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Singapore

Consumer

Reuters QIAN.SI
Bloomberg QIAN.SP

Market cap
S\$41.03m (US\$24.94m)

Shares in issue
128.2m

Estimated free float
31%

3M average daily volume
S\$6,400.46 (US\$3,902.41)

12M high/low
S\$0.64/0.29

Major shareholder (s)
Qian Hu Holdings 28.4%
Yap family 40.6%

Stock performance (%)

	1M	3M	12M
Absolute	na	(1.5)	(50.8)
Rel index	0.7	(4.8)	(57.0)
Absolute (US\$)	(0.1)	(2.2)	(49.3)



Source: Reuters

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1Q05 Results Review

- **Qianhu 1Q05 results were disappointing:** sales up marginally +0.5% YoY while net profit fell 61% YoY to S\$0.5m.
- Ornamental fish business registered strong revenue growth of 16% in 1Q driven mainly by higher exports from Singapore and Thailand fish farms, yet op profit remained flattish due to different sales mix. We expect the division to continue healthy growth momentum and achieve better margins for the rest of year.
- The poor performance in 1Q is largely due to keen competition in both the local and overseas accessories market, coupled with operating losses at retail chain stores. Profits here slumped 93% YoY and 64% QoQ with margins below 1% against 9% in 1Q04. Management indicates there will be only one or two new stores opening in 2Q05; however our concerns on its profitability are still whether Guangzhou accessories factory could improve on utilization rates and operating efficiencies; whether large OEM orders can be secured; whether demand in Singapore and Malaysia market will be revived.
- **We cut our earnings forecast** to reflect the weaker-than-expected performance in accessories; and our target price is revised to S\$0.31 as we shift our time horizon to end-2006. Current share price of S\$0.32 therefore looks fully valued.

(\$m)	1Q05	1Q04	YoY(%)	Surprise?	Comments
Revenue	16.3	16.2	0.5	-	~5% lower than expected
Selling&dist	(0.6)	(0.5)	31	-	~in line
G&A exps	(4.5)	(3.6)	26	-	higher exp for retail stores
Taxation	(0.1)	(0.2)	(38)	-	
Net profit	0.5	1.2	(61)	Y	~30% lower than expected
Revenue breakdown					
Ornamental fish	8.3	7.2	16	-	strong exports
Accessories	6.2	7.5	(17)	-	fierce competition
Plastics	1.8	1.6	9	-	~ in line
Ops Profit breakdown					
Ornamental fish	1.0	1.0	3	-	different sales mix
Accessories	0.05	0.7	(93)	Y	margin squeezed
Plastics	0.1	0.1	(31)	-	~ in line
Unallocated exp	(0.4)	(0.2)	76	-	

Consolidated financials

Year to 31 December	2002A	2003A	2004A	2005CL	2006CL
Revenue (S\$m)	63	68	65	66	69
Revenue growth (%YoY)	52.0	8.0	(3.2)	1.5	3.5
Net profit (S\$m)	7	7	2	2	4
EPS (S)	5.51	5.59	1.32	1.92	3.40
EPS change (%)	69.0	1.5	(76.4)	45.5	77.1
PEx (@S\$0.32)	5.8	5.7	24.2	16.7	9.4
Dividend yield (%)	2.3	1.2	-	0.5	0.8
ROE (%)	29.1	21.8	4.6	6.3	10.3
PB (x)	1.38	1.11	1.08	1.02	0.93
Net gearing (%)	(13)	(0)	14	8	(2)
EV/Op Ebitda (x)	4.0	4.1	9.0	7.9	5.1

Note: This company is not under formal CLSA coverage. Source: Company, CLSA Asia-Pacific Markets