred. Our frankness in explaining our business performance to the banks and being forthcoming in discussing our strategies and outlook with them has enabled them to stand by us," Ms Lai says.

As a CFO, her duties encompass more than just external relations with bankers and investors. She says one of the challenges today is to tweak the company's financial priorities with the onset of the global economic crisis. "We revamped our KPIs by throwing out the traditional ones and adopted a different mode focusing more on generating cash flow, and not so much on sales or accounting profit," she says.

For instance, the company noticed early on that despite good profits, much of it was not realised, but tied up as inventory or receivables, and Ms Lai's team quickly started to focus on inventory and trade receivables turnover days.

"We initiated moves to generate cash by reducing working capital requirements – tightening up expenses, expediting collections, enforcing payment terms and reducing inventory level."

Cash is king now, she says, adding that the company has since put in a mechanism geared to preserve cash without doing it at the expense of strategic, long-term investment.

Despite its enviable record and strong performance in corporate governance and

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investor relations, the company does come up against certain misperceptions, she says. "Qian Hu has always been viewed as a family business largely run and controlled by the Yap family. However, in fact, it is run by a team of dedicated 'Qian Hu family' professionals, not solely by the Yap family members," she says.

Another challenge – a perennial bugbear of smaller companies – is in human resources. "We constantly face difficulties in getting good and qualified people who are willing to learn and take on our core values and corporate culture working for such a niche industry and in such a location," she says. "There isn't that much more the company

can do. "We know we cannot dictate who should work in Qian Hu. However, we certainly work hard to make Qian Hu a company that everyone is proud to work for."

For Ms Lai, who lists travelling and yoga as her main hobbies, the past nine years have been a great journey. "My CFO role has made me realise that I should go beyond number crunching or merely working to safeguard the assets of the company. I have benefited from learning more about business operations from different people and seeing things with a different perspective."

"It has also enabled me to further explore the leadership role of training and developing finance talents – hiring qualified people and helping them grow in the organisation."