

16 January 2008

Initiate Coverage

Current: S\$0.06  
 Target: S\$0.08

**MAIN ACTIVITIES**

Friven & Co is a lifestyle-based furnishing Group whose capabilities in designing and sourcing has given them a unique platform as multiple-brand owner in the retailing and distribution of soft home furnishings such as bedlinens, beddings and household accessories.

**ISSUE STATISTICS**

No of shares: 623.78m  
 Market cap: S\$37.43m  
 Yr H/L: S\$0.11/S\$0.05  
 Listing Bourse: Catalist  
 Listing Date: 24/07/95  
 IPO Price: S\$0.40  
 Free float: %45.5

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**Friven & Co**

*Soft home furnishing specialist*

**Buy**

The Company has gone through an internal restructuring exercise since August 2006 which has seen many crucial changes introduced to the Group including a new management team, strengthening of the Group's back-end operations as well as the streamlining of current business and operations. After a year of positive adjustments and stabilization of new business direction, Friven & Co has emerged as a leading regional Company within the lifestyle home furnishing industry with abilities in brand management and ownership, designing and sourcing as well as retailing and distribution of soft home furnishings.

Since the change of name to Friven & Co. Ltd, it has indeed live up to its new tagline of Making Living Better with the constant changes made by the new management team to improve the Group further in terms of breath and depth of their product offerings to. In a short span of 12 months, a total of six self-owned stores were opened in the region with four more slated to be opened by the middle of this year.

New markets in terms of both geographical and segmental were created as evidenced by the improvements in the Group's performance and we expect major expansions to take place going forward. The Group is looking towards the North Asian markets in an extension of its South East Asian base. This is evidenced by its foray into the China market via Shanghai.

Based on a conservative two stage DCF model, we are giving F&Co a fair value of 8 cents per share. Based on the current price of 6 cents per share, our target price presents an upside potential of 33%.

We initiate coverage of F&Co with a "Buy" recommendation.

**Financial Summary**

Year End Mar (S\$m)	2006	2007	2008F	2009F
Turnover	14.0	11.9	85.2	96.7
Operating Profit	(3.3)	(7.6)	1.5	5.5
Earnings	(4.8)	(10.3)	0.6	3.7
EPS change (%)	(43.4)	(115.8)	105.4	565.0
P/E (x)	-3.3	-2.2	72.3	10.9
P/BV (x)	1.4	3.1	2.1	1.8
ROE (%)	(42.1)	(139.0)	2.9	16.7
Current ratio (x)	0.9	1.6	1.4	1.4

Source: Company, SIAS Research

**Refer to last page for important disclaimer**

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## COMPANY

### Corporate Restructuring

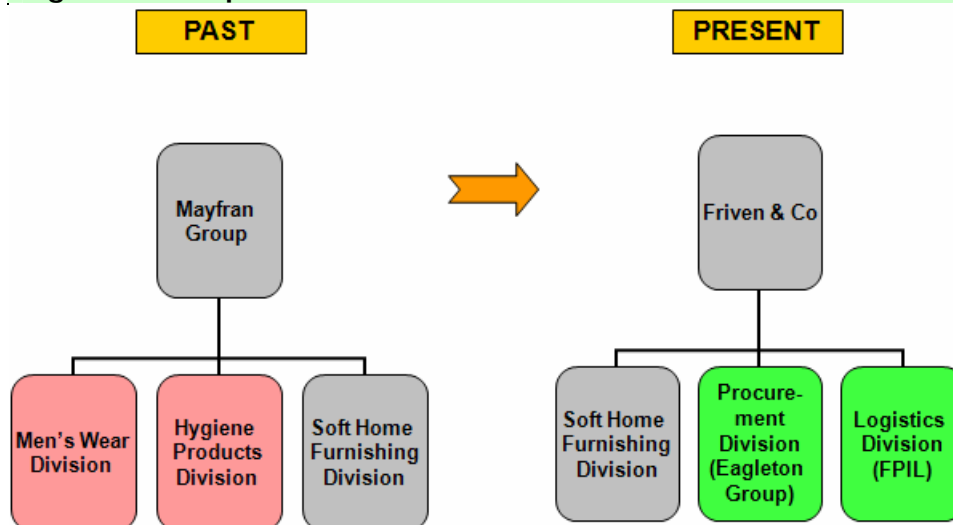
Friven & Co Ltd (F&Co) was established in 1977 and incorporated in Singapore on 9 Feb 1982 under the name Mayfran Singapore Pte Ltd. It was listed on SGX Sesdaq on 24 July 1995.

The group's core business is in the distribution and retailing of soft home furnishings such as bed linen, pillow case and bed room accessories. The group has a popular Actigard range of products, which include luxury combed pillows and bolsters filled with 7-holed combed polyester fibre, panel loft pillows, luxury ergonomic pillows/ bolsters, down alternative pillows, pure latex and memory foam pillows, as well as luxury light duvets.

F&Co has been going through an internal restructuring exercise since August 2006 to establish itself as a one-stop soft furnishing home lifestyle company. The Group has evolved from being a manufacturer and distributor of bed linen, beddings, hygiene products and menswear to an integrated soft home furnishings player.

The new management has disposed two loss-making divisions, namely the men's wear and hygiene products businesses. This will serve to redirect the group's focus back to its core capabilities in soft home furnishings.

**Figure 1: Group Structure**



Source: Company

In addition, the group has acquired the Eagleton Group, a company which has been involved in the trading of household products for more than 25 years. Eagleton Group's business mainly covers a wide variety of general merchandise targeted for sale to departmental stores in UK and Australia.

Eagleton is expected to generate synergy for the group through providing an established platform for the F&Co to secure quality household products

*Refocus on core strength*

**Wide  
distribution  
network**

that will strongly complement its flagship concept-stores. These products include household items, stationery, seasonal decor, electrical products, home decor and general merchandise that will serve to enable the Company to offer customers holistic home/lifestyle solutions.

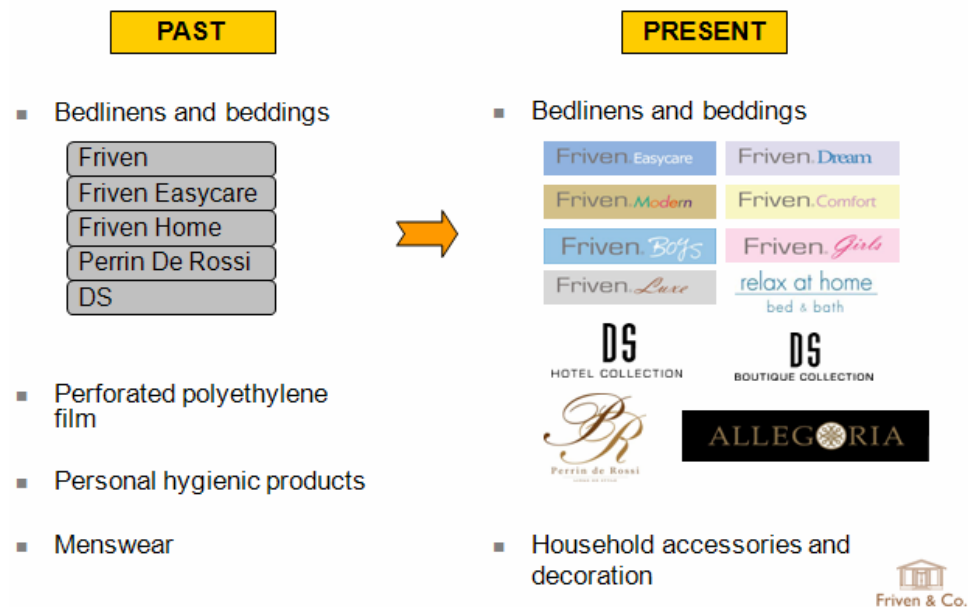
In short, Eagleton's extensive network of manufacturers and suppliers offer the Company an edge by providing customers with a convenient, one-stop shop, with world-class products and value-added services. This will provide the push for F&Co to achieve its vision of becoming a specialist retailer of soft home furnishings.

F&Co has also entered into a joint venture with Pacific Integrated Logistics Pte Ltd to form FPIL Logistics Pte Ltd to provide logistics support to F&Co's core merchandise business.

### Repackaged Product Range

The group has repackaged its entire product range to strengthen its grip on the various targeted customers' groups.

**Figure 2: Product range**



### Distribution Network:

F&Co has also strengthened its distribution channels. In Singapore, the brands are distributed in BHG, Carrefour, Giant, Isetan, Metro, NTUC, OG, Robinson and Takashimaya. In Malaysia, the brands are distributed in the following departmental stores: Isetan, JUSCO, Parkson and SOGO while in Indonesia, the brands can be found in Carrefour, Home & Beyond, Home Ciento, Index, Metro, Mitra10, Pasaraya, Seibu, Setiabudi and SOGO.

In addition to distributing its products via departmental stores and hyper-marts, a new source of revenue has been created with the introduction of "Concept Stores". To date, the Group has opened 6 Concept Stores: 2 in Singapore, 2 in Jakarta, 1 in Shanghai and 1 in Kuala Lumpur.

**Manufacturing facility:**

F&Co currently has a production facility in Pontian Malaysia which manufactures some of the products (Such as pillows, duvets, bolsters and their respective protector covers.). Manufacturing of other products are subcontracted out to third parties leaving F&Co to concentrate on their core retail business.

**Current Shareholdings**

The major shareholders are First Alverstone Capital Ltd (23.2%), Yong Kang International Ltd (19.7%), Ko Hang Enterprise Limited (10.3%) and Japan Asia Investment (7.3%).

## RECENT DEVELOPMENTS

- 1) Aug 06, New management team assumed control
- 2) Dec 06, Opening of Jalan Kilang Concept Store in Singapore
- 3) Jan 07, Awarded The Best Singapore Brand (Bedlinen) by Singapore Tatler
- 4) Feb 07, Opening of Senayan Concept Store in Jakarta
- 5) Apr 07, Acquisition of Eagleton Group. The group was incorporated in Hong Kong in 1979 and is involved in the sourcing of household products and accessories including house wares, home, kitchen and bathroom accessories and decorations, gardening tools, outdoor furniture and many others.

***Strategic acquisition***

As of today, the group obtains their product sources from over 400 factories in more than five countries. The customers mainly come from supermarkets and retail chain stores in the United Kingdom and Australia, such as Poundstretcher, The Reject Shop, Focus DIY, Somerfield Stores and Morrisons.

As a record, Eagleton group has secured a total sales target of more than HK\$30m per month and net profit of approximately HKS1.5m per month.

- 6) Apr 07, Formation of JV Logistics Company
- 7) Jun 07, Opening of Bangsar Concept Store in Kuala Lumpur
- 8) Jun 07, Opening of Menteng showroom-cum-office in Jakarta
- 9) Jul 07, Opening of Suntec City store in Singapore
- 10) Sep 07, Completion of private placement of 97.3 million shares
- 11) Jan 08, F&Co 6<sup>th</sup> concept store has gone into operation in Jan 2008. The show room is situated in a residential enclave within the former French Concession area, which naturally gives customer a tinge of old colonial flavour. The 3-storey bungalow unit has a total floor space of 3,200 square feet.

***Maiden China foray***

## INDUSTRY OVERVIEW

### *Growing middle class*

**Huge demand for luxury goods:** China is currently the world's third luxury goods consumer with more than US\$2b in annual sales. Based on a report from Ernst & Young, the sales growth will be maintained at 20% per year until 2008; thereafter it will tend to grow at a slower rate of 10% per year until 2015. This market segment is set to hit US\$11.5b by 2015 to account for more than 29% of global luxury goods consumption. It has been estimated that around 175m or 13.5% of the entire Chinese population can afford at least one or two luxury brands, out of which 10~13m are active purchasers who consume luxury goods on a regular basis.

In addition, Asia as an entity has become the world's largest growing market for residential construction in recent years. This literally translates into tremendous growth potential for bed linen products and home lifestyle furnishings. Furthermore, consumer trends have indicated a shift in buying behaviour from individual furnishings and accessories to complementary theme-based furnishings.

### *Asian culture*

**Asian culture has a big part to play:** Status symbol has always been a very important aspect of social life in Asian culture. This is even more so in China given its five thousand years of civilization. It is not hard to find consumers discussing among themselves the brands of products they are currently using during gatherings. It is not hard to conclude that luxury goods will always receive a lot of attention. In fact, it is not hard to find moderately paid white collar workers forking out more than 50% of their monthly salary on luxury clothing on a regular basis. This phenomenon is especially pronounced among the Chinese population in the region.

**Singapore bed linen markets:** There are over 100 brands of bed linen currently on sales in Singapore. The competition is especially fierce in the mid to low-end segments with players like Sintex, Jean Perry, Akemi, Shecando, Elle and Ide. Based on a recent study conducted by a leading market research group, the annual bed linen sales in Singapore was estimated at S\$140m and is expected to grow in the foreseeable future.

### *Distribution network*

**Distribution networks in Asia:** International brands find it hard to penetrate the regional market on their own. With the communications system relatively less developed, storefronts remain the primary form of communication with consumers. Failure of initial entry by international mega brands in the past has taught many foreign players a valuable lesson. Many have since chosen to form joint ventures with Asian partners to tap onto their local contact network.

### *Location*

**Location choices directly affect image:** Location is everything for any form of retail businesses. This is even more so for luxury goods. Choices for locations are relatively much more limited when it comes to luxury goods. Ideal locations would include high end shopping malls and perhaps exclusive boutiques along prime areas. Rentals in these locations are relatively high and some might even insist on profit sharing. Strong local network and negotiation skills are very important in this area.

**Strong market positioning**

## INVESTMENT MERITS

**Market Positioning:** F&Co has developed various flagship brands targeting at different segments within the soft home furnishing industry. Every brand has a character of its own that relates very closely with their respective target group of customers. Even during the design of brand logo, great care has been taken to prevent the occurrence of brand overloading and also the possible mix-up of brand identities. Throughout the years, many local brands have come and go. For a branding business, the initial positioning is important while ability to maintain it along the way is even more critical. Brand positioning will have a decisive impact on the future development, promotion style and profit margin. Maintaining a coherent image within each segment consistently is highly critical in this industry.

**Efficient logistic arrangement**

**Efficient Logistic System:** Through a JV agreement with Pacific Integrated Logistics Pte Ltd, F&Co has set up a professional team of logistic personnel that will be serving a wider customer base instead of just F&Co alone. Economies of scale have emerged, on top of great savings in the form of greatly enhanced efficiency. This is a drastic improvement compared to F&Co former in-house logistics team arrangement.

**Inventory management is the key**

**Automated Inventory Management System:** F&Co has recently revamped and put in place a fully integrated ERP System, which is able to refresh the inventory situation in all its retail outlets and warehouses. This system enables F&Co's management and retail outlet managers to gain access on up-to-date information of the inventory of different designs and sizes currently in stores or warehouses at the touch of a finger.

The EPOS system has enabled LG to keep a relatively low level of inventory, leading to cost savings in term of lower warehousing rental cost. Lower inventory for each design also mean a much lower chance of generating obsolete goods. The ERP system is modular in nature and consist of the following modules:

Fig 3: ERP system modules
Finance & accounting
Order entry
Product catalog
Inventory
Point of sales

Source: Company

In short, the ERP system has enabled the Company to better control and co-ordinate its entire operations, from the back end support operation to the front-end sales.

A physical check with a handful of their retail outlets reveals small store rooms with very limited amount of inventory on hold. When we question on how long does it take for them to handle a customer request that could not be met with the stock in store, they have responded that it would take between half a day to one day to replenish it from the next nearest store. For customers who are in a hurry, they provide delivery to door. Such is the



**Stringent  
quality check**

benefit of having an ERP system.

Last but not least, the Company has the intention to use the ERP system as a platform upon which it can launch an e-commerce sales site. This is expected to boast overall sales given the high internet usage penetration in the region.

**In-house QC control unit:** Smart Easy Corporation was acquired as part of the package during the acquisition of Eagleton Group. It serves to function as a specialized in-house quality control unit. Quality Check is carried out at the factory premises to ensure that the quality of the merchandise during the final production stage is in line with the initial sample accepted by the customer's order. Any defects and problem will be reported by the QC. No orders will be approved for production if the clearance is not obtained. This serve to safeguard the interest of the customer to reduce any loss incurred for the defective merchandise produced and delivered.

Typical activities included within the quality assurance procedure include factory evaluation, sample assessment, golden seal procedure, laboratory testing certificate, sampling plan, class of defect, fumigation procedures, fumigation certificates and final random inspection.

**"Shop-in-shop" concept:** To fully capitalize on the networks established thus far, F&Co intended to explore and work on building up more "Shop-in-shop" outlets across Singapore, Malaysia, Indonesia, Australia and the United Kingdom.

**Figure 4: "Shop-in-shop" located at Kuala Lumpur.**



Source: Company

"Shop in Shop" is a concept whereby a distinct floor space or area has been granted by a departmental store which F&Co could arrange and display its merchandise under "one roof" according to F&Co's very own visual merchandising concept, which is very different from the normal consignment outlets, where displays or layout are very much determined by the departmental store.

In addition, consignment outlets usually tend to display single brand merchandise at different locations in the store. With "Shop in Shop", all F&Co's merchandise can be displayed at the same location. This will give shoppers a unified outlook and contribute towards impression building.

***Thematic feel***

**Thematic concept stores:** This concept involved displaying different sample bedroom layout within a particular outlet. Intensive fine tuning and intricate colour matching have been undertaken to ensure that each “shop” has its own theme at heart. As such, each “shop” is a separate entity by itself. The idea is to provide a feel or atmosphere for the customer as to what it would have being like if they were to decorate their bedroom in a particular way. With many themes on display, there is bound to be one that will please the eyes of even the most demanding customers.

More often than not, most customers find it hard to quantify exactly what they themselves are looking for during shopping trips. Most of the time, it will up to the sales personnel to direct and trigger their inner most needs and desires. This is where we believe F&Co’s thematic bedroom display concept will come into play strongly.

***Image/brand management***

**Image management:** F&Co retail outlet are designed with a unified store layout and image. Uniformity of retail outlets’ interior design blends in smoothly with the brand image to deliver a great shopping experience through its strong visual impact. One particular unique characteristic of high end consumer durable industry (commonly known as luxury goods) lies in their unique requirements in marketing. For instance, truly high end luxury brands like Franck Muller, Louis Vuitton and Prada do not usually put up advertisement on television as that would portray a mass market product image.

Instead, luxury products rely on giving consumers a feel of being truly sophisticated. Selective advertisements on relevant magazines, strong word of mouth and a wide network of presence would be the traditional means of marketing.

**China market:** Management has expressed confidence in clinching long term corporate contracts such as supplying bedroom accessories to hotels and offices. This market segment is highly lucrative given their inelastic demand. Being at the top end of the service industry, four and five star hotels usually do not mind paying a hefty price premium in exchange for getting products of the highest quality.

In addition, F&Co also has plans to establish Tie-up with local Chinese players to supply complementary products and services. Having strong local working partners in China will go a long way for F&Co in its quest to penetrate the vast Chinese market.

***Potential to be a big China play***

To date, F&Co 6<sup>th</sup> concept store has gone into operation in Jan 2008. The show room is situated in a residential enclave within the former French Concession area, which naturally gives customer a tinge of old colonial flavour. The 3-storey bungalow unit has a total floor space of 3,200 square feet.

**Figure 5: Shanghai concept store**



Source: Company

**High end product range**

**Launching of Sisley Casa Range:** This brand is owned by the Benetton Group and produced as well as distributed by Italy-based Zorlu Holdings. The designs are carried out by Italian homewear designers and the creative team of Zorlu in collaboration with Sisley product designers. Since October, F&Co has obtained the exclusive rights to distribute their products in Singapore, Malaysia and Indonesia. Within the soft bedroom product category, Sisley Casa belongs to the top end of the luxury segment. We believe that it will serve to broaden F&Co customer base.

**Figure 6: Sisley Casa product range**



Source: Company

**In-house magazine**

**Launching of Maga-logue- ABODE:** F&Co will issue the Maga-Logue entitled ABODE in January 2008. It is a fusion of a magazine and catalogue that will feature F&Co's product offerings as well as editorials on home care issues and the home furnishing trend. We believe that having a proprietary magazine will bring up the image of the brand.

**Motherly care product**

**Honey Berrie:** Honey Berrie is a leading baby product brand name in Hong Kong that have outlet in popular destination such as Central and Harbour city. F&Co has established a tie-up with Honey Berrie to distribute and sell their babies' and children's products such as furniture, bed, baby wear and accessories, toys and gifts sourced from quality suppliers mainly in Japan.

Being in the soft bedroom industry, a bulk of F&Co customers are women, which would include housewives, mother-to-be and newly wed ladies. This customer group has strong spending power and is highly sensitive to product design and shop layout. By merging baby related product with soft bedroom accessories, it will create a very convenient and cosy atmosphere to F&Co maternal dominated customer mix.

**Figure 7: Honey Berrie product range**



Source: Company

## RISKS

### *US soft landing*

**Global economic slow down:** With the sub-prime mess still entangling the US stock market coupled with weak US economic statistics, it has become hard for even the most optimistic investor on Wall Street to completely disregard the chance of having a recession around the corner. Even without a recession, volatility within the US stock and real estate market will continue to be the norm rather than the exception. These will hurt US consumers' spending sentiment and for being the largest economy, the effect will be felt in the form of a drop in exports for US trading partners, including Asia.

The size of the impact will depend on how robust the Asia's domestic economy turned out in the face of a global economic slow down. Asia is at the initial stage of a major shift from being the world factory towards the production of high technology based valued added products.

As of now, Asia is still a net importer when it comes to higher grade products in virtually all existing industries. This is strongly evidence of its sheer size and potential as a self sustaining domestic economy.

### *Inventory management*

**Inventory management:** Fast changing series characterizes this industry. Many retail houses resolve to launching sales in an attempt to clear out old stocks. During the changing of seasons, many big shopping malls have sales campaigns where prices of goods are slashed to rock bottom prices. All such scenes are way too common in the Asia market. When almost everyone in the industry is doing the same time at the same time, it is hard to get satisfactory result.

Friven & Co management has always been working hard to tackle this issue. Recently, the company has launched the ERP system to optimize the entire inventory flow. We view this as a great improvement, but the same cannot to be said of their potential acquisition targets. Nevertheless, we are quite comfortable with the management experience in squeezing out synergy among potential acquisition targets.

### *Counterfeiting problem*

**Counterfeits:** Asia has a notorious reputation for being the world counterfeiting factory. The sales of counterfeit products in Asia have been growing as fast as the sales of their original counterparts. Throughout the years of innovation and technology improvement, the quality of counterfeits is also getting better. There is even a country wide informal classification of counterfeits goods into "grade A, B & C", whereby "grade A" products are of the finest quality and hence command the highest price premium.

Eradication actions by the authorities have seen little success and only serve to push the counterfeits market underground. This is a problem plaguing almost the entire Asia luxury goods market. Going forward, we expect companies to constantly refresh their designs in order to stay ahead of the counterfeits.



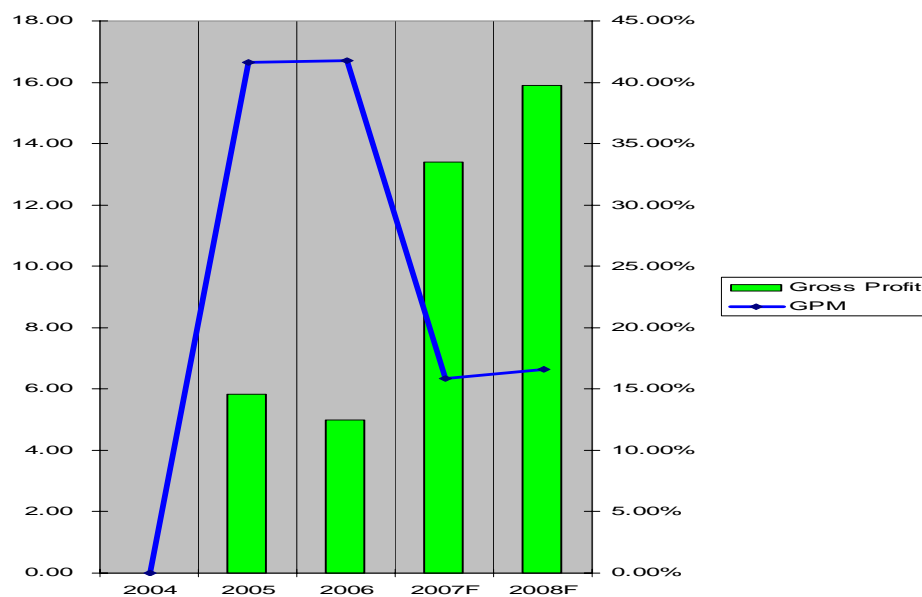
## FINANCIALS

**P&L:** F&Co revenue increased by about nine folds YoY to register S\$38.4m for 1H08. This was mainly attributed to the newly acquired subsidiaries, Eagleton direct export Ltd and Smart easy corporation. The acquisitions were completed on 2 April 07.

F&Co gross profit margin for 1H08 increased by 250% YoY to S\$6.0m. Gross profit margin changed from 30% to 16% due to the change of business mix with the newly-added sourcing and procurement division.

The group pre-tax earnings for 1H08 remained in the red at (S\$0.9m). However, that was a vast improvement of about 76% relative to the loss of (S\$3.8m) a year ago.

**Figure 8: Gross profit and margin trend**



Source: SIAS Research

**Reasonable  
gearing ratio**

**Balance Sheet:** Current ratio remained healthy at 1.6x for FY07 and is forecasted to stay about 1.0x going forward. After the restructuring, F&Co is virtually debt free. Going forward, even upon funding by banks, we expect net gearing to be at most 20%.

**Cash Flow:** Cash flow from operations fell into the negative region during FY07, mainly due to one-time loss incurred as a result of liquidating a subsidiary. Going forward, we expect operating cash flow to be positive starting with a forecast of S\$2.2m in FY08.

**Refocusing its business structure**

**VALUATION**

**Forecasts:** Since the new management has completed the restructuring, we have witnessed a dramatic change in the F&Co business style and competitive focus. The company has gone through a full revamp during the past one year. We are expecting the group to turn around during FY08. But its real underlying earning strength will come only in FY09 when the group has fully restructured its business and turned fully into a operational mode on a full year basis.

The group has refocused its business structure from that of an exporter to a Brand owner. We expect to see improvement in margins as projected on our financial forecast. Assuming a sizable expansion the retail outlet network, there will be a rise in revenue on the back of a diminishing average cost structure. In short, we expect benefits to come directly from economies of scale.

Going forward, we are projecting a CAGR of around 10% for its revenue given the largely untapped market potential within its core South East Asia market. Being a newly restructured business, we have chosen to be prudent and forecast a net profit margin of about 4%, which is way below the 7~8% net profit margin of a typical industrial player.

**Valuations:** We expect the group to turn around during the current financial year (FY08) with a net profit of S\$0.56m translating to around 0.09 cent per share. The full contribution from the revamped business will not come in until FY09 when we have forecasted a net profit of S\$3.73m which will result in a net earning per share of 0.6 cent.

The closest comparable for F&Co would be Aussino which designs and distributes lifestyle home fashion products as well as ladies fashion apparel. Currently, Aussino is trading at 10.3x PER based on FY06 earnings.

**Figure 9: DCF valuation assumption**

Scenario	Conservative	Normal
WACC	10.5%	9.2%
Beta	1.2	1
Market Risk Premium	10.0%	10.0%
Risk free rate	3.0%	3.0%
Target share price	S\$0.08	S\$0.095

Based on a conservative two stage DCF model, we are giving F&Co a fair value of 8 cents per share. Based on a current price of 6 cents per share, our target price presents an upside potential of 33%. Hence, we initiate coverage of F&Co with a "Buy" recommendation.

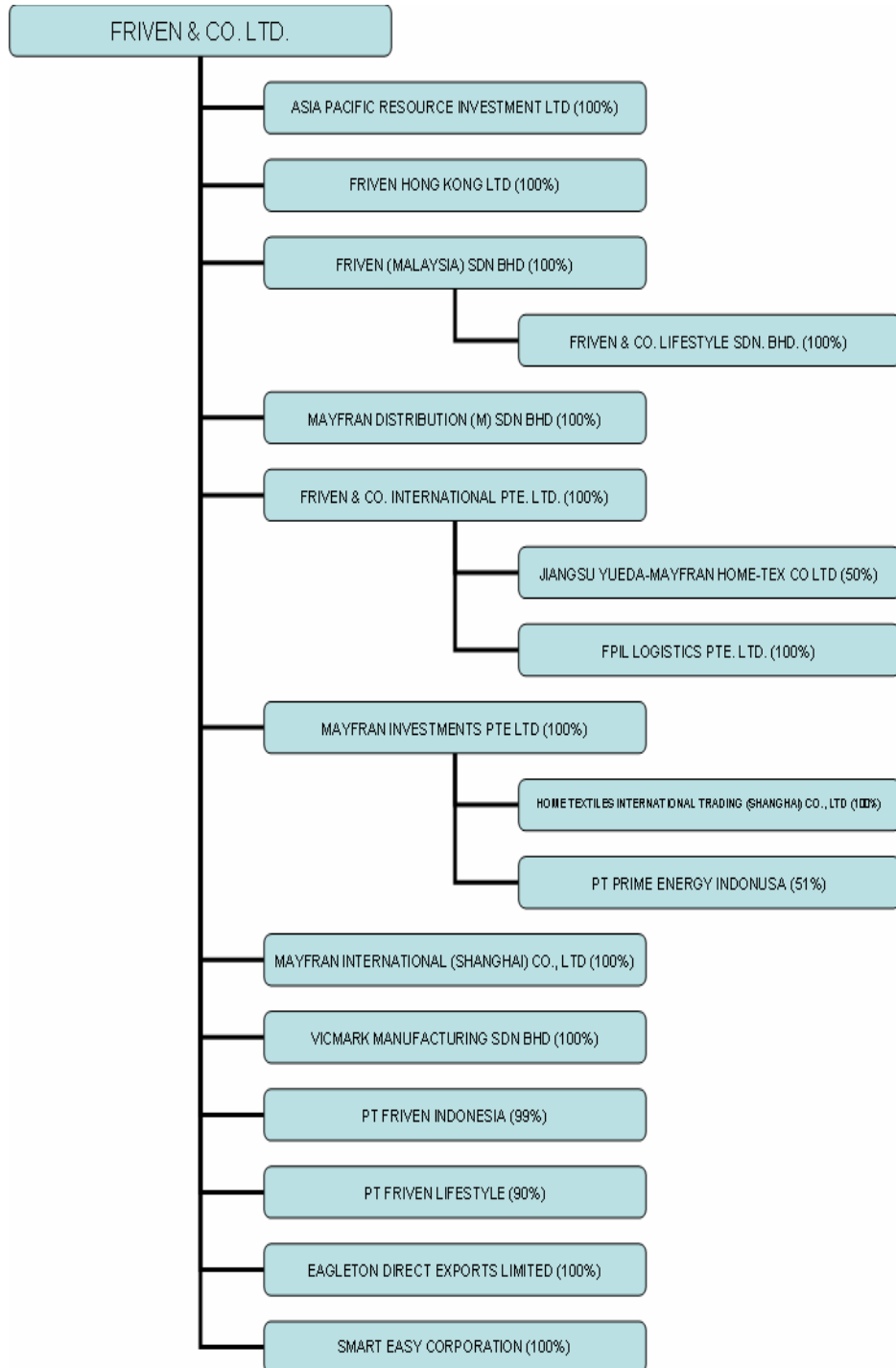
## FINANCIAL TABLE AND RATIOS

Year End Mar	2006	2007	2008F	2009F
<b>Profit &amp; Loss (\$m)</b>				
Turnover	14.0	11.9	85.2	96.7
Gross Profit	5.8	5.0	13.7	16.2
Operating Profit	(3.3)	(7.6)	1.5	5.5
Earnings	(4.8)	(10.3)	0.6	3.7
Earnings per share (cts)	(1.99)	(2.95)	0.09	0.60
<b>Balance Sheet (\$m)</b>				
Current Assets	8.8	12.9	27.6	32.4
Long Term Assets	16.1	3.2	13.1	13.8
Current Liabilities	10.2	7.9	20.3	22.4
Long Term Liabilities	3.4	0.8	1.2	1.3
Total Equity	11.4	7.4	19.1	22.4
<b>Cash Flow (\$m)</b>				
Operating Cash Flow	0.4	(4.9)	2.2	4.3
Investing Cash Flow	0.7	4.9	(2.3)	(1.2)
Financing Cash Flow	(1.7)	1.0	(0.1)	(0.7)
Net cash increase/(decrease)	(0.5)	1.0	(0.2)	2.4
Cash at year end	(0.0)	1.9	1.7	7.1
<b>Financial Ratios</b>				
Revenue Growth (%)	(36.4)	(14.8)	613.6	13.5
Operating Profit Growth (%)	(42.9)	(132.8)	119.3	274.8
Earnings Growth (%)	(43.4)	(115.8)	105.4	565.0
Gross Margin (%)	41.6	41.8	16.0	16.8
Operating Margin (%)	(23.3)	(63.7)	1.7	5.7
Net Margin (%)	(34.2)	(86.6)	0.7	3.9
Current Ratio (x)	0.9	1.6	1.4	1.4
Book value per share (cts)	4.7	5.7	6.7	7.7
Net Gearing (%)	34	Cash	Cash	Cash
Dividend per share (cts)	0.0	0.0	0.0	0.0
Return on Equity (%)	(42.1)	(139.0)	2.9	16.7
Return on Asset (%)	(19.2)	(64.1)	1.4	8.1
Cash Conversion Days	-28	101	3	2
<b>Valuations</b>				
PER (x)	-	-	72.3	10.9
Price to book (x)	1.4	3.1	2.1	1.8
Dividend Yield (%)	0.0	0.0	0.0	0.0

Source: Company, SIAS Research



## Appendix I – Corporate Structure



Source: Company

## Appendix II – Board of Directors

### **Gary Loh Hock Chuan**

Gary Loh Hock Chuan is Chairman of First Alverstone Capital Ltd and was appointed Deputy Chairman of Friven & Co. Ltd in August 2006. He was subsequently appointed Executive Chairman in February 2007. Mr Loh was previously the Director of Sales at UOB Kay Hian Pte Ltd. He started his career as a Venture Capitalist for Pacific Capital Pte Ltd and was based in Shanghai. He returned to Singapore and joined Merrill Lynch International Bank as a Financial Consultant with regional client coverage, before joining UOB Kay Hian Pte Ltd. Mr Loh holds a BA with majors in Economics and Political Science and also a Masters in Applied Finance from the National University of Singapore.

### **Esther Loh Quek Lan**

Ms Esther Loh served as a non-executive director on Friven & Co. Board since 26 September 2006. Ms Loh was also the CEO of Friven & Co since 1 August 2006 before stepping down in 30 Nov 2007. In addition, she has served as the General Manager and Marketing Manager (Asia) for Dr Martens Airwair Singapore Pte Ltd, where she was responsible for the setting up of local sales offices and establishing sales distribution networks for South-East Asia (including Vietnam).

Ms Loh's previous experiences include stints with Nike Singapore Pte Ltd where she managed key strategic accounts; Royal Sporting House, where she was responsible for 20 brands within the Group's retail formats; as well as Ogaan International Ltd where she developed overseas distribution networks together with seasonal range plans and assortment mixes.

### **Ichiro Kawada**

Mr Kawada is currently a Director of PT JAIC Indonesia as well. He has more than 14 years of experience in venture capital and private equity. His expertise in the ASEAN market is exemplified when he headed JAIC's operations in Thailand for 1 year and PT JAIC Indonesia's operations for 4 years. He is currently heading JAIC's portfolio in the ASEAN region. Mr Kawada is a law graduate of St. Paul's University in Tokyo.

### **Goh Lu Hong, John**

Mr Goh served as a non-independent non-executive director on the Friven & Co. Board since March 2007. He is currently Managing Director of First Alverstone Partners China. Between 2004 and 2006, he was Group Director, Finance & Corporate Development and Management Board Member of Sateri International Group. From 2002 to 2004 he was President - Asia for Oregon Scientific. Mr Goh graduated from Boston University, USA with Bachelor of Science in Business Administration (Finance) and Bachelor of Arts (Economics) degrees. He also holds a Master of Business

Administration degree from Heriot-Watt University in the United Kingdom.

### **Beng Teck Liang**

Dr. Beng has over 11 years experience in the healthcare industry. Prior to joining HP, Dr. Beng was the Enterprise Marketing Manager for the Imaging Information Systems of GE Medical Systems in Asia. He practiced medicine for 5 years before co-founding a medical dotcom which was eventually acquired by Novasprint, a regional systems integrator with businesses in SEA. As Chief Medical Officer of Novasprint, he grew the business outside of Singapore significantly within two years. Dr. Beng also holds an MBA from the Graduate School of Business, University of Chicago.

### **Wee Boon Chye**

Mr Wee was appointed to the Board in 2006. He is an Independent Director and a member of the Nominating Committee and the Chairman of the Audit Committee. He has served in various positions at Singapore Technologies, Rio Tinto of Australia, Van Der Horst Ltd and L&M Group. He is currently the Managing Director of SSE-Van Der Horst Indonesia (a JV of ST Marine and Van Der Horst Group Inc).

Mr Wee holds an Engineering degree from the University of Duisberg, Germany, a MSc in Industrial Engineering from the National University of Singapore and attended the Senior Manager Development Program of the University of Chicago.

### **Loh Eu Tse Derek**

Mr Loh, a practising lawyer, is an Executive Director of TSMP Law Corporation. He has practiced in the area of litigation since his admission as an Advocate & Solicitor of the Supreme Court of Singapore in January 1993. He is also an independent Director of Freight Links Express Holdings Ltd and Flextech Holdings Limited and chairs the remuneration committee in both these companies. Mr Loh graduated from Cambridge University with an Honours degree.

## **Appendix III – Management Team**

### **Mr. Roy Ng – Chief Executive Officer**

Has 20 years of experience in the retail industry.

Roy Ng was fulfilling the role of Group Marketing and the Managing Director of Greater China of F&Co since he joined the Company on 1 Aug 2007 before he was promoted to CEO on 1 Dec 2007.

Currently the Vice Chairman of Retail and Distribution Committee in the Hong Kong General Chamber of Commerce.

Began his retailing career with Carter Hawley Hale department store group in San Francisco; he was appointed Department Sales Manager at 22 years of age.

In 1988, he left his hometown San Francisco for Hong Kong, where he worked for American Express.

Has held senior management positions in both local and multi-national groups such as Seibu Department Stores, Etienne Aigner, G2000 Group, The Body Shop, Oregon Scientific, and American fashion brand, Ecko Unltd.

Mr Ng graduated from University of California, Berkeley.

### **Mr. Poon Chong Wah – Chief Operating Officer**

Extensive experience in the area of managing projects within the Asia-Pacific region involving large scale set-ups and operations.

He spent 10 years with Kingsmen Exhibits and rose to the position of Director, Account Service.

Before that, he spent 6 years with Pico Art (including three with its subsidiary, Nomura Asia-Pacific) handling various projects in Japan, Hongkong, Taiwan and Australia.

### **Ms. Chong Lee Yin – Chief Financial Officer**

Has almost 17 years of finance experience spanning corporate management, treasury and controllership. She was previously with BASF East Asia Regional Head Quarter Ltd as Manager in Planning & Controlling, Intermediates Chemical Division for Asia Pacific.

Has been with BASF for more than 10 years before joining the Company. She holds a Bachelor of Accountancy from National University of Singapore.

**Mr. Leo Tang – Director of Eagleton Group**

A veteran in the industry, he has been a director of Eagleton Holdings since 2001.

Prior to that, he spent 25 years in the ladies' fashion business, specializing in manufacturing and exporting of garments.

Leo is a graduate of the Hong Kong Polytechnic.

**Ms. Jenny Cho – General Manager of Eagleton Group**

Has been in the export business since 1977. Starting at Arnhold Trading Export Ltd, she rose from shipping clerk to become Export Manager by 1985.

Between 1985 and 1990, she was Branch Manager of Olivier Export & Co., dealing with the French and US markets

Jenny joined Eagleton Export Ltd and ran its Taiwan branch from 1990 to 2001. Her markets included Australia and the United Kingdom.

Jenny is a graduate of the Peitou Commercial School, Taipei and the Shi Dai University (Alliance Francaise), Taipei. She also holds a degree from La Brest Institution in France.

## Appendix IV – Distribution Network

Distribution Points	Singapore	Malaysia	Indonesia	China
Concept Stores	<ul style="list-style-type: none"> <li>■ Jalan Kilang</li> <li>■ Suntec City Mall</li> </ul>	<ul style="list-style-type: none"> <li>■ Bangsar</li> </ul>	<ul style="list-style-type: none"> <li>■ Senayan</li> <li>■ Menteng</li> </ul>	<ul style="list-style-type: none"> <li>■ Shanghai</li> </ul>
Other Points of Sale	<ul style="list-style-type: none"> <li>■ BHG</li> <li>■ Carrefour</li> <li>■ Giant</li> <li>■ Isetan</li> <li>■ Metro</li> <li>■ Mustafa</li> <li>■ NTUC</li> <li>■ OG</li> <li>■ Robinson</li> <li>■ Takashimaya</li> </ul>	<ul style="list-style-type: none"> <li>■ Isetan</li> <li>■ JUSCO</li> <li>■ Parkson</li> <li>■ SOGO</li> </ul>	<ul style="list-style-type: none"> <li>■ Home &amp; Beyond</li> <li>■ Home Ciento</li> <li>■ Index</li> <li>■ Metro</li> <li>■ Mitra 10</li> <li>■ Seibu</li> <li>■ Setiabudi</li> <li>■ SOGO</li> </ul>	

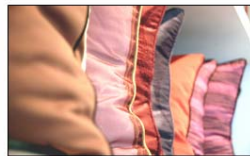
## CONCEPT STORES

### SINGAPORE

Officially opened 8 Dec 2006

Size: 3,500 sq ft

Location: 5 Jalan Kilang



## CONCEPT STORES

### JAKARTA

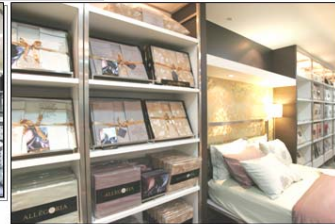
Officially opened 2 Feb 2007  
 Size: 2,000 sq ft  
 Location: Upscale shopping mall in Senayan



## CONCEPT STORES

### KUALA LUMPUR

Officially opened 12 Jun 2007.  
 Size: 3,000 sq ft  
 Location: Upscale residential cum entertainment district in Bangsar





## CONCEPT STORES



**JAKARTA**  
 Officially opened 29 Jun 2007  
 Size: 6,125 sq ft  
 Location: 4-storey office cum showroom  
 'rukoh' unit  
 in upscale Menteng district



## CONCEPT STORES



**SINGAPORE**  
 Officially opened 27 Jul 2007.  
 Size: 1,300 sq ft  
 Location: Suntec City Mall, a high-traffic  
 shopping-cum-office complex within the CBD.





**DISCLAIMER**

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As of the date of the report, the analyst and his immediate family do not hold positions in the securities recommended in this report.

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