



Recommendation: BUY (Maintained)

Qian Hu Corporation Limited

Price (22/04/2003) S\$0.695

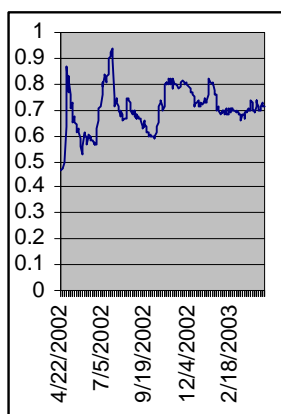
The Dancing Fish

Share Statistics

Shares (mil)	103.1
Mkt Cap (\$mil)	71.6
PER*	11.4
P/NTA*	2.1
52-Week Range (Price)	\$0.465 - 0.935
52-Week Range (PER)	7.6 - 15.4
Substantial Shareholders	Qian Hu Holdings (29.4%)

*FY2002

Price over the last 52 weeks



Source: Bloomberg

Company Profile

Qian Hu engages primarily in the import, export and distribution of ornamental fish, the breeding of Dragon Fish, as well as the manufacturing and distribution of aquarium and pet accessories.

Phillip Securities Research

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For 1Q FY03, Qian Hu maintained its double-digit growth rate for both top and bottom lines. We expect the same growth rate for FY03. It is now trading at forward PER of 9x. We maintain our Buy recommendation.

FY02 Financial Results

(Ended 31st December)

INDICATORS	1Q FY02	1Q FY03	% Change	FY03F
TURNOVER (S\$'mil)	12.5	15.9	27.3	80.2
PROFIT/(LOSS) BEFORE TAX (S\$'mil)	1.4	1.7	20.9	11.1
PROFIT/(LOSS) AFTER TAX (S\$'mil)	1.0	1.3	25.4	8.4
EPS PER SHARE (CENTS)	1.2	1.3	2.4	7.9
NTA PER SHARE (CENTS)	27.4	28.7	4.6	35.0

Source: Company, Phillip Securities Research

Turnover. Turnover in all the three business segments increased. Sales of accessories jumped at a whopping 44.4%, while fish and plastics sales grew at 15.1% and 8.4% respectively. Sales in Singapore grew by 9% while sales to other Asian countries increased by 60%.

Profit. Profit margin for the fish division dropped from 12.8 to 9.9%. Sales of Dragon Fish, which commands high profit margin, was lower due to supply shortage. Another fish species, the blood worms, suffered an erosion in price due to oversupply. On the other hand, the accessories division maintained its lucrative margin of 18% while the profit margin at the plastic division sustained at 3.7% despite tough competition.

Outlook. We believe that Qian Hu will be able to register 20-30% growth in FY03. Profit margin for the fish segment is expected to improve in 2Q as there is improvement in the supply of Dragon Fish since April and the company is trying to diversify species of fish to hedge the lower margin caused by blood-worm. Acquisition of Kim Kang is expected to complete by the end of June. Kim Kang, which is a Dragon Fish breeder, will contribute to the sales as well as profit margin of the Group as a whole.

Recommendation. We believe Qian Hu will continue to grow despite tough economic environment as the business is recession-proof. Our target price for Qian Hu is 90 cents, which is based on PER of 12x and forecasted FY03 EPS of 7.9 cents. We thus maintain our **BUY** recommendation.

Signed



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