



PROSPECTUS DATED 24 JANUARY 2005

(Registered by the Monetary Authority of Singapore on 24 January 2005)

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.

We have made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares of \$0.20 each (the "Shares") in the capital of Fragrance Group Limited (the "Company") already issued and the new Shares (the "New Shares") which are the subject of this Invitation (as defined herein). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. The dealing in, and quotation of, our Shares and the New Shares will be in Singapore dollars.

Acceptance of applications for the New Shares will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted to deal in, and for quotation of, all our existing issued Shares and the New Shares. If completion of the Invitation does not occur because permission is not granted or for any other reason, moneys paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims against us, the Lead Manager, the Lead Underwriter or the Lead Placement Agent (as defined herein).

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 22 December 2004 and 24 January 2005, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

No Shares will be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority. **Investing in our Shares involves risks which are described under the section "RISK FACTORS".**



FRAGRANCE GROUP LIMITED

(Incorporated in the Republic of Singapore on 28 July 2000)
(Registration Number: 200006656M)

Invitation in respect of 42,000,000 New Shares of \$0.20 each comprising:-
(1) 4,200,000 Offer Shares at \$0.30 each by way of public offer; and
(2) 37,800,000 Placement Shares at \$0.30 each by way of placement,
payable in full on application.

Lead Manager



HONG LEONG FINANCE LIMITED

Lead Underwriter and Lead Placement Agent



UOB KAY HIAN PRIVATE LIMITED



COMPANY BACKGROUND

Our core business activities are property development and hotel operations.

PROPERTY DEVELOPMENT

Overview

We are principally engaged in the development and sale of residential properties. Our strategy is to provide customers with quality residential properties at affordable prices. We specialise in developing low to medium-rise private apartments with typically less than 40 units.

Our Property Development Portfolio

Our portfolio of development properties ranges from residential properties to commercial properties and we have completed more than 20 property development projects (including six hotels). We are in the process of developing approximately eight property development projects and two hotels.

HOTEL OPERATIONS

Overview

We are involved in the investment and management of hotel properties. We own eight hotels under our Fragrance Chain of Hotels, which are operated and managed by us. Our Fragrance Chain of Hotels is currently located in Balestier, Geylang and Joo Chiat. We are currently in the process of constructing two new hotels in Balestier and Selegie which are expected to commence operations during HY2005. Our strategy is to establish a chain of budget hotels in Singapore which provides quality hotel accommodation at affordable rates.

Our Fragrance Chain Of Hotels

Our hotels are targeted at cost-conscious business and leisure travellers, and are positioned with an emphasis on quality, value and accessibility to the city centre.

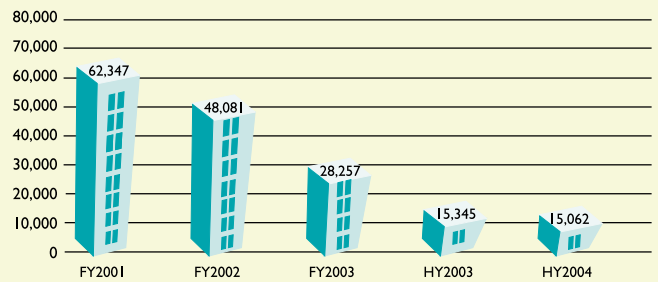
All our hotel rooms come with individually-controlled air-conditioning, ensuite bathroom with a heater. Our rooms also come with facilities such as International Direct Dial (IDD) telephone, cable colour television, complimentary beverages and other amenities. Our hotels generally offer laundry services, 24-hour fax service, airport transfer, ample parking space, 24-hour security surveillance for common areas at our hotel premises and arrangements for local sightseeing tours. Some of our hotels also have business centres, safe deposit facilities and electronic card key access to rooms.

FINANCIAL HIGHLIGHTS

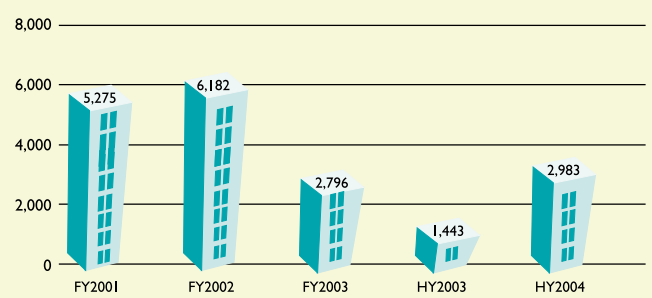
Financial Results



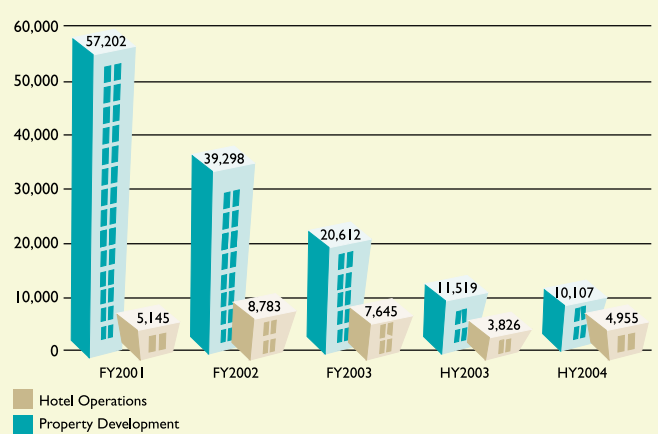
Revenue (in S\$'000)



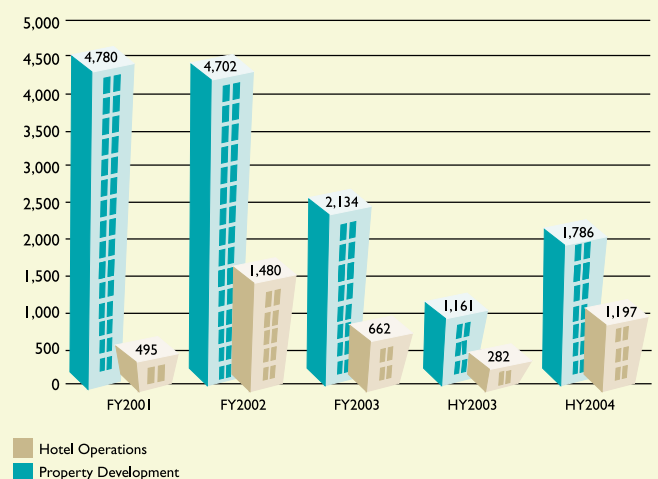
Profit Before Tax (in S\$'000)



Revenue (in S\$'000)



Profit Before Tax (in S\$'000)





OUR COMPETITIVE STRENGTHS

Experienced Management Team

- Successfully developed more than 20 property projects since inception
- Fragrance Chain of Hotels has grown from one hotel in February 1998 to a chain of eight hotels to date

Offering Quality Products At Affordable Prices

- “Fragrance” has become an established brand in Singapore and is perceived to offer value-for-money propositions for property projects and hotel accommodation
- Established as a reliable and efficient property developer which offers quality properties at affordable prices
- Fragrance Chain of Hotels is recognised for providing affordable and value-for-money accommodation

Efficient Project Management

- Established a reputation as an efficient developer that is able to deliver quality property developments within relatively short construction periods
- As a result, the property projects experienced good response from purchasers

Focused Property Development Strategy

- Offer quality developments with accessible locations at affordable prices
- Developed a niche in the development of small to medium-sized property projects

Established Relationships With Market Players

- For property development business, established network of contacts such as property agents and construction firms
- For hotel operations, established relationships with tourism-related companies

PROSPECTS AND FUTURE PLANS

Property Development

The recent recovery from the economic downturn between 2001 and 2003 has led purchasers to adopt a more cautious approach towards the purchase of “big ticket” items such as property, with considerations such as the ability to service debt, liquidity and value-for-money taking priority.

However, we believe that the prospects of the private property market remain good for the following reasons:

- Continued upgrading demand from HDB dwellers
- Demand from foreigners due to the open door immigration policy

Hotel Operations

The Singapore Tourism Board has made efforts to position Singapore as a premier commercial hub and leisure destination. We believe that travel fairs held in other countries that offer tour packages to Singapore also have a positive impact on visitor arrivals to Singapore.

In addition, the increased affordability of budget air travel in Asia is likely to result in increased visitor arrivals to Singapore. As travellers on budget airlines tend to be more cost conscious, they are more likely to use budget accommodation.

STRATEGY AND FUTURE PLANS

Continue to focus on developing residential and other properties

- Continue to develop small to medium-sized property projects comprising between approximately two and 100 units
- May develop mixed properties which have commercial components or office properties

Expansion of Property Development Business in the Region

- Replicate our property development business into countries in the region
- Explore opportunities to enter these new markets through joint ventures with local companies

Acquired plots of land for development purposes

- Acquired plots of land located near MRT stations, such as Kovan, Serangoon Central and Eunos
- Continue to scout for similar development opportunities

Expansion of our Fragrance Chain of Hotels

- Expand Fragrance Chain of Hotels by developing new hotels or acquiring existing hotels located near the city centre
- May expand Fragrance Chain of Hotels outside of Singapore
- Promote Fragrance brand and create greater awareness of Fragrance Chain of Hotels through overseas travel fairs

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Koh Wee Meng (<i>Executive Chairman and CEO</i>) Lim Wan Looi (<i>Executive Director</i>) Sim Mong Yeow (<i>Independent Director</i>) Chin Sek Peng (<i>Independent Director</i>) Teo Cheng Kuang (<i>Independent Director</i>)
COMPANY SECRETARY	:	Chow Yew Kee Certified Public Accountant (Singapore)
REGISTERED OFFICE	:	Fragrance Centre 101 Joo Chiat Road #01-01 Singapore 427395
REGISTRATION NUMBER	:	200006656M
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Barbinder & Co Pte Ltd 8 Cross Street #11-00 PWC Building Singapore 048424
LEAD MANAGER	:	Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
LEAD UNDERWRITER AND LEAD PLACEMENT AGENT	:	UOB Kay Hian Private Limited 80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624
JOINT AUDITORS AND REPORTING AUDITORS	:	Deloitte & Touche Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809 MGI Ma & Mah Certified Public Accountants 51 Anson Road #02-57 Anson Centre Singapore 079901
SOLICITORS TO THE INVITATION	:	Venture Law LLC 50 Raffles Place #31-01 Singapore Land Tower Singapore 048623
INDEPENDENT VALUERS	:	CB Richard Ellis (Pte) Ltd 6 Battery Road #32-01 Singapore 049909 Jones Lang LaSalle Property Consultants Pte Ltd 9 Raffles Place #39-00 Republic Plaza Singapore 048619

CORPORATE INFORMATION

PRINCIPAL FINANCIAL INSTITUTIONS	:	Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
		Sing Investments & Finance Limited 96 Robinson Road #01-00 SIF Building Singapore 068899
		United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
RECEIVING BANKER	:	The Bank of East Asia Limited 137 Market Street Bank of East Asia Building Singapore 048943

DEFINITIONS

In this Prospectus and the accompanying Application Forms, and in relation to the Electronic Applications, the instructions appearing on the screens of ATMs of Participating Banks or the IB websites of the relevant Participating Banks, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

Companies in our Group

<i>“Company” or “Fragrance”</i>	:	Fragrance Group Limited
<i>“Group” or “Pro Forma Group”</i>	:	Our Company and our subsidiaries as at the date of this Prospectus, treated for the purpose of this Prospectus as if our group structure had been in existence since 1 January 2001
<i>“Fragrance Capital”</i>	:	Fragrance Capital Pte Ltd
<i>“Fragrance Hotel Management”</i>	:	Fragrance Hotel Management Pte Ltd
<i>“Fragrance Investment”</i>	:	Fragrance Investment Pte Ltd
<i>“Fragrance Land”</i>	:	Fragrance Land Pte Ltd
<i>“Fragrance Project Management”</i>	:	Fragrance Project Management Pte. Ltd.
<i>“Fragrance Properties”</i>	:	Fragrance Properties Pte Ltd
<i>“Fragrance Subsidiaries”</i>	:	Fragrance Capital, Fragrance Hotel Management, Fragrance Investment, Fragrance Land, Fragrance Project Management, Fragrance Properties and Fragrance Ventures and “Fragrance Subsidiary” means any of them as the context requires
<i>“Fragrance Ventures”</i>	:	Fragrance Ventures Pte Ltd

Our Chain of Hotels

<i>“Fragrance Chain of Hotels” or “Our Chain”</i>	:	The chain of hotels under the Fragrance brand name, comprising <i>Fragrance Hotel-Balestier, Fragrance Hotel-Classic, Fragrance Hotel-Crystal, Fragrance Hotel-Emerald, Fragrance Hotel-Pearl, Fragrance Hotel-Ruby, Fragrance Hotel-Sapphire</i> and <i>The Fragrance Hotel</i> . Please refer to the section “General Information on our Group — Hotel Operations” for details of our hotels
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Other Companies and Organisations

<i>“Aspial”</i>	:	Aspial Corporation Limited
<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“G9 Construction”</i>	:	G9 Construction Pte Ltd (formerly known as Sunflower Delicacy Pte Ltd)

DEFINITIONS

<i>"HDB"</i>	:	Housing Development Board
<i>"IRAS"</i>	:	Inland Revenue Authority of Singapore
<i>"JK Investment"</i>	:	James Koh Investment Pte. Ltd. (formerly known as Fragrance Development Pte Ltd)
<i>"Lead Manager" or "HLF"</i>	:	Hong Leong Finance Limited
<i>"Lead Placement Agent", "Lead Underwriter" or "UOB Kay Hian"</i>	:	UOB Kay Hian Private Limited
<i>"OCBC"</i>	:	Oversea-Chinese Banking Corporation Limited
<i>"SCCS"</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"URA"</i>	:	Urban Redevelopment Authority

General

<i>"Adjusted NTA"</i>	:	The adjusted NTA per Share as at 30 June 2004, as defined on page 32 of this Prospectus
<i>"Adjusted Revalued NTA"</i>	:	The adjusted revalued NTA per Share as at 30 June 2004, as defined on page 32 of this Prospectus
<i>"Application Forms"</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
<i>"Application List"</i>	:	The list of applications for subscription of the New Shares
<i>"Associates"</i>	:	<ul style="list-style-type: none">(a) In relation to a corporation, means a director or Controlling Shareholder; a subsidiary or associated company; or a subsidiary or associated company of the Controlling Shareholder, of the corporation(b) In relation to a director, CEO, Substantial Shareholder or Controlling Shareholder or a corporation who is an individual, means his immediate family (being his spouse, child, sibling and parent); a trustee, when acting in his capacity as such trustee, of any trust of which the individual or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or any corporation in which he and his immediate family together (directly or indirectly) have an interest of not less than 30% of the aggregate nominal amount of all the voting shares(c) In relation to a Substantial Shareholder, or Controlling Shareholder, which is a corporation, means, notwithstanding paragraph (a), any corporation which is its related corporation or associated company

DEFINITIONS

<i>“associated company”</i>	:	In relation to a corporation, means: <ul style="list-style-type: none">(a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or(b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
<i>“ATM”</i>	:	Automated teller machines
<i>“Audit Committee”</i>	:	The audit committee of our Company
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Companies Act” or “Act”</i>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<i>“Controlling Shareholder”</i>	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this subparagraph is not a Controlling Shareholder; or(b) in fact exercises control over a company
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus, unless otherwise stated
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM of one of the relevant Participating Banks or the IB website of one of the relevant Participating Banks, subject to and on the terms and conditions of this Prospectus
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	Our Directors who perform an executive function
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Prospectus, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“Hotels Act”</i>	:	Hotels Act, Chapter 127 of Singapore
<i>“HY”</i>	:	Six month period ended or, as the case may be, ending 30 June
<i>“IB”</i>	:	Internet banking

DEFINITIONS

<i>“Independent Directors”</i>	:	The independent Directors of our Company as at the date of this Prospectus, unless otherwise stated
<i>“Independent Valuers”</i>	:	CB Richard Ellis (Pte) Ltd and Jones Lang LaSalle Property Consultants Pte Ltd
<i>“Invitation”</i>	:	Our invitation to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
<i>“Issue Price”</i>	:	\$0.30 for each New Share
<i>“Latest Practicable Date”</i>	:	13 December 2004, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
<i>“Listing Manual”</i>	:	The Listing Manual of the SGX-ST
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“MRT”</i>	:	Mass Rapid Transit
<i>“New Shares”</i>	:	The 42,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
<i>“Nominating Committee”</i>	:	The nominating committee of our Company
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
<i>“Offer Shares”</i>	:	The 4,200,000 New Shares which are the subject of the Offer
<i>“Participating Banks”</i>	:	United Overseas Bank Limited (“UOB”) and its subsidiary, Far Eastern Bank Limited (the “UOB Group”); DBS Bank Ltd (including POSB) (“DBS”) and Oversea-Chinese Banking Corporation Limited (“OCBC”)
<i>“PER”</i>	:	Price earnings ratio
<i>“period under review”</i>	:	The period which comprises FY2001, FY2002, FY2003 and HY2004
<i>“Placement”</i>	:	The placement by the Lead Placement Agent of the Placement Shares on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
<i>“Placement Shares”</i>	:	The 37,800,000 New Shares which are the subject of the Placement
<i>“Prospectus”</i>	:	This prospectus dated 24 January 2005
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company

DEFINITIONS

“Restructuring Exercise”	:	The restructuring exercise undertaken in connection with the Invitation as described in the section “Restructuring Exercise”
“SARS”	:	Severe Acute Respiratory Syndrome
“Securities Account”	:	The securities account maintained by a depositor with CDP but does not include a securities sub-account
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore
“Service Agreements”	:	The service agreements entered into between our Company and our Executive Directors as described in the section “Service Agreements”
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares of \$0.20 each in the capital of our Company
“Sub-division”	:	The sub-division of ordinary shares of \$1.00 each in the capital of our Company as defined in the section “Share Capital”
“Substantial Shareholder”	:	A person who has an interest in shares the nominal amount of which is not less than five per cent. of the nominal amount of all the voting shares of a company
“USA”	:	United States of America

Currencies, Units and Others

“\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent.”	:	Per centum
“Mk”	:	Mukim
“psf”	:	Per square foot
“sq m”	:	Square metres

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and the Securities and Futures Act or any statutory modification thereof and used in this Prospectus, the Application Forms or the Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, as the case may be.

DEFINITIONS

Any reference in this Prospectus, the Application Forms or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus, the Application Forms and the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us” and “our” or other grammatical variations thereof in this Prospectus is a reference to our Company, our Group or any member of our Group, as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Koh Wee Meng is also known as James Koh. Any reference in this Prospectus to James Koh shall refer to Koh Wee Meng.

Lim Wan Looi is also known as Grace Lim. Any reference in this Prospectus to Grace Lim shall refer to Lim Wan Looi.

Chin Sek Peng is also known as Michael Chin. Any reference in this Prospectus to Michael Chin shall refer to Chin Sek Peng.

Koh Chong Him is also known as Ko Chong Sung. Any reference in this Prospectus to Koh Chong Him shall refer to Koh Chong Him @ Ko Chong Sung.

Tan Soo Lung is also known as Tan Su Lan. Any reference in this Prospectus to Tan Soo Lung shall refer to Tan Soo Lung @ Tan Su Lan.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations used in this Prospectus. The terms and their assigned meanings may not correspond to the standard industry or common meanings or usage, as the case may be, of these terms.

<i>“association building”</i>	:	A building intended to be used mainly for civic, community or cultural facilities or similar purposes
<i>“budget hotel”</i>	:	A hotel which provides basic accommodation facilities at affordable prices
<i>“CSC”</i>	:	Certificate of Statutory Completion. A building is deemed to be completed when the CSC in respect of that building is issued by the Building and Construction Authority
<i>“defects liability period”</i>	:	The period of time during which the vendor of the property development project is under a contractual obligation to rectify defects in properties sold in accordance with the terms of the sale and purchase agreement
<i>“Deferred Payment Scheme”</i>	:	A description of the “Deferred Payment Scheme” is found under the section “Major Customers — Terms of Payment”
<i>“freehold”</i>	:	This is an estate in land or other real property for an indefinite or indeterminate duration and is also known as “an estate in fee simple”
<i>“hotel”</i>	:	This includes a hotel, lodging house, guest house and any building or premises not being a public institution and containing not less than four rooms or cubicles in which persons are harboured or lodged for hire or reward of any kind and where any domestic service is provided by the owner, lessee, tenant, occupier or manager for the person so harboured or lodged
<i>“leasehold”</i>	:	This is an estate in land or other real property where a person is given the exclusive use and occupation of land for a fixed duration
<i>“TOP”</i>	:	Temporary Occupation Permit. A building is deemed to be suitable for occupation when the TOP in respect of that building is issued by the Building and Construction Authority

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these statements by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words or phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects, and the future prospects of our industry are forward-looking statements. These forward-looking statements, including statements as to:

- our revenue and profitability;
- expected growth in demand;
- expected industry trends; and
- anticipated completion and start-up dates for projects and other matters discussed in this Prospectus regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, amongst others,

- changes in social, political and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;
- our anticipated growth strategies and expected internal growth;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in consumer preferences;
- changes in our future capital needs and the availability of financing and capital to fund these needs; and
- other factors beyond our control.

These factors are discussed in greater detail in the Prospectus, in particular, but not limited to, the discussions under the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. Neither we, the Lead Manager, the Lead Underwriter, the Lead Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. Our actual results may differ materially from those anticipated in these forward-looking statements. Further, our Company, the Lead Manager, the Lead Underwriter and the Lead Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Prospectus is registered but before the close of the Invitation, we become aware of (a) a false or misleading statement or matter in the Prospectus, (b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the New Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Lead Manager, the Lead Underwriter and the Lead Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Lead Manager, the Lead Underwriter and the Lead Placement Agent.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

DETAILS OF THE INVITATION

LISTING ON THE SGX-ST

Application has been made to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued and the New Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, the SGX-ST granting permission to deal in, and for quotation of, all our existing issued Shares and the New Shares. Moneys paid in respect of any application accepted will be returned to you, subject to applicable laws, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted or for any other reason and you will not have any claims whatsoever against us, the Lead Manager, the Lead Underwriter or the Lead Placement Agent.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority on 22 December 2004 and 24 January 2005, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Lead Manager, the Lead Underwriter or the Lead Placement Agent. Neither the delivery of this Prospectus and the Application Forms nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a change, in our affairs, condition or prospects, or our Shares (including the New Shares), or in the statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur and are material or are required to be disclosed by law, we will make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the Securities and Futures Act and other applicable provisions of the Securities and Futures Act and take immediate steps to comply with the requirements of the Securities and Futures Act. We will also comply with all other applicable requirements of the Securities and Futures Act and/or any other requirements of the Authority and/or SGX-ST. All applicants should take note of any such announcements, supplementary or replacement prospectus and, upon the release of the same, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. Neither our Company, the Lead Manager, the Lead Underwriter, the Lead Placement Agent, our Directors, the promoters, the experts nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered to be business, legal or tax advice. Investors should be aware that they may be required to bear the financial risk of an investment in our Shares for an indefinite period of time. Each prospective investor should consult his own professional or other advisers for business, financial, legal or tax advice regarding an investment in our Shares.

DETAILS OF THE INVITATION

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any other persons other than the applicants in connection with their applications for the New Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares and:

- (a) where the New Shares have not been issued to the applicants, our Company shall either:
 - (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all moneys paid in respect of any application to the applicants, without interest or a share of revenue or benefit arising therefrom; or
- (b) where the New Shares have been issued to the applicants, our Company shall either:
 - (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to us the New Shares, which they do not wish to retain title in; or
 - (ii) treat the issue of the New Shares as void, in which case the issue or sale shall be deemed void and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all moneys paid in respect of any application to the applicants, without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven days from the receipt of such notification, pay to him all moneys paid by him on account of his application for those Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraph (b)(i) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those New Shares, to our Company, whereupon our Company shall, within seven days from the receipt of such notification and documents, if any, pay to him all moneys paid by him for those Shares, without interest or a share of revenue or benefit arising therefrom at the applicants' risk and the issue of those Shares shall be deemed to be void.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to our Company, directing that no or no further Shares to which this Prospectus relates, be allotted or issued. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

DETAILS OF THE INVITATION

In the event that the Authority issues a Stop Order and applications to subscribe for the New Shares have been made prior to the Stop Order, then:

- (a) where the New Shares have not been issued to the applicants, the applications for the New Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all moneys the applicants have paid on account of their applications for the New Shares; or
- (b) where the New Shares have been issued to the applicants, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all moneys paid by them for the New Shares.

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

Hong Leong Finance Limited
16 Raffles Quay #01-05
Hong Leong Building
Singapore 048581

UOB Kay Hian Private Limited
80 Raffles Place #30-01
UOB Plaza 1
Singapore 048624

and where available, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore.

A copy of this Prospectus is also available on:

- (a) the SGX-ST website at <http://www.sgx.com>; and
- (b) the Authority's website at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>.

The Application List will open at 10.00 a.m. on 1 February 2005 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors may, in consultation with the Lead Manager decide, subject to any limitation under all applicable laws PROVIDED ALWAYS THAT where a supplementary or replacement prospectus has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

Details of the procedure for applications to subscribe for the New Shares are set out in Appendix D of this Prospectus.

DETAILS OF THE INVITATION

INDICATIVE TIMETABLE FOR LISTING

In accordance with the SGX-ST's News Release of 28 May 1993 on the trading of initial public offering shares on a "when issued" basis, an indicative timetable is set out for the reference of applicants:

Indicative time/date	Event
12.00 noon on 1 February 2005	Close of Application List
2 February 2005	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
9.00 a.m. on 3 February 2005	Commence trading on a "when issued" basis
16 February 2005	Last day of trading on a "when issued" basis
9.00 a.m. on 17 February 2005	Commence trading on a "ready" basis
22 February 2005	Settlement date for all trades done on a "when issued" basis and for trades done on a "ready" basis on 17 February 2005

The above timetable is only indicative as it assumes that the date of closing of the Application List will be 1 February 2005, the date of admission of our Company to the Official List of the SGX-ST will be 3 February 2005, the shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 3 February 2005. The actual date on which our Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "when issued" basis and the commencement date of such trading. **All persons trading in our Shares on a "when issued" basis do so at their own risk. In particular, persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted with or are otherwise beneficially entitled to. Such persons are also exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date shown above. Persons who have a net sell position traded on a "when issued" basis should close their position on or before the first day of "ready" basis trading.**

The Invitation will open from 25 January 2005 to 1 February 2005 (12.00 noon).

Investors should consult the SGX-ST's announcement on the "ready" listing date on the Internet (at the SGX-ST internet website <http://www.sgx.com>) or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (i) through a SGXNET announcement to be posted on the Internet at the SGX-ST's internet website at <http://www.sgx.com>; and
- (ii) in a local English newspaper.

We will provide details of the results of the Invitation (including the level of subscription for the New Shares and the basis of allocation of the New Shares pursuant to the Invitation), as soon as it is practicable after the closure of the Application List through the channels in (i) and (ii) above.

PROSPECTUS SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Prospectus. Since this summary does not contain all the information that you should consider before investing in our Shares, it is advised that you read the entire Prospectus carefully before making an investment decision, in particular, the matters set out under the section "Risk Factors".

OVERVIEW OF OUR GROUP

Our Group

Our business was established in the mid-1980s by our founder and CEO, James Koh. In preparation for a corporate restructuring, our Company was incorporated as a private limited company in Singapore under the Companies Act on 28 July 2000 to act as the holding company of our Group. In December 2004, we undertook the Restructuring Exercise to streamline and rationalise the corporate structure and business activities of our Group. On 27 December 2004, in connection with the Invitation, we converted to a public limited company and assumed our present name.

Our operations and headquarters are in Singapore and as at the Latest Practicable Date, we have seven subsidiaries, all located in Singapore.

Our Business

Our core business activities are property development and hotel operations.

Property Development

We are principally engaged in the development and sale of residential properties. Our strategy is to provide our customers with quality residential properties at affordable prices. We specialise in developing low to medium-rise private apartments with a relatively small number of units, typically less than 40 units. We also develop and sell commercial properties including hotels and offices.

Hotel Operations

Our Group is involved in the investment and management of hotel properties. We own eight hotels under our Fragrance Chain of Hotels, which are operated and managed by us. We are currently in the process of constructing two new hotels which are expected to commence operations during HY2005. Our Fragrance Chain of Hotels is currently located in Balestier, Geylang, and Joo Chiat in Singapore, which we consider to be located near the Central Business District. Our strategy is to establish a chain of budget hotels in Singapore which provides quality hotel accommodation at affordable rates.

Our Competitive Strengths

Experienced management team

Our management team consists of our Executive Directors and Executive Officers, who are experienced in property development and hotel operations. Through their experience, network and market knowledge, we are able to source for suitable plots of land with potential for development, and to assess whether such sites offer good investment returns or profitable development opportunities. Also, the Fragrance Chain of Hotels which are under our management has grown from one hotel in February 1998 to a chain of eight hotels to date.

Offering quality products at affordable prices

"Fragrance" has become an established brand in Singapore and is perceived to offer value-for-money propositions, whether for property projects or hotel accommodation.

PROSPECTUS SUMMARY

We have established ourselves as a reliable and efficient property developer which offers quality properties at affordable prices. We have also established ourselves as a budget hotel operator. Our Fragrance Chain of Hotels, which is solely managed by us, is recognised for providing affordable and value-for-money accommodation. Further details of our hotels can be found under the section “General Information on our Group — Hotel Operations”.

Efficient project management

We have established a reputation as an efficient developer that is able to deliver quality property developments within relatively short construction periods of approximately 10 to 15 months from the start of construction.

Focused property development strategy

We offer quality developments with accessible locations at affordable prices. We have developed a niche in the development of small to medium-sized property projects. We believe that these factors have enabled us to completely sell many of our projects after launch.

Established relationships with market players

We believe in working with market players who are known for their experience and expertise in the relevant areas of our business. For our property development business, we have established a network of contacts such as property agents and construction firms. For our hotel operations, we have established relationships with tourism-related companies to offer accommodation at our Fragrance Chain of Hotels at affordable rates, as part of travel packages offered by them.

Please refer to the section “Competitive Strengths” for more details.

Strategy and Future Plans

We aim to become a leading player in the small to medium-sized property development industry and budget hotel industry in Singapore. To achieve this, we intend to embark on the following strategies and future plans:

Continue to focus on developing residential and other properties

We intend to continue to develop small to medium-sized property projects comprising between approximately two to 100 units. We may also consider developing mixed property which have commercial components if such projects are profitable. Depending on suitable investment opportunities, we may undertake, from time to time, the development for sale of office properties in Singapore.

Expansion of our property development business in the region

We intend to replicate our property development business into countries in the region, such as Vietnam, which is currently experiencing economic growth. We intend to explore opportunities to enter these new markets through joint ventures with local companies.

Acquisition of parcels of land for development purposes

We believe that there will be opportunities for property developments located close to public amenities such as MRT stations and we intend to continue scouting for development opportunities near MRT stations.

PROSPECTUS SUMMARY

Expansion of our Fragrance Chain of Hotels

We believe that demand for budget hotel accommodation will increase, with more visitor arrivals to Singapore and the growth in the budget airline industry in the region. We intend to expand our Fragrance Chain of Hotels by developing new hotels or acquiring existing hotels located near the city centre. Apart from sourcing for new hotel locations in Singapore, we are also considering expanding our Fragrance Chain of Hotels outside of Singapore. Please refer to the section "Strategy and Future Plans" for more details.

Where you can find us

Our principal and registered office is located at Fragrance Centre, 101 Joo Chiat Road, #01-01, Singapore 427395. Our telephone number is (65) 6346 6888. Our internet address is www.fragrancegroup.com.sg. **Information contained in our internet website does not constitute part of this Prospectus.**

SUMMARY FINANCIAL DATA

You should read the following summary financial data in conjunction with the full text of the Prospectus, including the "Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004" as set out in Appendix A of this Prospectus.

Proforma Operating Results of Our Group⁽¹⁾

(\$'000)	← Proforma →				
	FY2001	FY2002	FY2003	HY2003	HY2004
Revenue	62,347	48,081	28,257	15,345	15,062
Cost of sales	(51,223)	(34,269)	(19,248)	(10,768)	(7,741)
Gross profit	11,124	13,812	9,009	4,577	7,321
Other operating income	208	346	437	184	196
Other operating expenses	(4,961)	(6,060)	(4,448)	(2,202)	(3,327)
Profit from operations	6,371	8,098	4,998	2,559	4,190
Finance costs	(1,096)	(1,916)	(2,202)	(1,116)	(1,207)
Profit before taxation	5,275	6,182	2,796	1,443	2,983
Income tax	(1,308)	(1,429)	(689)	(353)	(663)
Profit attributable to shareholders⁽²⁾	3,967	4,753	2,107	1,090	2,320
EPS (cents) ⁽³⁾	3.1	3.8	1.7	0.9	1.8

Notes:

- (1) The financial results of our Group for the period under review have been prepared on the basis that our Group has been in existence throughout the period under review.
- (2) Had the Service Agreements been in place on 1 January 2003, profit attributable to shareholders for FY2003 would not have been affected.
- (3) For comparative purposes, EPS for the period under review has been computed based on the profit attributable to shareholders and the pre-Invitation share capital of 126,000,000 Shares.

PROSPECTUS SUMMARY

Proforma Financial Position of Our Group⁽¹⁾

(\$'000)	As at 31 December 2003	As at 30 June 2004
Non-current assets		
Property, plant and equipment	74,702	85,155
Current assets		
Cash and bank balances	1,249	2,123
Trade receivables	11,603	5,806
Other receivables and prepayments	7,333	886
Properties under development	19,322	19,440
Properties held for sale	6,000	8,905
Total current assets	45,507	37,160
Current liabilities		
Bank overdraft (secured)	—	3,734
Trade payables	170	320
Other payables	11,265	1,486
Term loans, current portion	11,154	6,295
Income tax payable	1,755	1,365
Total current liabilities	24,344	13,200
Net current assets	21,163	23,960
Non-current liabilities		
Long term loans	66,693	81,312
Deferred tax liabilities	508	270
Total non-current liabilities	67,201	81,582
Shareholders' equity	28,664	27,533
NTA per Share (cents)⁽²⁾	22.7	21.9

Notes:

- (1) The financial position of our Group as at 31 December 2003 and 30 June 2004 have been prepared on the basis that our Group has been in existence throughout the period under review.
- (2) For comparative purposes, NTA per Share as at 31 December 2003 and 30 June 2004 have been computed based on the net assets of our Group and the pre-Invitation share capital of 126,000,000 Shares.

THE INVITATION

Issue Size	:	42,000,000 New Shares. The New Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with our existing issued Shares.
Issue Price	:	\$0.30 for each New Share.
The Offer	:	The Offer comprises an invitation by our Company to the public in Singapore to subscribe for the 4,200,000 Offer Shares, subject to and on the terms and conditions of this Prospectus.
The Placement	:	The Placement comprises a placement of 37,800,000 Placement Shares, subject to and on the terms and conditions of this Prospectus.
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company.
Listing status	:	Our Shares will be quoted in Singapore Dollars on the Mainboard of the SGX-ST, subject to admission of our Company to the Official List of the SGX-ST and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.

RISK FACTORS

Some of the following considerations relate principally to the industries in which we operate and our business in general. Other considerations relate principally to general economic and political conditions, the securities market and ownership of the New Shares. If any of the following considerations and uncertainties develop into actual events, our business, financial condition and results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline, and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, the risks faced by our Group as described below and elsewhere in this Prospectus.

You should carefully evaluate each of the following considerations and all the other information set forth in this Prospectus before deciding to invest in the New Shares. Before deciding to invest in our Shares, you should seek professional advice about your particular circumstances.

To the best of our knowledge and belief as at the date of this Prospectus, all risks that upon developing into actual events would have a material adverse impact on our business, financial condition and results of operations are set out below.

RISKS RELATING TO OUR PROPERTY DEVELOPMENT BUSINESS

We depend on our ability to grow our land bank

We need to continue identifying land suited for property development in order to maintain and grow our property development business. We usually replenish and source for new plots of land by participating in property auctions, acquiring plots of land from private owners as well as sourcing for suitable development sites through external property agents. Our CEO, James Koh, is primarily responsible for sourcing for new plots of land and growing our land bank. We compete with other property developers for new plots of land. If we are not successful in securing sizeable and appropriate land for property development, and as a result undertake fewer property development projects, our business and financial performance may be adversely affected.

We depend on our ability to identify and complete profitable property development projects

Our performance is dependent on our ability to identify profitable property development projects and following such identification, to successfully complete such projects. The viability and profitability of our property development projects may be undermined by changes in the general economic climate in Singapore, including changes in interest rates, construction costs, land costs and property prices. Accordingly, there is no assurance that we will always be successful in identifying profitable property development projects or completing such property development projects profitably. If we are unable to identify new property development projects which are profitable and to successfully carry these out, our profitability and financial condition will be adversely affected.

We are subject to revenue volatility if we are unable to undertake new projects

Our revenue from our property development business is dependent on the number and value of projects that we undertake. However, there is no consistency in the number and value of projects that we undertake. Therefore the number and value of projects we undertake will cause our revenue to fluctuate. As such, potential investors should take note that the historical financial performance and financial condition of our Group are not to be taken as an indication of the future financial performance and financial condition of our Group in any financial reporting period. If we are unable to undertake new projects, our financial performance will be adversely affected.

RISK FACTORS

Mismanagement of our property projects may lead to delays and cost overruns

We manage property development projects initiated by our Group in-house as we believe that good project management is critical to the success of our projects. Depending on the nature of the project, we carry out inspections to ensure the quality of the building materials, conduct site visits to monitor and supervise work progress, and conduct regular meetings to discuss any outstanding issues relating to the development or marketing of the project. The failure to properly monitor and manage any one of our property development projects may result in delays and cost overruns which may have an adverse impact on our financial position and our results of operations.

We are subject to construction risks

The property development projects that we undertake usually require substantial capital outlay during the construction phase. Such property development projects usually require between approximately 10 to 15 months to complete. The time taken and the costs involved in completing such property development projects may be adversely affected by several factors, including shortage of construction materials, equipment and labour, adverse weather conditions, adverse changes to the financial condition of the contractors we engage, disputes with these contractors, accidents, delay in obtaining approval from the relevant authorities and other unforeseen circumstances. Any of these factors could delay the completion and launch of our property development projects and lead to cost overruns. Such cost overruns are usually borne by our contractors. However, in the event that our contractors are unable to bear the cost overruns or otherwise, we may be liable for such cost overruns. In such event, if we are not able to pass the cost overruns to the purchasers, our profitability will be affected. We may also be exposed to delays arising from the inability of contractors engaged by us to complete the construction work for the property development projects and we may not have any recourse against such contractors. Therefore, any delays in project completion may expose us to liquidated damages payable to purchasers of the affected properties and adversely affect our profitability.

We may experience negative cash flow as a result of financing our property development projects

We usually finance the development of properties by way of loans from financial institutions in addition to internally generated funds. As a significant amount of funds is required in property development projects, we would typically seek financing amounting to approximately 60% to 80% of the cost of the property developments. Such financing is usually secured by a mortgage over the property development and a personal guarantee by our CEO, James Koh. Please refer to the sections "Capitalisation and Indebtedness" and "Interested Person Transactions".

In planning for the financing of our property development projects, we take into consideration various factors, including potential consumer response to our projects, the timing of the completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that we provide additional security for our loans. Our estimated project expenses and earnings are mainly based on, but are not limited to, the aforesaid factors. A change in any of the factors may lead to a corresponding change in our estimated project expenses and earnings, and may cause our profitability to be adversely affected. For example, the financial institutions that grant us loans would typically charge interest at floating interest rates. As at 30 November 2004, approximately 71% of our loans from financial institutions are on a floating interest rate basis. In the event that there is a significant increase in interest rates, our interest expense will increase and this will adversely affect our profitability.

RISK FACTORS

In the case of property development projects which have longer construction periods (typically 15 months), our projects will generally experience negative cash flows in the early phase. We believe that as with most property development companies, we experience a higher debt equity ratio as compared to other types of businesses. Positive cash flow will usually be registered only upon receipt of the payment of the purchase consideration for our properties which varies depending on whether the purchase consideration is paid pursuant to the Deferred Payment Scheme or on a progressive basis. For payments under the Deferred Payment Scheme, we usually receive a substantial portion of the purchase consideration at a later stage of the project, for example, upon issuance of the TOP. As such, for projects where a majority of purchasers opt to pay the purchase consideration under a Deferred Payment Scheme, we may only generate positive cash flow at a later stage of the project. If our property development business is not able to generate sufficient cash flow to meet the financing costs of our property development projects, our business and profits will be adversely affected. Please refer to the section “Major Customers” for our terms of payment.

We may not be able to compete successfully against our competitors in future

Singapore’s property market is a mature industry with relatively low barriers to entry and a number of established players. As such, we may face increasing competition from existing property developers and new entrants to the property development business. Some of our competitors may possess larger financial resources than us. In order to compete successfully, we may either have to offer more competitive pricing, or differentiate ourselves by adopting more innovative property designs and more creative marketing strategies. In addition, intense competition may lead to an oversupply of development properties which may result in price competition. Failure to secure buyers or the significant reduction in property prices would have an adverse effect on our revenue and profitability.

We may be affected by a decline in property prices

Property prices in Singapore are largely affected by supply and demand for properties. Typically the demand for properties in Singapore follows a cyclical pattern and is generally affected by the Singapore economy, which is in turn, affected by global economic conditions. Local market sentiments and expectations also affect property prices in Singapore. Any economic recession or negative market sentiment may therefore adversely affect demand for our properties and impact pricing. This would have a direct impact on our revenue and profitability. For example, during the Asian economic crisis in 1997, property prices in Singapore declined. The terrorist attacks in the USA on 11 September 2001 also caused the global economy, and subsequently, the Singapore economy to decline. This led to a decrease in the demand for properties in Singapore and correspondingly, property prices declined.

We may be adversely affected by changes in laws and regulations in Singapore

Our property development business is subject to various laws and regulations in Singapore. Please refer to the section “Government Regulations” for more details. In particular, we are required to obtain Housing Developers’ Licences prior to undertaking a development with more than four units. Also, as converted foreign companies, our subsidiaries, Fragrance Land and Fragrance Properties, are also required to obtain a qualifying certificate before they can acquire an interest in residential property for the purposes of development and sale. In the event that we are unable to obtain such licences or certificates, or we do not comply with any conditions imposed by these licences or certificates, or we are unable to obtain any other approvals required for our property development projects, our business and operations could be adversely affected. Any changes in such laws and regulations may also have a negative impact on our business. In addition, any failure to comply with these laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could adversely affect our operations.

RISK FACTORS

We are also subject to zoning and development, planning, design and construction as well as mortgage and refinancing requirements. In the event that there are any changes to these requirements which result in us not being able to fulfil our development plans for any of our properties, we may be required to change our property development plans. This could adversely affect our profitability and financial condition. For example in May 1997, our application to develop a hotel at 37 Lorong 20 Geylang was not approved. We subsequently developed the property into an association building and recorded an impairment loss of \$0.6 million and \$1.6 million in our other operating expenses in FY2001 and FY2002 respectively.

In addition, under the Land Acquisition Act, Chapter 152 of Singapore, the Government of Singapore has the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is required by any person, corporation or statutory board, for any work or undertaking which is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on the lowest of (i) the market value of the property as at 1 January 1995; (ii) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication of the notification, a declaration of intention to acquire is made by publication in the Government Gazette); and (iii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire. Accordingly, if any of our properties are subject to compulsory acquisition, and the market price of the property to be acquired is greater than the lowest of the market values referred to above, we will not receive fair market value for the land acquired and may not be able to purchase a comparable property as a result. This would have an adverse impact on our business.

The Singapore government has also in the past, intervened and regulated the movement in property prices. For instance, in May 1996, in order to address the increasing price of properties, the Singapore government imposed income tax on gains from disposal of any real property or sale of shares in a relevant property company within three years of its date of acquisition by any person not involved in carrying on a trade of buying and selling properties. As a result of the above measure, the number of property transactions declined. In addition to imposing new rules, being the biggest supplier of land, the Singapore government also regulates the supply of land to developers from time to time so as to influence the demand and supply of property in order to maintain an orderly and stable property market. We expect the Singapore government to maintain its policy of regulating the property market and continue to play a significant role in the operation of the property market.

Please refer to the section "Government Regulations" for more details.

RISKS RELATING TO OUR HOTEL OPERATIONS

We may be affected by a decrease in demand for our hotel rooms

The financial performance of our hotels is dependent mainly on the number of our hotel guests, who are either local residents or visitors from overseas. In the event that there is a decrease in demand for our hotel rooms, as a result of a decrease in visitors to Singapore or otherwise, our hotel occupancy rates may decline. A decrease in visitors to Singapore may be due to a decrease in travel, whether as a result of a general downturn in the global economy, the outbreak of an epidemic, restrictions on travel imposed by governments, fears of terrorism in the region or otherwise. For example, in FY2003, the number of our hotel guests from overseas decreased due to the outbreak of SARS. In the event that as a result of such factors, our hotel occupancy rates decline significantly, our financial performance and profitability will be adversely affected.

RISK FACTORS

We face significant competition

The hotel industry in Singapore is highly competitive. The level of competition in the Singapore hotel industry is affected by various factors, including changes in economic conditions, both locally and regionally, changes in local and regional populations, the supply and demand for hotel rooms and changes in travel patterns and preferences.

We offer reasonably priced accommodation at convenient locations. However, our competitors also have hotels located in these areas. Some of these hotels offer more facilities at their premises at similar or more competitive prices. Some of our competitors may also significantly lower their rates or offer greater convenience, services or amenities, to attract more guests. If their efforts are successful, our results of operations may be adversely affected. There can also be no assurance that demographic, geographic or other changes will not adversely affect the convenience or demand for our hotels.

Further details on the competition we face are set out under the section "Competition".

Illiquidity of property investment

Real estate investments are relatively illiquid. This limits our ability to convert real estate assets (such as our hotels) into cash on short notice. Therefore, to facilitate a sale of such illiquid assets on short notice, we may be required to lower our selling prices substantially. Such illiquidity also limits the ability of our Group to vary our portfolio in response to changes in economic or other conditions in a timely manner.

We may be exposed to significant operating risks

Our Fragrance Chain of Hotels is susceptible to operating risks common to the hotel industry. These risks include, competition from other hotels, oversupply in room availability which could adversely affect occupancy rates and average daily rates and therefore revenue per available room, increases in operating costs due to inflation and other factors, dependence on travellers and tourism, increase in energy and labour costs and other expenses and adverse effects of general and local economic conditions.

We may be subject to additional risks in expanding our Fragrance Chain of Hotels

We have taken steps to expand our Fragrance Chain of Hotels in Singapore. We are currently developing two new hotels in Singapore which when completed, will bring the total number of guest rooms from 776 rooms presently to more than 970 rooms. We also intend to expand our Fragrance Chain of Hotels outside of Singapore. Our ability to expand successfully will depend on a number of factors (including the ability to obtain financing on competitive terms, the ability to control construction costs and to obtain the necessary licences and approvals from the relevant authorities), some of which are beyond our control. We cannot assure you that our expansion plans will be successful or that our existing hotel infrastructure (such as our internal reporting and information network) and our hotel management staff will be able to cope with the additional demands arising from an expansion. If we are unable to retain or recruit sufficient staff to service additional hotels, our results of operations may be affected. In addition, should consumer response towards our new hotels be significantly less than projected, our profitability and financial condition may be materially affected.

RISK FACTORS

Our performance may be subject to changes in the laws and regulations in Singapore

The operation of hotels in Singapore is subject to various laws and regulations, such as the Hotels Act. For example, we presently require hotel licences issued under the Hotels Act for the operation of our Fragrance Chain of Hotels. The withdrawal, suspension or non-renewal of any of these licences, or the imposition of any penalties, as a result of any infringement or non-compliance with any requirement, will have an adverse impact on our business and results of operations. Also, if we are unable to obtain such licences for any new hotels, our business and operations could be adversely affected. Further, any changes in such laws and regulations may also have an impact on our business and result in higher costs of compliance. In addition, any failure to comply with these laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenues and profits of our hotels or otherwise adversely affect our operations.

Please refer to the section “Government Regulations” for more details.

RISKS RELATING TO OUR GROUP

We are dependent on certain key personnel

Our Group's performance and success has been due largely to the collective efforts of our Executive Directors and Executive Officers, led by our CEO, James Koh. The loss of services of these individuals, and other senior members of the management team and experienced personnel, without suitable replacements, or the inability to attract and retain qualified personnel will adversely affect our operations and our financial performance.

We may face uncertainties associated with the expansion of our business

In order to grow our business, we may expand our operations overseas or explore strategic alliances, acquisitions or hotel investment opportunities overseas. Overseas expansion involves numerous risks, including, the financial costs of setting up overseas operations and working capital requirements. There is no assurance that our overseas operations, if it materialises, will achieve a sufficient level of revenue and if we fail to manage our costs, our profitability and financial position may be adversely affected. Participation in strategic alliances, acquisitions or hotel investment opportunities involves numerous risks, including, difficulties in the assimilation of the management, operations and personnel and the possible diversion of management attention from our existing business concerns. There is no assurance that we will be able to execute the above growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or hotel investments could fall short of expectations.

We are affected by uninsured loss to our properties

We maintain insurance policies covering certain eventualities arising from our property development business and hotel operations. Our insurance policies include, public liability insurance, fire insurance and workmen's compensation. We believe that the coverage from these insurance policies is adequate and is in accordance with the standard industry practice and government specifications. However, our insurance policies do not cover losses arising from risks which are generally not insurable. These include losses arising from acts of God, earthquakes, war, civil disorder and acts of terrorism. Should there be loss arising out of damage to our properties which is not covered by our insurance policies, or should such damage exceed the amount for which we are insured, our profitability may be adversely affected.

Further details on our insurance policies are set out under the section “Insurance”.

RISK FACTORS

We face risks associated with high debt financing

As at 30 November 2004, our total external borrowings owing to financial institutions outstanding was \$101.8 million. As such, we have significant obligations to service our borrowings. Our debt to equity ratio (defined as ratio of total external borrowings owing to financial institutions to shareholders' equity) and current ratio (defined as current assets over current liabilities) as at 30 November 2004 are 3.4 and 2.7 respectively. Due to the nature of our property development business, our expansion plans and requirements for working capital, we are likely to continue to face high debt levels in the future.

Our obligations under these borrowings have been mainly met through the cash flow from our operations. As such, we are subject to risks normally associated with debt financing, including the risk of changes to interest rates, and the risk that our cash flow may be insufficient to meet payments of principal and interest amounts under our borrowings. In addition, while in the past cash flow from our operations had been sufficient to meet payments to financial institutions, there is no assurance that we will be able to do so in the future. Also, we may underestimate our capital requirements and other expenditures or over-estimate our future cash flows. In such event, additional capital, debt or other forms of financing may be required for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional capital, debt or other financing to meet our working capital requirements, our business, operating results, liquidity and financial position will be adversely affected.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our share price may be volatile, which could result in substantial losses for investors purchasing Shares in this Invitation

The market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (a) variations in our operating results;
- (b) success or failure of our management team in implementing business and growth strategies;
- (c) changes in securities analysts' recommendation, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (e) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Singapore;
- (f) additions or departures of key personnel;
- (g) fluctuations in stock market prices and volume; or
- (h) involvement in litigation.

These fluctuations may be exaggerated if the trading volume of our Shares is low.

There is no prior market for our Shares

Prior to this Invitation, there has been no public market for our Shares. Whilst we have applied to the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST, there can be no assurance that an active trading market for our Shares will develop or, if developed, will be sustained, or that the market price for our Shares will not decline below the Issue Price. Accordingly, you may be unable to sell your Shares at or above the Issue Price. The Issue Price may not be indicative of the market price for our Shares after the completion of this Invitation.

RISK FACTORS

We will be affected by the future sale of our Shares, which could adversely affect the share price

Any future sale or availability of our Shares can have a downward pressure on our share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section “Moratorium”, there are no restrictions imposed on our Substantial Shareholders to dispose of their shareholdings.

Our Substantial Shareholders will retain majority control over our Group after the Invitation which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of this Invitation, our Substantial Shareholders, James Koh and Grace Lim, will beneficially own in aggregate approximately 75.0% of our Company’s post-Invitation share capital. As a result, they will, if acting together, be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by the rules of the Listing Manual, the SGX-ST or undertakings given by them (as described in the section “Conflict of Interests”) to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit Shareholders.

Additional funds raised through issue of new Shares for our future growth will dilute Shareholders’ equity interests

We may in the future expand our capabilities and business through acquisition, joint venture and strategic partnership with parties who can add value to our business. We may require additional equity funding after the Invitation and our Shareholders will face dilution of their shareholdings should we issue new Shares to finance future acquisitions, joint ventures and strategic partnerships.

Negative publicity may adversely affect our share price

Negative publicity involving our Group, any of our Directors, Executive Officers or Substantial Shareholders may adversely affect the market perception or the stock performance of our Company, whether or not it is justified. Some examples are unsuccessful attempts in joint ventures, takeovers or involvement in insolvency proceedings.

INVITATION STATISTICS

Issue Price \$0.30

Net Tangible Assets per Share

The NTA per Share based on the proforma consolidated balance sheet of our Group as at 30 June 2004 and after adjusting for the Sub-division (the "Adjusted NTA"):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 126,000,000 Shares | 21.9 cents |
| (b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 168,000,000 Shares | 23.0 cents |

Premium of Issue Price over the Adjusted NTA per Share

- | | |
|---|-------|
| (a) based on the Adjusted NTA as at 30 June 2004 and the pre-Invitation share capital of 126,000,000 Shares | 37.0% |
| (b) based on the Adjusted NTA as at 30 June 2004, the net proceeds from the issue of New Shares and the post-Invitation share capital of 168,000,000 Shares | 30.4% |

Adjusted Revalued Net Tangible Assets per Share⁽¹⁾

The adjusted revalued NTA per Share based on the proforma consolidated balance sheet of our Group as at 30 June 2004 after taking into consideration the average of the revaluations carried out by the Independent Valuers as set out in their reports in Appendix B, after adjusting for the results of the valuation and after adjusting for the Sub-division (the "Adjusted Revalued NTA")(Please refer to the section "Valuation" for more details):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 126,000,000 Shares | 49.8 cents |
| (b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 168,000,000 Shares | 43.9 cents |

Discount of Issue Price over the Adjusted Revalued NTA per Share⁽¹⁾

- | | |
|--|-------|
| (a) based on the Adjusted Revalued NTA as at 30 June 2004 and the pre-Invitation share capital of 126,000,000 Shares | 39.8% |
| (b) based on the Adjusted Revalued NTA as at 30 June 2004, the net proceeds from the issue of New Shares and the post-Invitation share capital of 168,000,000 Shares | 31.7% |

Earnings

Historical net EPS of our Group for FY2003 based on the pre-Invitation share capital of 126,000,000 Shares 1.7 cents

Historical net EPS of our Group for FY2003 based on the pre-Invitation share capital of 126,000,000 Shares, assuming that the Service Agreements had been in place in FY2003 1.7 cents

INVITATION STATISTICS

Price Earnings Ratio

Historical PER based on the historical net EPS of our Group for FY2003 17.6 times

Historical PER based on the historical net EPS of our Group for FY2003 assuming that the Service Agreements had been in place in FY2003 17.6 times

Net Operating Cash Flow⁽²⁾

Historical net operating cash flow per Share of our Group for FY2003 based on the pre-Invitation share capital of 126,000,000 Shares 2.1 cents

Price to Net Operating Cash Flow Ratio⁽²⁾

Issue Price to historical net operating cash flow per Share of our Group for FY2003 based on the pre-Invitation share capital of 126,000,000 Shares 14.3 times

Market Capitalisation

Market capitalisation based on the Issue Price and post-Invitation share capital of 168,000,000 Shares \$50.4 million

Notes:

(1) Surplus from the revaluation is not taken into the balance sheet of our Group.

(2) Net operating cash flow is defined as net profit after tax with depreciation expenses added back.

USE OF PROCEEDS

The net proceeds attributable to us from the issue of the New Shares (after deducting the estimated expenses in relation to the Invitation of approximately \$1.5 million) are estimated to be approximately \$11.1 million.

We intend to use the net proceeds from the Invitation as follows:

- (a) approximately \$5.0 million to finance the expansion of our property development business;
- (b) approximately \$2.1 million to finance the expansion of our hotel operations;
- (c) approximately \$0.4 million to upgrade our Fragrance Chain of Hotels, including the refurbishment of guest rooms and common areas of our existing hotels and the improvement of our existing internal reporting and information network; and
- (d) the balance for general corporate and working capital purposes of our Group.

For more details on the use of proceeds, please refer to the section “Strategy and Future Plans”.

Pending the deployment of the net proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

There is no minimum amount, which in the reasonable opinion of our Directors, must be raised from the Invitation.

DIVIDEND POLICY

We did not declare a dividend in FY2001. In FY2002, FY2003 and HY2004, companies in our Group declared and paid dividends (net of tax) as follows:

(\$'million)	FY2002	FY2003	HY2004
Fragrance Hotel Management	—	—	1.9
Fragrance Land	4.7	1.9	—
Fragrance Properties	0.8	—	1.6

Save as disclosed above, no other dividends have been paid or proposed by our Company or its subsidiaries for the period under review.

We currently do not have a dividend policy. The dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board of Directors:

- the level of our cash and retained earnings;
- our actual and projected financial performance;
- our projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on us by our financing arrangements (if any).

Any final dividends paid by us must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the amount recommended by our Board of Directors. Our Board of Directors may, without the approval of our Shareholders, also declare an interim dividend. We must pay all dividends out of profits or pursuant to the Companies Act.

For information relating to taxes payable on dividends, see the section "Taxation".

For FY2004 and FY2005, our Directors intend to recommend and distribute at least 50% of our net profit attributable to Shareholders as dividends and subject to the factors outlined above. However, investors should note that the intention to recommend the aforesaid dividends should not be treated as a legal obligation on our Company nor should it be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

SHARE CAPITAL

Our Company was incorporated in Singapore on 28 July 2000 under the Act as a private limited company under the name of Fragrance Group Pte Ltd. As at the date of incorporation, our authorised share capital was \$100,000 comprising 100,000 ordinary shares of \$1.00 each and our issued and paid-up capital was \$2.00 comprising two ordinary shares of \$1.00 each. As at 30 June 2004, our authorised share capital was \$300,000 comprising 300,000 ordinary shares of \$1.00 each and our issued and paid-up capital was \$300,000 comprising 300,000 ordinary shares of \$1.00 each.

At an extraordinary general meeting held on 20 December 2004, our Shareholders approved, *inter alia*, the following:

- (a) the increase of our authorised share capital from \$300,000 divided into 300,000 ordinary shares of \$1.00 each to \$100,000,000 divided into 100,000,000 ordinary shares of \$1.00 each;
- (b) the sub-division of one ordinary share of \$1.00 each in our authorised and issued share capital into five ordinary shares of \$0.20 each (the "Sub-division");
- (c) the conversion of our Company into a public limited company and the change of our name to Fragrance Group Limited;
- (d) the adoption of a new set of Articles of Association;
- (e) that authority be given pursuant to Section 161 of the Companies Act to our Directors to issue 42,000,000 New Shares which are the subject of the Invitation, on the basis that the New Shares when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares; and
- (f) that authority be and is hereby given pursuant to Section 161 of the Companies Act to our Directors to:
 - (A) (i) issue shares in the capital of our Company 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 (as well as adjustments to) 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 our Directors may in their absolute discretion deem fit; and
- (B) (notwithstanding the authority conferred by this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by our Directors while this authority was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50 per cent. of the issued share capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to our Shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20 per cent. of the issued share capital of our Company (as calculated in accordance with sub-paragraph (2) below);
- (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 percentage of issued share capital shall be based on the post-Invitation issued share capital of our Company, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is passed; and
 - (ii) any subsequent consolidation or sub-division of shares;

SHARE CAPITAL

- (3) in exercising the authority conferred by this authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by our Company in General Meeting) the authority conferred by this authority shall continue in force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

We have only one class of shares in the capital of our Company, being ordinary shares of \$0.20 each. As at the date of lodgement of this Prospectus, our authorised share capital is \$100,000,000 divided into 500,000,000 ordinary shares of \$0.20 each and our issued share capital is \$25,200,000 divided into 126,000,000 ordinary shares of \$0.20 each. The rights and privileges of our Shares are stated in our Articles of Association. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. A summary of the Articles of Association of our Company relating to the voting rights of Shareholders is set out in Appendix C of this Prospectus.

Details of changes in our issued and paid-up capital since 31 December 2003 and immediately after the Invitation are as follows:

	Number of shares	Paid-up Capital (\$)
Issued and fully paid ordinary shares of \$1.00 each as at 31 December 2003 and 30 June 2004	300,000	300,000
Issue of ordinary shares of \$1.00 each pursuant to the Restructuring Exercise	24,900,000	24,900,000
	25,200,000	25,200,000
Sub-division	126,000,000	25,200,000
New Shares issued pursuant to the Invitation	42,000,000	8,400,000
Post-Invitation share capital	168,000,000	33,600,000

The authorised share capital and shareholders' equity of our Company as at 30 June 2004 after adjustment to reflect the Restructuring Exercise, the Sub-division and the Invitation are set out below. This should be read in conjunction with the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004 set out in Appendix A of this Prospectus:

	As at 30 June 2004	After the Restructuring Exercise and the Sub-division	After the Invitation
(\$'000)			
Authorised share capital			
Ordinary shares of \$1.00 each	300	—	—
Ordinary shares of \$0.20 each	300	100,000	100,000
Shareholders' equity			
Share capital	300	25,200	33,600
Share premium	—	—	2,660
Retained profits	46	46	46
Shareholders' equity	346	25,246	36,306

CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents, capitalisation and indebtedness as at 30 November 2004:

- (i) based on our management accounts as at 30 November 2004 before adjusting for the net proceeds from the Invitation; and
- (ii) on a proforma basis, as adjusted for the issue of the 42,000,000 New Shares pursuant to the Invitation, and the application of the net proceeds from the Invitation (after deducting the estimated expenses in relation to the Invitation).

You should read this table in conjunction with the “Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004” set out in Appendix A of this Prospectus and the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

(\$'000)	As at 30 November 2004 before adjusting for the net proceeds from the Invitation	As adjusted for the net proceeds from the issue of the New Shares
Cash and cash equivalents	2,611	13,671
Short term borrowings:		
Secured	13,228	13,228
Unsecured	—	—
	13,228	13,228
Long term borrowings:		
Secured	88,566	88,566
Unsecured	—	—
	88,566	88,566
Total borrowings	101,794	101,794
Total shareholders’ equity	30,145	41,205
Total capitalisation and indebtedness	131,939	142,999

We finance our operations and capital expenditures through a combination of shareholders’ equity (including retained profits), net cash generated from operating activities and borrowings from financial institutions. Our cash flow from operations is mainly income from the sale of our development properties and hotel operations. Our principal uses of cash have been for working capital requirements, acquisition of plots of land, construction of our property development projects, operation of the Fragrance Chain of Hotels and finance expenses.

As at 30 November 2004, our total borrowings was \$101.8 million comprising both short-term and long-term borrowings owing to financial institutions. Short-term borrowings comprised mainly the current portion of interest-bearing loans. Of these short-term borrowings, approximately \$1.4 million was subject to fixed interest rates ranging from 2.5% to 2.9% and approximately \$11.8 million was subject to floating interest rates ranging from 2.5% to 5.0%. Long-term borrowings comprised mainly long-term portion of interest-bearing loans, ranging in tenure from 24 months to 25 years. Of these long-term borrowings, approximately \$27.3 million was subject to fixed interest rates ranging from 2.5% to 2.9% and approximately \$61.3 million was subject to floating interest rates ranging from 2.5% to 4.0%. Our interest-bearing loans were used mainly to finance the acquisition of plots of land and hotels, our property development projects (including hotel development), and for working capital.

As at 31 December 2004, we have cash and bank balances of \$7.1 million. We also have unutilised credit facilities in the form of short-term and long-term loans of \$39.6 million.

CAPITALISATION AND INDEBTEDNESS

Borrowings

Details of our borrowings as at 30 November 2004 are as follows:

Financial Institution	Type/Tenor	Amount	Amount outstanding	Used by	Material Security ⁽¹⁾
HLF	Term Loan/ 144 months commencing June 2002	\$6,387,897.81	\$5,715,122.31	Fragrance Capital	(1) Mortgage over 50 Lorong 18 Geylang (2) Fixed and floating charge over all real and personal property situated on 50 Lorong 18 Geylang (3) Personal guarantee by James Koh
HLF	Term Loan/ 180 months commencing October 2002	\$12,300,000	\$11,048,209.19	Fragrance Capital	(1) Mortgage over 20 Lorong 6 Geylang (2) Fixed and floating charge over all real and personal property situated on 20 Lorong 6 Geylang (3) Personal guarantee by James Koh
HLF	Term Loan/ 240 months commencing March 2003	\$3,242,028.36	\$3,173,333.25	Fragrance Capital	(1) Mortgage over 418 Balestier Road (2) Fixed and floating charge on all real and personal property situated on 418 Balestier Road (3) Personal guarantee by James Koh
OCBC	Specific advance facility and Term Loan/Up to 120 months from first drawdown or 1 August 2015, whichever is earlier	\$5,973,000	\$5,248,072.82	Fragrance Capital	(1) Mortgage over 263/263A Balestier Road (2) Personal guarantee by James Koh
OCBC ⁽²⁾	Term Loan/ 132 months commencing December 2004	\$3,000,000	—	Fragrance Capital	(1) Mortgage over 63 Dunlop Street (2) Personal guarantee by James Koh

CAPITALISATION AND INDEBTEDNESS

Financial Institution	Type/Tenor	Amount	Amount outstanding	Used by	Material Security ⁽¹⁾
Sing Investments & Finance Limited	Term Loan/ 180 months commencing February 2004	\$3,144,000	\$2,985,322.07	Fragrance Capital	(1) Mortgage over 255 Balestier Road and proposed 4 storey with attic hotel comprising 48 units of guest rooms (2) Personal guarantee by James Koh ⁽³⁾
Sing Investments & Finance Limited	Land, Construction and Development Charge Loan/ 24 months from February 2004 or 6 months from TOP, upon which the loan will be converted into a term loan	\$9,493,298	\$4,885,901.16	Fragrance Capital	(1) Mortgage over 177, 179, 181,183, 185 and 187 Selegie Road (2) Personal guarantee by James Koh ⁽³⁾
Singapura Finance Limited ⁽²⁾	Term Loan/ 12 months commencing October 2004	\$800,000	\$802,140.35 ⁽⁴⁾	Fragrance Capital	(1) Mortgage over 63 Dunlop Street (2) Personal guarantee by James Koh
UOB	Term Loan/ 240 months commencing September 2001	\$7,432,000	\$6,724,558.77	Fragrance Capital	(1) Mortgage over 21 Lorong 14 Geylang (2) Personal guarantee by James Koh
UOB	Term Loan/ 180 months commencing March 2004	\$5,200,000	\$5,020,268.59	Fragrance Capital	(1) Mortgage over 3 Lorong 10 Geylang (2) Personal guarantee by James Koh
UOB	Term Loan/ 180 months commencing August 2003	\$2,000,000	\$1,868,090.21	Fragrance Group	(1) Mortgage over 101 Joo Chiat Road #01-01, #02-01, #02-02, #03-01, #03-02, #04-01 & #04-02 (2) Personal guarantee by James Koh
UOB	Term Loan/ 300 months commencing July 1999	\$16,900,000	\$15,041,508.63	Fragrance Investment	(1) Mortgage over 10 Lorong 20 Geylang (2) Personal guarantee by James Koh ⁽⁵⁾

CAPITALISATION AND INDEBTEDNESS

Financial Institution	Type/Tenor	Amount	Amount outstanding	Used by	Material Security ⁽¹⁾
Sing Investments & Finance Limited	Land, Construction and Non-Revolver Loan/ 24 months on demand from first drawdown or 6 months after TOP (24 May 2004) whichever is earlier, extended to 31 March 2005	\$3,710,000	\$1,477,583.94	Fragrance Land	(1) Mortgage over 115 Shrewsbury Road (2) Personal guarantee by James Koh ⁽³⁾
OCBC	Land and Construction Loan/ 30 months commencing December 2004	\$9,190,000	—	Fragrance Land	(1) Mortgage over 7/7A/9/9A Lorong 106 Changi Road, 26/28/30 Lorong 107 Changi Road, Lot 6517L and Lot 6516X of Mukim 26 (2) Personal guarantee by James Koh
HLF	Land and Construction Loan/ 36 months from first draw down of Land Loan	\$20,783,400	—	Fragrance Land	(1) Mortgage over 33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road ⁽⁶⁾ (2) Personal guarantee by James Koh ⁽⁶⁾
HLF	Land and Construction Loan/ 24 months on demand from first drawdown (30 April 2003) or 6 months after TOP whichever is earlier	\$3,432,000	\$594,460.27 ⁽⁷⁾	Fragrance Properties	(1) Mortgage over 31 Lorong 39 Geylang (2) Personal guarantee by James Koh
HLF	Land and Construction Loan/ 24 months commencing October 2004	\$2,480,000	\$1,283,161.15	Fragrance Properties	(1) Mortgage over 6 Lorong L Telok Kurau (2) Personal guarantee by James Koh
HLF	Land and Construction Loan/ 24 months commencing October 2004	\$5,100,000	\$2,724,923.36	Fragrance Properties	(1) Mortgage over 5 & 5 A Eden Grove (2) Personal guarantee by James Koh

CAPITALISATION AND INDEBTEDNESS

Financial Institution	Type/Tenor	Amount	Amount outstanding	Used by	Material Security ⁽¹⁾
OCBC	Land Loan, Construction Loan and Banker's Guarantee/ 30 months commencing May 2004	\$4,430,000	\$2,364,307.41	Fragrance Properties	(1) Mortgage over 14 Eden Grove (2) Personal guarantee by James Koh ⁽³⁾
Singapura Finance Limited	Land and Construction Loan/ 24 months on demand from first drawdown (28 August 2003) or 6 months after TOP whichever is earlier	\$7,624,000	\$4,769,889.55	Fragrance Properties	(1) Mortgage over 22 Teow Hock Avenue (formerly known as 43 Flower Road) (2) Personal guarantee by James Koh
Singapura Finance Limited	Land and Construction Loan/ 12 months commencing October 2004	\$2,664,000	\$1,668,443.26	Fragrance Properties	(1) Mortgage over 17W Jalan Hock Chye (2) Personal guarantee by James Koh
42 Singapura Finance Limited	Land and Construction Loan/ 24 months commencing October 2003	\$4,420,000	\$3,413,723.06	Fragrance Properties	(1) Mortgage over 15 Rosyth Avenue (2) Personal guarantee by James Koh
Sing Investments & Finance Limited	Land and Construction Loan/ 24 months on demand from first drawdown (1 October 2003) or 6 months after TOP whichever is earlier	\$6,850,000	\$6,039,263.30	Fragrance Properties	(1) Mortgage over 121 Lorong L Telok Kurau (2) Personal guarantee by James Koh
Standard Chartered Bank	Term Loan/ 300 months commencing July 2001	\$3,770,000	\$3,507,856.60	Fragrance Properties	(1) Mortgage over 37 Lorong 20 Geylang, #05-01, #05-02, #06-01, #06-02, #07-01 #07-02, #08-01 & #08-02 (2) Personal guarantee by James Koh
UOB	Term Loan/ 180 months commencing November 2004	\$2,700,000	\$2,700,000	Fragrance Properties	(1) Mortgage over 37 Lorong 20 Geylang, #02-01, #02-02, #03-01, #03-02, #04-01 & #04-02 (2) Personal guarantee by James Koh

CAPITALISATION AND INDEBTEDNESS

Financial Institution	Type/Tenor	Amount	Amount outstanding	Used by	Material Security ⁽¹⁾
HLF	Term Loan/ 216 months commencing May 2004	\$8,863,196.38	\$8,737,743.50	Fragrance Ventures	(1) Mortgage over 219 Joo Chiat Road (2) Fixed and floating charge on real and personal property situated on 219 Joo Chiat Road (3) Personal guarantee by James Koh

Notes:

- (1) Additional security in the form of assignments of sale and rental proceeds, building contracts, construction contracts, performance bonds, and/or insurance policies have also been provided, where required.
- (2) This is a new facility secured over 63 Dunlop Street. The previous facility secured by this property was granted by Singapura Finance. All amounts outstanding under the facility from Singapura Finance have been fully repaid and the security granted in favour of Singapura Finance has been discharged.
- (3) Pursuant to a deed of subordination, all loans granted by directors, shareholders, holding companies, subsidiaries or otherwise shall be subordinated to this loan.
- (4) This includes interest accrued on the principal amount.
- (5) Upon the grant of the facility, our Executive Director, Grace Lim, had also provided a joint and several guarantee for the entire amount of the facility. This guarantee was released and discharged in August 2004, but replaced by a personal guarantee provided by our CEO, James Koh for \$15,200,000.
- (6) As at the Latest Practicable Date, the security in favour of HLF has not been created as we are in the process of completing the acquisition of 33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road. Upon completion of the acquisition of these properties, we will execute the relevant security documents to create the security.
- (7) As at the Latest Practicable Date, the property development project on 31 Lorong 39 Geylang has been fully sold and the loan has been fully repaid. We intend to discharge the security soon.

CAPITALISATION AND INDEBTEDNESS

Release of Personal Guarantees

These credit facilities are secured in part by personal guarantees from our CEO, James Koh who has had discussions with the respective financial institutions for the release of his personal guarantees upon the listing of our Shares on the SGX-ST. Based on the discussions and barring any unforeseen circumstances, our CEO, James Koh believes that the financial institutions will release him from his personal guarantees and continue to grant similar credit facilities to us. Our Directors are of the view that the discharge of the personal guarantees by our CEO, James Koh should not materially affect the existing and new credit facilities and our interest expenses. Our Directors are also confident that with our listing status and our strengthened financial position from the expected net proceeds from the issue of the New Shares, we should be able to secure alternative sources of funding at the existing or similar interest rates. In the event that the financial institutions do not release our CEO, James Koh from his obligations, he will continue to provide the relevant guarantees for the relevant credit facilities.

Save as disclosed above, the scheduled monthly repayments of our borrowings and changes in our retained earnings arising from the day-to-day operations in the ordinary course of our business, there were no material changes in our share capital and indebtedness since 30 November 2004 to the Latest Practicable Date.

VALUATION

VALUATION⁽¹⁾⁽²⁾

(\$'000)

NTA as at 30 June 2004 27,533

Excess of Valuation over Net Book Value of Our Hotels as at 30 June 2004

Fragrance Hotel-Balestier	2,662
Fragrance Hotel-Classic	2,440
Fragrance Hotel-Crystal	6,837
Fragrance Hotel-Emerald	308
Fragrance Hotel-Pearl	6,919
Fragrance Hotel-Ruby	1,861
Fragrance Hotel-Sapphire	(190)
The Fragrance Hotel	2,543
Hotel under development at 177, 179, 181, 183, 185 and 187 Selegie Road ⁽³⁾	3,692
Hotel under development at 263 Balestier Road	3,541

Excess of Valuation over Net Book Value/Purchase Price⁽⁴⁾ of Our Properties as at 30 June 2004

Fragrance Centre — 101 Joo Chiat Road	669
Crown Building — 37 Lorong 20 Geylang	3
15 Rosyth Avenue ⁽⁴⁾	150

Adjusting for Excess of Valuation over Purchase Price of Properties Acquired Subsequent to 30 June 2004⁽⁵⁾

6 Lorong L Telok Kurau	640
17W Jalan Hock Chye	10
5, 5A Eden Grove	1,500
63 Dunlop Street	695
7,7A,9,9A and Lot 6517L Mk 26 at Lorong 106 Changi Road and 26,28,30 and Lot 6516X Mk 26 at Lorong 107 Changi Road	935

Adjusted Revalued NTA 62,748

Notes:

- (1) This is based on the average of the results of the valuation reports of the respective Independent Valuers set out in Appendix B.
- (2) The valuation does not include the property development projects known as The Grandiflora, Treasure Gardens, Treasure Loft, Sunflower Grandeur, and Eden Crest which are properties held for sale and properties under development as at 30 June 2004. The valuation also does not include the properties at 33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road that were acquired subsequent to the issue of the Valuers' Reports as set out in Appendix B. The purchase price for these properties was \$12,558,000.
- (3) Part of the land for the hotel under development at 177, 179, 181, 183, 185 and 187 Selegie Road was acquired subsequent to 30 June 2004. As such, for the purpose of the computation above, the purchase price of the land at 177 and 179 Selegie Road was used.
- (4) We have commenced property development activities and sales of the 12 units in that property development project in December 2004. The net book value used for 15 Rosyth Avenue for the purpose of the above computation is the purchase price of the land.
- (5) The purchase price of properties acquired subsequent to 30 June 2004 relates to the purchase price of the land.

DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers of our Shares in this Invitation exceeds the NTA per Share immediately after the Invitation. Our proforma NTA per Share as at 30 June 2004 before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 126,000,000 Shares is 21.9 cents.

Pursuant to the Invitation in respect of 42,000,000 New Shares at the Issue Price, our proforma NTA per Share as at 30 June 2004 after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 168,000,000 Shares would have been 23.0 cents. This represents an immediate increase in proforma NTA per Share of 1.1 cents to our existing Shareholders and an immediate dilution in proforma NTA per Share of 7.0 cents to our new investors.

The following table illustrates this dilution per Share:

	(Cents)
Issue Price per Share	30.0
Proforma NTA per Share as at 30 June 2004	21.9
Increase in proforma NTA per Share attributable to existing investors	1.1
Proforma NTA per Share after the Invitation	23.0
Dilution in proforma NTA per Share to new public investors	7.0

The following table summarises the total number of Shares issued by us, the total consideration paid and the average price per Share paid by our existing Shareholders and by our new public investors in the Invitation.

	Number of Shares		Total Consideration		Average price per Share
	('000)	(%)	(\$'000)	(%)	(Cents)
Existing Shareholders	126,000	75.0	25,200	66.7	20
New public investors	42,000	25.0	12,600	33.3	30
Total	168,000	100.0	37,800	100.0	

Save as disclosed in the table below, none of our other Directors, Executive Officers and Substantial Shareholders and their associates acquired any Shares at any time during the period of three years before the date of lodgement of the Prospectus.

	Number of Shares Acquired	Total Consideration (\$)	Effective Cash Cost Per Share (\$)
Directors			
James Koh ⁽¹⁾⁽²⁾	117,603,570	23,520,714	0.20
Grace Lim ⁽¹⁾⁽³⁾	17,999,995	3,599,999	0.20

Notes:

- (1) James Koh is the spouse of Grace Lim.
- (2) Pursuant to the Restructuring Exercise, James Koh had acquired 4,250,708 ordinary shares of \$1.00 each in the capital of the Company from Tan Soo Lung, Koh Chong Him, Ko Lee Meng, Koh Lee Hwee and Koh Wee Seng for a consideration of \$4,250,708. Please refer to the section "Restructuring Exercise" for more details.
- (3) Pursuant to the Restructuring Exercise, Grace Lim had acquired 2,220,713 ordinary shares of \$1.00 each in the capital of our Company from James Koh for a consideration of \$2,220,713. Please refer to the section "Restructuring Exercise" for more details.

RESTRUCTURING EXERCISE

Prior to the Invitation, we undertook a restructuring exercise to streamline and rationalise our Group structure. Pursuant to the Restructuring Agreement dated 20 December 2004 (the “Restructuring Agreement”), our Company acquired:

- (a) the entire issued and paid-up share capital of Fragrance Capital, comprising 6,900,000 ordinary shares of \$1.00 each in the capital of Fragrance Capital, resulting in Fragrance Capital becoming a wholly owned subsidiary of our Company for a consideration of \$7,431,808 (based on the NTA as at 31 December 2003 adjusted for depreciation). The shares in Fragrance Capital were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter;
- (b) the entire issued and paid-up share capital of Fragrance Hotel Management, comprising 100,000 ordinary shares of \$1.00 each in the capital of Fragrance Hotel Management, resulting in Fragrance Hotel Management becoming a wholly owned subsidiary of our Company for a consideration of \$264,715 (based on the NTA as at 31 December 2003 adjusted for dividends declared and paid in HY2004). The shares in Fragrance Hotel Management were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter;
- (c) the entire issued and paid-up share capital of Fragrance Investment, comprising 4,000,000 ordinary shares of \$1.00 each in the capital of Fragrance Investment, resulting in Fragrance Investment becoming a wholly owned subsidiary of our Company for a consideration of \$3,429,448 (based on the NTA as at 31 December 2003 adjusted for depreciation). The shares in Fragrance Investment were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter;
- (d) the entire issued and paid-up share capital of Fragrance Land, comprising 6,000,000 ordinary shares of \$1.00 each in the capital of Fragrance Land, resulting in Fragrance Land becoming a wholly owned subsidiary of our Company for a consideration of \$6,101,039 (based on the NTA as at 31 December 2003). The shares in Fragrance Land were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter;
- (e) the entire issued and paid-up share capital of Fragrance Project Management, comprising two ordinary shares of \$1.00 each in the capital of Fragrance Project Management, resulting in Fragrance Project Management becoming a wholly owned subsidiary of our Company for a consideration of \$2 (based on the paid up capital). The shares in Fragrance Project Management were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter;
- (f) the entire issued and paid-up share capital of Fragrance Properties, comprising 2,000,000 ordinary shares of \$1.00 each in the capital of Fragrance Properties, resulting in Fragrance Properties becoming a wholly owned subsidiary of our Company for a consideration of \$6,678,686 (based on the NTA as at 31 December 2003 adjusted for dividends declared and paid in HY2004). The shares in Fragrance Properties were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter; and
- (g) the entire issued and paid-up share capital of Fragrance Ventures, comprising 1,000,000 ordinary shares of \$1.00 each in the capital of Fragrance Ventures, resulting in Fragrance Ventures becoming a wholly owned subsidiary of our Company for a consideration of \$994,302 (based on the NTA as at 31 December 2003). The shares in Fragrance Ventures were transferred with all rights, benefits and interests in and to the shares as at 1 January 2004 and thereafter.

Please refer to the section “Dividend Policy” for details on the dividends declared and paid by Fragrance Hotel Management and Fragrance Properties in HY2004.

RESTRUCTURING EXERCISE

The consideration for the above acquisition was satisfied by the allotment and issue of 24,900,000 new ordinary shares of \$1.00 each in the capital of our Company (“Consideration Shares”) credited as fully paid-up to the respective shareholders, or to such persons as they may nominate, of the Fragrance Subsidiaries (the “Existing Shareholders”) in the manner described below.

Existing Shareholders	Number of shares held in a Fragrance Subsidiary	Number of Consideration Shares Entitled to
James Koh ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	5,100,000 ordinary shares of \$1.00 each in the capital of Fragrance Capital 50,000 ordinary shares of \$1.00 each in the capital of Fragrance Hotel Management 3,900,000 ordinary shares of \$1.00 each in the capital of Fragrance Investment 2,773,000 ordinary shares of \$1.00 each in the capital of Fragrance Land 1 ordinary share of \$1.00 each in the capital of Fragrance Project Management 1,950,000 ordinary shares of \$1.00 each in the capital of Fragrance Properties 975,000 ordinary shares of \$1.00 each in the capital of Fragrance Ventures	19,270,006
Grace Lim ⁽¹⁾	900,000 ordinary shares of \$1.00 each in the capital of Fragrance Capital 50,000 ordinary shares of \$1.00 each in the capital of Fragrance Hotel Management 100,000 ordinary shares of \$1.00 each in the capital of Fragrance Investment 1 ordinary share of \$1.00 each in the capital of Fragrance Project Management 50,000 ordinary shares of \$1.00 each in the capital of Fragrance Properties 25,000 ordinary shares of \$1.00 each in the capital of Fragrance Ventures	1,379,286
Tan Soo Lung ⁽²⁾⁽³⁾	900,000 ordinary shares of \$1.00 each in the capital of Fragrance Capital 530,000 ordinary shares of \$1.00 each in the capital of Fragrance Land	1,508,291
Koh Chong Him ⁽²⁾⁽³⁾	362,000 ordinary shares of \$1.00 each in the capital of Fragrance Land	368,096
Ko Lee Meng ⁽²⁾⁽³⁾⁽⁴⁾	865,000 ordinary shares of \$1.00 each in the capital of Fragrance Land	879,566
Koh Lee Hwee ⁽²⁾⁽³⁾⁽⁴⁾	645,000 ordinary shares of \$1.00 each in the capital of Fragrance Land	655,862
Koh Wee Seng ⁽²⁾⁽³⁾⁽⁴⁾	825,000 ordinary shares of \$1.00 each in the capital of Fragrance Land	838,893

RESTRUCTURING EXERCISE

Tan Soo Lung, Koh Chong Him, Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng each renounced their rights to the Consideration Shares (comprising ordinary shares of \$1.00 each in the capital of our Company) that they were entitled to in favour of our Executive Directors, James Koh and (at the direction of James Koh) Grace Lim, in the proportion of 2,029,995 Consideration Shares to James Koh and 2,220,713 Consideration Shares to Grace Lim respectively for a consideration of \$4,250,708. The 2,220,713 Consideration Shares acquired by our Executive Director, Grace Lim, from our CEO, James Koh were purchased for a consideration of \$2,220,713.

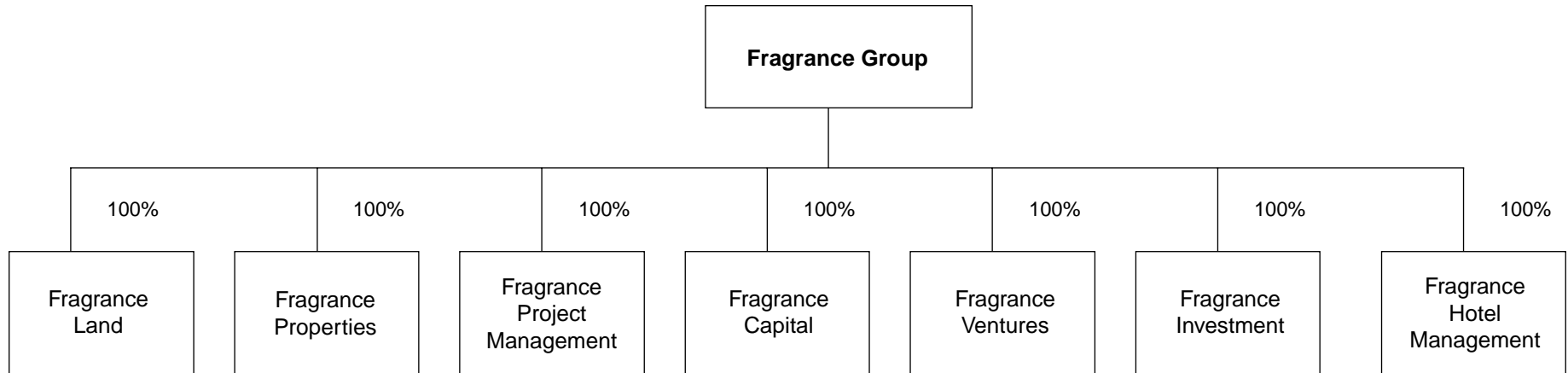
Notes:

- (1) James Koh is the spouse of Grace Lim.
- (2) Tan Soo Lung is the mother of James Koh, Ko Lee Meng, Koh Lee Hwee and Koh Wee Seng, and the spouse of Koh Chong Him.
- (3) Koh Chong Him is the father of James Koh, Koh Lee Hwee, Ko Lee Meng and Koh Wee Seng, and the spouse of Tan Soo Lung.
- (4) James Koh, Ko Lee Meng, Koh Lee Hwee and Koh Wee Seng are siblings.

GROUP STRUCTURE

OUR GROUP STRUCTURE

The following chart describes our Group structure as of the Latest Practicable Date and effective ownership interest in each of our subsidiaries.



GROUP STRUCTURE

As at the Latest Practicable Date, the details of each subsidiary of our Company and every corporation which by virtue of Sections 6(a) or 6(b) of the Companies Act is a related corporation are as follows:

Name	Date and place of incorporation	Principal Business	Issued and Paid-up Capital	Effective Interest Owned by our Company
Fragrance Land	5 April 1983 Singapore	Developing, dealing and trading in properties	\$6,000,000	100%
Fragrance Properties	1 November 1994 Singapore	Developing, dealing and trading in properties	\$2,000,000	100%
Fragrance Investment	13 April 1996 Singapore	Investment holding and investing in properties for long term holding purposes	\$4,000,000	100%
Fragrance Hotel Management	28 June 1996 Singapore	Hotel and restaurant operators	\$100,000	100%
Fragrance Capital	28 July 2000 Singapore	Investment holding and investing in properties for long term holding purposes	\$6,900,000	100%
Fragrance Ventures	17 July 2001 Singapore	Investment holding	\$1,000,000	100%
Fragrance Project Management	29 July 2003 Singapore	Project management and site supervision services	\$2	100%

None of our subsidiaries are listed on any stock exchange.

We do not have any associated company.

GENERAL INFORMATION ON OUR GROUP

HISTORY

In the mid-1980s, our founder and CEO, James Koh first began to be involved in his family's property business through Menglee & Wheeseng Investment (1983) Pte Ltd ("Menglee & Wheeseng"), now known as Fragrance Land. The business primarily comprised the purchase of residential properties, followed by renovation and retrofitting, and the subsequent sale of such properties. In 1991, as the business grew, Menglee & Wheeseng was used as the corporate vehicle for the family's property development business.

In 1993, our CEO, James Koh took over the management of Menglee & Wheeseng. Leveraging on our CEO, James Koh's experience, Menglee & Wheeseng entered the property development business in 1993, developing a pair of semi-detached houses at Tampines Road. That same year, we undertook our first residential apartment project which required a Housing Developer's licence. This was the seven-unit Shanghai Lodge on Shanghai Road. As the number of our property development projects increased, we incorporated Fragrance Properties in 1994.

In April 1995, we completed our second residential apartment project, Blossom Mansions, a 20-unit property development in Geylang. We also commenced the development of our first hotel in 1995, a 45-room hotel located at 14 Lorong 10 Geylang. That same year, we acquired another plot of land at 9 Lorong 10 Geylang and developed it into a 36-room hotel. Both hotels were completed in 1996 and sold to third parties in 1997.

We diversified into hotel operations in 1996 after our CEO, James Koh observed that the potential for accommodation among cost-conscious travellers was growing. As such, we established Fragrance Investment as the investment holding company for the hotel properties and Fragrance Hotel Management for the management of our Fragrance Chain of Hotels. The diversification into hotel operations was to provide a more diversified earnings base for our future growth and a recurring source of income.

Details of our Fragrance Chain of Hotels are as follows:

- *Fragrance Hotel-Balestier*, is a 48-room hotel located at 255 Balestier Road. We acquired the property in March 2003, developed the hotel and began operations in January 2004.
- *Fragrance Hotel-Classic*, is a 48-room hotel located at 418 Balestier Road. We acquired the property in March 2003, developed the hotel and began operations in February 2004.
- *Fragrance Hotel-Crystal*, is a 125-room hotel located at 50 Lorong 18 Geylang. We acquired the property in June 2002, and began operations in December 2002.
- *Fragrance Hotel-Emerald*, is a 126-room hotel located at 20 Lorong 6 Geylang. We rented this hotel from our CEO, James Koh and began operations in July 1998. We purchased the hotel in October 2002 and we now own and operate this hotel.
- *Fragrance Hotel-Pearl*, is a 129-room hotel located at 21 Lorong 14 Geylang. We acquired the property in September 2001, developed the hotel and began operations in January 2002.
- *Fragrance Hotel-Ruby*, is a 168-room hotel located at 10 Lorong 20 Geylang. We acquired the property in January 1997, developed the hotel and began operations in April 1998.
- *Fragrance Hotel-Sapphire*, is a 50-room hotel located at 3 Lorong 10 Geylang. We rented this hotel from our CEO, James Koh and began operations in February 1998. This hotel was the first hotel in our Fragrance Chain of Hotels. We purchased the hotel from our CEO, James Koh in March 2004 and we now own and operate this hotel.
- *The Fragrance Hotel*, is an 82-room hotel located at 219 Joo Chiat Road. We rented this hotel from JK Investment and began operations in November 2001. We purchased the hotel from JK Investment in May 2004 and we now own and operate this hotel.

GENERAL INFORMATION ON OUR GROUP

In August 1999, we changed the name of Menglee & Wheeseng to Fragrance Land. We also incorporated Fragrance Capital in July 2000 and Fragrance Ventures in July 2001 as investment holding companies, and Fragrance Project Management in July 2003 for project management and site supervision services.

We commenced development of two hotels located at Selegie Road and Balestier Road in Singapore in July 2004 and June 2004 respectively, and both hotels are expected to commence operations during HY2005. On 27 September 2004 we received approval from URA for the hotel at Selegie Road to have 128 rooms and on 6 August 2004 we received approval for the hotel at Balestier Road to have 68 rooms. We intend for the hotel at Selegie Road to be our flagship hotel.

As at 30 November 2004, we have developed more than 20 residential projects (including Sunflower View, Sims Meadows, Central Meadows, Sunflower Lodge and East Shine), six hotels, one commercial building and one association building. Of the hotels we developed, four hotels come under the Fragrance Chain of Hotels and are managed by us, while two hotels were developed and sold off subsequently to third parties as part of our property development business.

For a more detailed description of our property development projects, please refer to the section "General Information on our Group — Our Property Development Portfolio". More details of our Fragrance Chain of Hotels may be found under the section "General Information on our Group — Hotel Operations".

Our Company was incorporated as a private limited company in Singapore under the Companies Act on 28 July 2000. We moved to our new corporate headquarters at 101 Joo Chiat Road in August 2004. In connection with a restructuring exercise undertaken to streamline and rationalise the corporate structure and business activities of our Group in December 2004, our Company became the holding company for our Group. Details of the Restructuring Exercise are set out under the section "Restructuring Exercise". We converted to a public limited company and assumed our present name on 27 December 2004.

OUR BUSINESS

Our core business activities are property development and hotel operations.

PROPERTY DEVELOPMENT

Overview

We are principally engaged in the development and sale of residential properties. Our strategy is to provide our customers with quality residential properties at affordable prices. We specialise in developing low to medium-rise private apartments with a relatively small number of units, typically less than 40 units. We also develop and sell commercial properties including hotels and offices.

Property Development Process

We regularly scout for potential sites for development and liaise with external property agents who recommend land sites with the potential for development. Before acquiring any land, our project management team would typically evaluate the viability and profitability of the proposed development project as well as the associated risks by considering various factors including:

- (a) purchase price of the plot of land;
- (b) type of property development;
- (c) target group of buyers;
- (d) availability of financing;
- (e) time required to complete the particular property development project; and
- (f) necessary approvals from the relevant authorities.

GENERAL INFORMATION ON OUR GROUP

We manage all the property projects undertaken by our Group as we believe that good project management is critical to the success of a property project. Upon the acquisition of the land, our project management team will work closely with architects, engineers and other professionals to obtain the necessary planning permissions, licences and building plan clearances from the relevant authorities.

As part of our established project management procedure, we usually start with a detailed budgeting, costing and planning of the particular project. We then advise on the design of the property development as well as the allocation and deployment of resources. Besides providing advice, we also conduct and award tenders for construction work. We usually contract our construction work to experienced and qualified construction companies. We supervise the construction closely to ensure that building standards are adhered to and monitor the progress of the project to ensure that the project is completed on time. We generally make payment to our suppliers on a progressive basis and we collect payment from purchasers of our properties on a progressive or deferred basis. Details of our terms of payment may be found under the section “Major Customers — Terms of Payment” and “Major Suppliers — Credit Terms”.

After the building is completed or in some cases, after the completion of the show flat but before the actual building is constructed, our Group will market the projects for sale through advertisements and externally appointed marketing agents. We also administer the collection of progress payments from the purchasers as part of our project management services. Save for the project management services provided to World Class Land Pte Ltd, as disclosed under the section “Interested Person Transactions — Present and Ongoing Interested Person Transactions”, we presently do not provide project management services to third parties.

Marketing

Our marketing efforts are conducted primarily through our project management team and external marketing agents. For each property project, our project management team is responsible for designing a marketing plan, media advertising, processing and monitoring of sale of the property. The external marketing agents would be responsible for marketing our property development projects at the launch of these projects.

Our Property Development Portfolio

Our portfolio of development properties ranges from residential properties such as private apartments, terrace houses, semi-detached houses and a bungalow, to commercial properties such as hotels and offices. As at 30 November 2004, we have completed more than 20 property development projects (including six hotels) and are in the process of developing approximately eight property development projects and two hotels.

GENERAL INFORMATION ON OUR GROUP

The table below summarises the key information in respect of all of our properties which are developed or being developed by our Group as at 30 November 2004:

(a) Residential Properties

(i) Completed

Name and Location	Developed by	Tenure	Description	Approximate Land Area (sq m)	Number of Units	Approximate Date of Commencement of Construction	Date of TOP	% Sold	Units Remaining as at 30 November 2004
97 & 99 Tampines Road	Fragrance Land	Freehold	Semi-detached houses	615.0	2	August 1993	June 1994	100%	Nil
"Shanghai Lodge" 38 Shanghai Road	Fragrance Land	Freehold	3 storey with an attic residential apartment	788.2	7	September 1993	December 1994	100%	Nil
16/16A Berwick Drive	Fragrance Land	Leasehold 999 years	Semi-detached houses	492.0	2	April 1994	March 1995	100%	Nil
"Blossom Mansions" 5 Lorong 37 Geylang	Fragrance Land	Freehold	8 storey residential apartment	823.2	20	September 1993	April 1995	100%	Nil
21/21A Burghley Drive	Fragrance Land	Leasehold 999 years	Semi-detached houses	484.0	2	July 1995	April 1996	100%	Nil
"Blossom View" 31 Lorong 26 Geylang	Fragrance Land	Freehold	8 storey residential apartment	951.6	29	June 1996	September 1997	100%	Nil
"Sunflower View" 30 Lorong 36 Geylang	Fragrance Land	Freehold	8 storey residential apartment	954.0	28	October 1999	October 2000	100%	Nil

GENERAL INFORMATION ON OUR GROUP

Name and Location	Developed by	Tenure	Description	Approximate Land Area (sq m)	Number of Units	Approximate Date of Commencement of Construction	Date of TOP	% Sold	Units Remaining as at 30 November 2004
“Sunflower Mansions” 17 Lorong 26 Geylang	Fragrance Land	Freehold	8 storey residential apartment	360.0	11	November 1999	November 2000	100%	Nil
“Casa Emerald” 51 Lorong 32 Geylang	Fragrance Land	Freehold	8 storey residential apartment	1249.0	35	February 2000	April 2001	100%	Nil
“Sunflower Court” 30 Lorong 6 Geylang	Fragrance Land	Freehold	8 storey residential apartment	1061.0	28	May 2000	May 2001	100%	Nil
“Sunflower Residence” 45/47 Lorong 32 Geylang	Fragrance Land	Freehold	7 and 8 storey residential apartments	739.0	20	July 2000	September 2001	100%	Nil
“Central Meadows” 51 Lorong 34 Geylang	Fragrance Land	Freehold	7 storey residential apartment	777.0	24	November 2001	July 2002	100%	Nil
“Treasure Loft” 115 Shrewsbury Road	Fragrance Land	Freehold	5 storey residential apartments	602.6	8	July 2003	May 2004	87%	1
10/10A Jln Hikayat	Fragrance Properties	Freehold	Semi-detached houses	509.0	2	March 2000	January 2001	100%	Nil
6 Jln Tari Payong	Fragrance Properties	Leasehold 999 years	Bungalow	393.4	1	June 2000	May 2001	100%	Nil

GENERAL INFORMATION ON OUR GROUP

Name and Location	Developed by	Tenure	Description	Approximate Land Area (sq m)	Number of Units	Approximate Date of Commencement of Construction	Date of TOP	% Sold	Units Remaining as at 30 November 2004
34/36/38/40 Farleigh Avenue	Fragrance Properties	Leasehold 999 years	2 pairs of semi-detached houses	903.0	4	November 2000	August 2001	100%	Nil
1/1A/3 Court Road	Fragrance Properties	Leasehold 999 years	Terrace houses	590.1	3	November 2001	June 2002	100%	Nil
“Sims Meadows” 8 Lorong 33 Geylang	Fragrance Properties	Freehold	8 storey residential apartment	1158.0	36	November 2001	October 2002	100%	Nil
“Sunflower Lodge” 9 Lorong 34 Geylang	Fragrance Properties	Freehold	7 storey residential apartment	414.0	12	February 2002	January 2003	100%	Nil
161/163/165 Lorong Sarina	Fragrance Properties	Freehold	Terrace houses	578.4	3	November 2002	July 2003	100%	Nil
“East Shine” 57 Lorong Melayu	Fragrance Properties	Freehold	5 storey residential apartments	1799.2	25	January 2003	February 2004	100%	Nil
“Sunflower Grandeur” 31 Lorong 39 Geylang	Fragrance Properties	Freehold	7 storey residential apartments	462.1	12	June 2003	September 2004	100%	Nil

GENERAL INFORMATION ON OUR GROUP

(ii) Under Development

Name and Location	Developed by	Approximate Date of Commencement of Construction	Tenure	Description	Approximate Land Area (sq m)	Number of Units	% Sold	Units Left as at 30 November 2004
7/7A/9/9A and Lot 6517L Mk26 at Lorong 106 Changi Road and 26/28/30 and Lot 6516X Mk26 at Lorong 107 Changi Road	Fragrance Land	N/A	Freehold	5 storey residential apartments	1787.9	N/A	N/A	N/A
33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road ⁽¹⁾	Fragrance Land	N/A	Freehold	5 storey residential apartments	3255.0	N/A	N/A	N/A
"Treasure Gardens" 22 Teow Hock Road (formerly known as 43 Flower Road)	Fragrance Properties	September 2003	Freehold	5 storey residential apartments	1562.5	22	100%	Nil
"The Grandiflora" 121 Lorong L Telok Kurau	Fragrance Properties	September 2003	Freehold	5 storey residential apartments	1349.0	18	78%	4
"Treasure Mansions" 15 Rosyth Avenue	Fragrance Properties	March 2004	Freehold	5 storey residential apartments	754.3	12	0%	12
"Eden Crest" 14 Eden Grove	Fragrance Properties	April 2004	Freehold	5 storey residential apartments	1041.0	16	100%	Nil
6 Lorong L Telok Kurau	Fragrance Properties	N/A	Freehold	5 storey residential apartments	573.1	N/A	0%	N/A
5/5A Eden Grove	Fragrance Properties	N/A	Freehold	5 storey residential apartments	1117.6	N/A	0%	N/A
17W Jln Hock Chye	Fragrance Properties	N/A	Freehold	Terrace houses	575.5	N/A	0%	N/A

Note:

- (1) Except for the acquisition of 41B Mangis Road which has been legally completed, the properties are currently in the process of being acquired and we have entered into the sale and purchase agreements to acquire the properties but legal completion has not occurred.

GENERAL INFORMATION ON OUR GROUP

(b) Hotels

(i) Completed

Name and Location	Date of Purchase	Tenure	Description	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Date of TOP	Number of Rooms	Developed By/ Owned By
14 Lorong 10 Geylang	31 May 1995	Freehold	8 storey hotel	265.0	904.7	September 1996	45	Fragrance Properties/ See Note (1)
9 Lorong 10 Geylang	17 July 1995	Freehold	8 storey hotel	281.0	904.0	December 1996	36	Fragrance Properties/ See Note (1)
"Fragrance Hotel-Balestier" 255 Balestier Road	11 March 2003	Freehold	4 storey hotel with attic	315.0	890.0	December 2003	48	Fragrance Capital
"Fragrance Hotel-Classic" 418 Balestier Road	28 March 2003	Freehold	Part 2/Part 6 storey hotel	281.7	840.9	January 2004	48	Fragrance Capital
"Fragrance Hotel-Pearl" 21 Lorong 14 Geylang	18 September 2001	Freehold	8 storey hotel	843.0	2581.5	December 2001	129	Fragrance Capital
"Fragrance Hotel-Ruby" 10 Lorong 20 Geylang	16 January 1997	Freehold	8 storey hotel	902.0	2918.6	December 1997	168	Fragrance Investment

Note:

(1) The hotel was sold to an unrelated third party in 1997.

GENERAL INFORMATION ON OUR GROUP

(ii) *Under Development*

Location	Date of Purchase	Tenure	Description	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Date of TOP	Number of Rooms	Developed By/ Owned By
177/179/181/183/185/187 Selegie Road ⁽¹⁾	December 2003 to August 2004 ⁽¹⁾	Freehold	Part2/Part 10 storey hotel	507.8	Not yet completed	Not yet completed	128	Fragrance Capital
263 Balestier Road	30 March 2004	Freehold	Part2/Part 6 storey hotel	399.9	1179.2	Not yet completed	68	Fragrance Capital

Note:

(1) 177, 179, 181, 183, 185 and 187 Selegie Road were purchased separately but the plots have since been combined.

(c) *Other Properties*

Name and Location	Date of Purchase	Tenure	Description	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Date of TOP	Number of Units	Developed By/ Owned By
“ Crown Building ” 37 Lorong 20 Geylang ⁽¹⁾	3 February 1997	Freehold	8 Storey association building	575.0	1689.3	May 2001	14 units	Fragrance Properties
“ Fragrance Centre ” 101 Joo Chiat Road ⁽²⁾	10 August 2001	Freehold	Commercial Building	149.0	550.9	October 2002	1 shop and 6 offices	Fragrance Group
63 Dunlop Street	1 October 2004	Freehold	Commercial	237.5	N/A	N/A	N/A	Fragrance Capital

Notes:

(1) We intend to commence addition and alteration works to convert Crown Building into residential apartments.

(2) This is currently used as our corporate headquarters.

GENERAL INFORMATION ON OUR GROUP

HOTEL OPERATIONS

Overview

Our Group is involved in the investment and management of hotel properties. We own eight hotels under our Fragrance Chain of Hotels, which are operated and managed by us. We are currently in the process of constructing two new hotels in Singapore which are expected to commence operations during HY2005. Our Fragrance Chain of Hotels is currently located in Balestier, Geylang, and Joo Chiat in Singapore, which we consider to be located near the Central Business District. Our strategy is to establish a chain of budget hotels in Singapore which provides quality hotel accommodation at affordable rates.

Hotel Operations

We regularly scout for hotels to purchase and potential sites for hotels. Before we acquire any hotel or any plot of land for development into a hotel, we will assess the estimated earnings from the hotel operations. The evaluation process usually involves the following stages:

- identification of the potential hotel for purchase or the plot of land for hotel development;
- performance of feasibility study to assess the estimated earnings and the potential risks involved in undertaking the particular hotel development project;
- discussions with architects, engineers and other professionals; and
- discussions with financial institutions for arranging the available financing.

Upon completion of the evaluation process, if the potential hotel or land is found suitable, we will make the relevant purchase. Once acquisition or the development of the hotel is completed, the day-to-day operation and management of the hotel will be undertaken by our subsidiary, Fragrance Hotel Management.

Our Fragrance Chain of Hotels

We currently operate eight hotels with a total of 776 rooms in Balestier, Geylang and Joo Chiat in Singapore. We are also developing two new hotels in Balestier and Selegie, which are situated in the central district of Singapore and expect to commence operations of both hotels during HY2005. All our hotels are strategically located near the town or Central Business District areas. Our aim is to offer quality hotel accommodation at affordable rates.

Our hotels are marketed under the "Fragrance" brand name and are targeted at cost-conscious business and leisure travellers. Our Fragrance Chain of Hotels is positioned with an emphasis on quality, value and accessibility to the city centre.

All our hotel rooms come with individually controlled air-conditioning and ensuite bathroom with a heater. Our rooms also come with facilities such as International Direct Dial (IDD) telephone, cable colour television, complimentary beverages and other amenities. Our hotels generally offer laundry services, 24-hour fax service, airport transfer, ample parking space, 24-hour security surveillance for common areas at our hotel premises, and arrangements for local sightseeing tours. Some of our hotels also have business centres, safe deposit facilities and electronic card key access to rooms. Our hotel personnel are all trained in-house to attend to the various needs of our hotel guests.

Room Rates

Our room rates depend on a variety of factors such as the location of the hotel, the demand and supply of our hotel rooms, the pricing of hotel accommodation by our competitors, conditions in the hotel industry, and whether there is a pre-existing customer relationship with the hotel guests, or relevant travel agents or other tourism-related companies.

GENERAL INFORMATION ON OUR GROUP

Our Hotel Marketing Efforts

Our hotel marketing team, headed by our Executive Director, Grace Lim, is responsible for the marketing and promotion of our Fragrance Chain of Hotels. The team focuses on (i) marketing and promoting our hotels in the Asia-Pacific region and (ii) internet bookings and reservations. We market our hotels through advertisements on television, newspapers and magazines as well as through tie-ups with travel agents and other tourism-related companies.

Our marketing channels include the following:

Tourism Trade Conventions and Exhibitions

We participate in tourism trade conventions and exhibitions in the Asia-Pacific region, such as the Travel & Tourism Fair Overseas Travel Mart in India and the Malaysian Association of Tour and Travel Agents International Travel Exhibition, as well as in other parts of the world. Our participation in the tourism trade conventions and exhibitions increases recognition of our Fragrance Chain of Hotels amongst international travelers.

Advertisements

We advertise in the local and foreign newspapers, and trade magazines which are circulated within the travel/tourism industry in the Asia-Pacific region. We also advertise our hotels in local and foreign television media. Since 1998, we have also started accepting online hotel reservations through our website www.fragrancehotel.com.

Other than traditional forms of advertising, our Group has also used innovative methods to advertise our hotels. In 2000, we gave free MRT fare cards to members of the public, and in 2004, we sponsored a promotional event in Thailand, which was attended by representatives from tourism-related companies.

Promotional tie-ups with Tourism-Related Companies

We also market our hotels through promotional tie-ups with tourism-related companies. For example, tourism-related companies have offered tour packages which include accommodation at our hotels together with airline tickets. In addition, we also have tie-ups with local and overseas travel agents to offer customised travel packages. These customised travel packages provide accommodation at discounted rates at selected hotels in Our Chain.

Fragrance Hotel-Ruby and *Fragrance Hotel-Sapphire* are also members of the Singapore Hotel Association. The Singapore Hotel Association maintains a list of member hotels at the Changi International Airport hotel reservation bureau. Air travellers are able to make enquiries of, and reservations at, our hotels at the Changi International Airport hotel reservation bureau.

QUALITY ASSURANCE

Property Development

We believe that the quality of our property development projects is an important criteria for our continued success. To help maintain our quality standards, we have implemented various quality assurance procedures. For example, we (i) select the building materials, (ii) appoint reliable contractors, and (iii) closely monitor and supervise the entire construction process to meet our quality standards.

Hotel Operations

We place great emphasis on the quality of our service and cleanliness of our hotel rooms. Each of our hotels has its own housekeeping staff which is responsible for cleaning the hotel rooms and premises. In addition, we also have a maintenance team which is responsible for the upkeep and regular maintenance of our hotel premises. We also conduct regular checks on all our hotels to ensure that our hotels meet our quality standards for cleanliness, staff performance and customer satisfaction.

GENERAL INFORMATION ON OUR GROUP




In recognition of our emphasis on maintaining a high standard of cleanliness in all our hotels, *Fragrance Hotel-Crystal*, *Fragrance Hotel-Emerald*, *Fragrance Hotel-Pearl*, *Fragrance Hotel-Ruby*, *Fragrance Hotel-Sapphire* and *The Fragrance Hotel* were awarded the “COOL Singapore Award” by the Singapore Tourism Board and SPRING Singapore during the SARS period. This award recognises tourism establishments and service providers with a Gold Standard for Best Practices in SARS Precautionary Measures. Some of these best practices include:

- 100% of the working staff had their temperature checked daily;
- none of the working staff had visited any SARS affected areas within the last 10 days;
- 100% of the suppliers, vendors and sub-contractors had their temperatures checked before entering the hotel premises;
- 100% of the check-in guests were screened via questionnaire (based on the World Health Organisation’s recommended SARS screening questions);
- provision of information on SARS prevention to all hotel guests and staff;
- daily disinfecting of used rooms and common facilities; and
- full compliance with the Ministry of Health of Singapore and the Singapore Tourism Board’s joint health advisory on SARS for hotels.

INTELLECTUAL PROPERTY

We believe that our trademarks are an integral part of our Group’s focus on branding, and play a significant role in creating brand recognition for our products and services. As such, we have registered or are in the process of registering our trademarks in Singapore.

We have registered or made an application to register the following trademarks:

Mark	Country of Registration	Class	Status
	Singapore	36 ⁽¹⁾	Application Pending ⁽²⁾
	Singapore	43 ⁽³⁾	Registered on 13 November 2003
	Singapore	43 ⁽³⁾	Registered on 13 November 2003

Notes:

- (1) Class 36 refers to the specification of services under Class 36 of the International Classification of Goods and Services by the World Intellectual Property Organisation and covers services for insurance, financial affairs, monetary affairs and real estate affairs.
- (2) The application was filed on 26 August 2004 and is still pending.
- (3) Class 43 refers to the specification of services under Class 43 of the International Classification of Goods and Services by the World Intellectual Property Organisation and covers services for providing food and drink and temporary accommodation.

Other than as disclosed above, we do not use or own any other patents, trademarks or intellectual property which are material to our business.

GENERAL INFORMATION ON OUR GROUP

MAJOR CUSTOMERS

None of our customers accounted for 5% or more of our revenue in the last three financial years ended 31 December 2003 and for the six month period ended 30 June 2004.

Terms of Payment

Property Development

Typically, the payment terms granted to purchasers of residential properties under construction in Singapore are subject to a progress payment schedule as follows:

Order of Payment	Progress of Work	% of Purchase Price
First	(a) Upon obtaining option to purchase	5
	(b) Upon signing of sale and purchase agreement or within 8 weeks from date of option	15
Second	On completion of foundation work	10
Third	On completion of reinforced concrete framework	10
Fourth	On completion of brick walls of unit	5
Fifth	On completion of ceiling of unit	5
Sixth	On completion of the doors, window frames, electrical wiring, plumbing	5
Seventh	On production of the Architect's certificate of the completion of the carparks, roads and drains serving the housing project	5
Eighth	Within 14 days upon obtaining the TOP	25
Ninth	On completion of sale and purchase	2
	Payment to the Singapore Academy of Law as stakeholders to be dealt with as follows: <ul style="list-style-type: none"> • 8% to be paid to us within 7 days of production of the Certificate of Statutory Completion • 5% to be paid to us on expiry of 12 months from the date of notice to take vacant possession 	13
	Or: Where Certificate of Statutory Completion is issued before completion of the sale and purchase: Upon issuance of the Certificate of Statutory Completion, in the following manner: <ul style="list-style-type: none"> • 8% to be paid to us • 5% to be paid to the Singapore Academy of Law as stakeholders which shall be paid to us on expiry of 12 months from date of notice to take vacant possession 	13
	On completion of sale and purchase	2
Total		100

GENERAL INFORMATION ON OUR GROUP

However, we currently offer a Deferred Payment Scheme to our customers whereby they are only required to pay 10% of the purchase price of a property upon signing of the sale and purchase agreement and within eight weeks from the date of the option. The balance of the amount outstanding is deferred and the majority of this amount is payable upon the obtaining of the TOP. Going forward, we intend to continue to adopt the Deferred Payment Scheme or any other scheme permissible by the government and adopted by the industry depending on the market sentiment and conditions.

In general, our progress payment schedule under the Deferred Payment Scheme for the purchase of residential properties under construction is as follows:

Order of Payment	Progress of Work	% of Purchase Price
First	Upon obtaining option to purchase	5
Second	Upon signing of sale and purchase agreement and within 8 weeks from date of option	5
Third	Within 14 days upon obtaining the TOP	75
Fourth	On completion of sale and purchase	2
	Payment to the Singapore Academy of Law as stakeholders to be dealt with as follows: 8% to be paid to us within 7 days of production of the Certificate of Statutory Completion 5% to be paid to us on expiry of 12 months from the date of notice to take vacant possession	13
	Or: Where Certificate of Statutory Completion is issued before completion of the sale and purchase: Upon issuance of the Certificate of Statutory Completion, in the following manner: 8% to be paid to us 5% to be paid to the Singapore Academy of Law as stakeholders which shall be paid to us on expiry of 12 months from date of notice to take vacant possession	13
	On completion of sale and purchase	2
	Total	100

In the case of residential properties where separate title and the Certificate of Statutory Completion have been issued, our payment schedule is as follows:

Order of Payment	Progress of Work	% of Purchase Price
First	Upon obtaining option to purchase	1
Second	Upon acceptance of the option to purchase	9
Third	Within three months of completion of sale and purchase agreement	90
Total		100

GENERAL INFORMATION ON OUR GROUP

We did not provide for any significant bad debt or have any significant bad debt written off in the last three financial years ended 31 December 2003 and for the six month period ended 30 June 2004.

Hotel Operations

Payment terms for our hotel operations are in cash including the use of credit cards. Bad debts arising from our hotel operations has been insignificant for the period under review.

MAJOR SUPPLIERS

Our suppliers accounting for 5% or more of our total cost of sales during each of the last three financial years ended 31 December 2003 and for the six month period ended 30 June 2004 are as follows:

Name	As a percentage of total purchases (%)			
	FY2001	FY2002	FY2003	HY2004
Builda Construction Pte Ltd	5.9	7.4	26.9	12.5
Chon Hwa Construction Pte Ltd	10.7	—	—	—
Oxley Construction Pte Ltd	0.3	9.4	12.6	2.3
G9 Construction	—	16.0	—	—
V-tech Construction Pte Ltd	—	—	2.2	10.3
EE Koon Construction Pte Ltd	—	—	0.6	18.2
D'Ray Construction Pte Ltd	—	—	0.9	7.0

We appoint external contractors for the construction of our development projects. Therefore, apart from land costs, construction costs constitutes the largest portion of our development costs. Consequently, our major suppliers are mainly construction companies. We appoint construction contractors based on their experience and areas of strength which best suit our needs for the project in question. Accordingly, our appointment of these external contractors varies from year to year, depending on the property development projects we undertake in a particular year.

We engaged G9 Construction as the main contractor for our property development project known as Sims Meadows and made payment to them in 2002. G9 Construction is wholly owned by Lim Chee Kee and Lim Chee Chong who are both siblings of our Executive Director, Grace Lim. We did not engage G9 Construction for any other projects and did not have any other transactions with them. G9 Construction is currently dormant. Lim Chee Chong joined our Group in 2004 and is currently our Executive Officer. Lim Chee Kee joined our Group in 2004 and is a Maintenance Manager with Fragrance Hotel Management. Please refer to the section "Interested Person Transactions" for more details.

Save as disclosed above, none of our Directors or Substantial Shareholders is related to or has any interest in any of our major suppliers set out above.

Credit Terms

Our main suppliers are principally building contractors and the method of payment to these contractors is based on the progress payment scheme. In line with industry practice, upon certification by the architect of each stage of completion, we are required to make an interim payment in respect of that stage, usually within 30 days.

GENERAL INFORMATION ON OUR GROUP

PROPERTIES

We currently own the following properties:

Hotels

Location	Tenure	Approximate gross land area (sq m)	Net Book Value as at 30 June 2004
<i>Fragrance Hotel-Balestier</i> 255 Balestier Road	Freehold	315.0	\$4,288,065
<i>Fragrance Hotel-Classic</i> 418 Balestier Road	Freehold	281.7	\$4,784,912
<i>Fragrance Hotel-Crystal</i> 50 Lorong 18 Geylang	Freehold	1051.1	\$8,813,190
<i>Fragrance Hotel-Emerald</i> 20 Lorong 6 Geylang	Freehold	817.5	\$15,692,424
<i>Fragrance Hotel-Pearl</i> 21 Lorong 14 Geylang	Freehold	843.0	\$9,080,849
<i>Fragrance Hotel-Ruby</i> 10 Lorong 20 Geylang	Freehold	902.0	\$18,139,165
<i>Fragrance Hotel-Sapphire</i> 3 Lorong 10 Geylang	Freehold	528.1	\$6,689,907
<i>The Fragrance Hotel</i> 219 Joo Chiat Road	Freehold	672.0	\$10,457,269

Commercial Property

Location	Tenure	Approximate gross land area (sq m)	Net Book Value as at 30 June 2004
Fragrance Centre 101 Joo Chiat Road	Freehold	149.0	\$1,981,185

Properties Under Development

Location	Description	Tenure	Approximate gross land area (sq m)	Net Book Value as at 30 June 2004
263 Balestier Road	Hotel Construction-in-progress	Freehold	399.9	\$1,409,074
181,183,185 and 187 Selegie Road ⁽¹⁾	Hotel Construction-in-progress	Freehold	507.8	\$3,357,647
177, 179 Selegie Road ⁽¹⁾⁽²⁾	Hotel Construction-in-progress	Freehold		\$2,600,000
121 Lorong L Telok Kurau	Development Property	Freehold	1349.0	\$4,712,411

GENERAL INFORMATION ON OUR GROUP

Location	Description	Tenure	Approximate gross land area (sq m)	Net Book Value as at 30 June 2004
“Treasure Gardens” 22 Teow Hock Avenue (formerly known as 43 Flower Road)	Development Property	Freehold	1562.5	\$4,983,906
“Eden Crest” 14 Eden Grove	Development Property	Freehold	1041.0	\$3,038,390
“Treasure Mansions” 15 Rosyth Avenue	Development Property	Freehold	754.3	\$3,671,526

Properties Purchased Subsequent to 30 June 2004

Location	Description	Tenure	Approximate gross land area (sq m)	Purchase Price
6 Lorong L Telok Kurau ⁽²⁾	Landbank	Freehold	573.1	\$1,600,000
5/5A Eden Grove ⁽²⁾	Landbank	Freehold	1117.6	\$3,400,000
17W Jalan Hock Chye ⁽²⁾	Landbank	Freehold	575.5	\$2,080,000
7/7A/9/9A and Lot 6517L Mk26 at Lorong 106 Changi Road and 26/28/30 and Lot 6516X Mk26 at Lorong 107 Changi Road ⁽²⁾	Landbank	Freehold	1787.9	\$6,800,000
63 Dunlop Street ⁽²⁾	Landbank	Freehold	237.5	\$1,000,000
33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road ⁽³⁾	Landbank	Freehold	3255.0	\$12,558,000

Properties Held for Sale⁽⁴⁾

Location	Description	Tenure	Approximate gross land area (sq m)	Net Book Value as at 30 June 2004
“Crown Building” 37 Lorong 20 Geylang	Association Building	Freehold	575.0	\$6,000,000

Notes:

- (1) 177, 179, 181, 183, 185, 187 Selegie Road were acquired separately but these plots have since been combined.
- (2) This property was acquired after 30 June 2004.
- (3) Except for the acquisition of 41B Mangis Road which has been legally completed, the properties are currently in the process of being acquired and we have entered into the sale and purchase agreements to acquire the properties but legal completion has not occurred.
- (4) All the units in the property development projects known as “Sunflower Grandeur” located at 31 Lorong 39 Geylang and “Treasure Loft” located at 115 Shrewsbury Road have been sold but legal completion of certain units has not taken place.
- (5) All the above properties have been mortgaged (and, in the case of 33, 33B, 35, 35B, 37, 37B, 39, 39B, 41, 41B, 43, 43B, 45, 45A, 45B and 47 Mangis Road, will be mortgaged upon completion of the acquisition of such property) as security for credit facilities provided by financial institutions. Please refer to the section “Capitalisation and Indebtedness” for more details.

GENERAL INFORMATION ON OUR GROUP

COMPETITION

Our Property Development Business

We consider local small to medium-sized companies engaged in property and related businesses as our major competitors. For companies listed on the SGX-ST, these include Ho Bee Investment Ltd, Aspial (through its subsidiary, World Class Land Pte Ltd), Chip Eng Seng Corporation Ltd., Soilbuild Group Holdings Ltd and Heeton Holdings Limited. For unlisted companies, our competitors include Straits Construction Company (Private) Limited.

Our Directors believe that the success of any property development project will depend on the pricing scheme adopted by developers, the quality of the project, the location of the property, the marketing strategy adopted by the developer and the timing of the launch of property projects. Given our track record as a reliable and value-for-money property developer, our Directors believe that the prospects for our property development business will be positive.

Our Hotel Operations

We compete with other operators of budget hotels such as Century Hotel, Canning Park Hotel and Hotel 81 and certain hotels such as Quality Hotel Singapore, Summer View Hotel, New Park Hotel, Tristar Inn, Hotel Grand Central and Hotel Windsor. We believe that the competitive factors are mainly room rates, quality of accommodation, brand recognition, service levels and convenience of location. In particular, room rates are affected by external conditions such as changes in the general economic and local market conditions, the occurrence of epidemic (which may restrict travel), supply and demand for hotel accommodation and changes in travel patterns and preferences. These and other factors may cause new or existing competitors to significantly lower their room rates or offer increased value-added services in the form of additional amenities.

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure our market share in both the property development and hotel operations segments of our business.

COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

Experienced management team

Our management team consists of our Executive Directors and Executive Officers, who are experienced in property development and hotel operations. We rely on our management team to source for new plots of land for development of our hotels and other property projects. Through their experience, network and market knowledge, we are able to source for suitable plots of land with potential for development, and to assess whether such sites offer good investment returns or profitable development opportunities. Since our inception, we have successfully developed more than 20 property projects and the Fragrance Chain of Hotels which are under our management has grown from one hotel in February 1998 to a chain of eight hotels to date. Therefore, we believe that our management team has been critical to our success.

Further information and details of our management team which comprises our Directors and Executive Officers can be found under the section "Directors, Management and Staff".

GENERAL INFORMATION ON OUR GROUP

Offering quality products at affordable prices

“Fragrance” has become an established brand in Singapore and is perceived to offer value-for-money propositions, whether for property projects or hotel accommodation.

Through the successful completion of over 20 residential property development projects over the years, we have established ourselves as a reliable and efficient property developer which offers quality properties at affordable prices. To date, some of the property projects that we have fully sold include East Shine, Sims Meadows, Sunflower Lodge, Central Meadows, Casa Emerald, Treasure Gardens and Eden Crest. More information and details of our property projects can be found under the section “General Information on our Group — Our Property Development Portfolio”.

We have also established ourselves as a budget hotel operator. Our Fragrance Chain of Hotels which is solely managed by us, is recognised for providing affordable and value-for-money accommodation. Further details of our hotels can be found under the section “General Information on our Group — Hotel Operations”.

Efficient project management

We have established a reputation as an efficient developer that is able to deliver quality property developments within relatively short construction periods of approximately 10 to 15 months from the start of construction. Our project management team is responsible for the management of the property projects initiated by our Group. They are thorough in the hiring of construction firms, appointing firms which are experienced in constructing the particular type of development. They also carry out inspections to ensure the quality of the building materials, conduct frequent checks on the property development progress and conduct regular meetings to discuss any outstanding issues relating to the development or marketing of the project. We believe that the proper management of our property projects has contributed significantly to our work efficiency, enabling us to complete our property projects within a shorter period of time whilst maintaining the quality of our projects. As a result, we have experienced good response from purchasers for our property projects.

Focused property development strategy

We offer quality developments with accessible locations at affordable prices. We have developed a niche in the development of small to medium-sized property projects. To date, we have successfully developed more than 20 residential properties, comprising apartments and landed properties. We believe that these factors have enabled us to completely sell many of our projects after launch. We intend to continue to focus our strategy on small to medium-sized developments. We believe that such developments offer us more flexibility in terms of location and pricing, since we are able to source for plots of land from private owners instead of having to rely on government land sales.

Established relationships with market players

We believe in working with market players who are known for their experience and expertise in the relevant areas of our business. For our property development business, we have established a network of contacts such as property agents and construction firms. Through our relationships with property agents, we have access to information on available land, providing us with more opportunities to grow our land bank. We also have long-standing relationships with construction firms that have a reputation for being able to deliver quality developments on time. This in turn enables us to complete our property projects efficiently. For our hotel operations, we have established relationships with tourism-related companies to offer accommodation at our Fragrance Chain of Hotels at affordable rates, as part of travel packages offered by them. We believe that this provides us with an additional avenue for marketing our hotels.

GENERAL INFORMATION ON OUR GROUP

INSURANCE

We maintain various insurance policies for properties under development, properties held for sale, hotels, equipment and employees. Our insurance policies cover losses or damage due to fire, and public liability. We also cover our employees, including our management, professional and administrative staff, with workmen's compensation. In addition, for our development projects, we also require our appointed contractors to have contractors' all risks insurance coverage during the construction phase of our properties. We believe that the coverage from these insurance policies is adequate. However, significant damage to our operations or any of our properties, whether as a result of fire or other causes, may still have a material adverse impact on our operations or financial condition. We are not insured against loss of key personnel.

GOVERNMENT REGULATIONS

We are subject to the relevant laws and regulations of Singapore relating to property development, management of property projects and hotel ownership and management.

Permits and Licences

The following licences typically need to be obtained for residential property projects (comprising of more than four units) and hotels:

Type of Licence	Statute that it is issued under	Regulatory Body
Housing Developer's Licence	Housing Developers (Control & Licensing) Act, Chapter 130 of Singapore	Urban Redevelopment Authority
Qualifying Certificate	Residential Property Act, Chapter 274 of Singapore	Controller of Housing (as appointed under Section 3 of the Housing Developers (Control and Licensing) Act (the "Controller of Housing"))
Hotel Licence	Hotels Act, Chapter 127 of Singapore	Hotels Licensing Board
Hotel-keeper's Licence	Hotels Act, Chapter 127 of Singapore	Hotels Licensing Board

Housing developer's licences for each of our residential development projects will be obtained prior to the commencement of our development work.

Details of some of the licences we presently hold in connection with our hotel properties are as follows:

	Licences/Licence Period	Licence Period
<i>Fragrance Hotel-Balestier</i> 255 Balestier Road	Hotel licence	w.e.f. 02/01/2004
	Hotel-keeper's licence	01/01/2005 to 31/12/2005
<i>Fragrance Hotel-Classic</i> 418 Balestier Road	Hotel licence	w.e.f. 05/02/2004
	Hotel-keeper's licence	01/01/2005 to 31/12/2005
<i>Fragrance Hotel-Crystal</i> 50 Lorong 18 Geylang	Hotel licence	w.e.f. 29/11/2002
	Hotel-keeper's licence	01/01/2005 to 31/12/2005
<i>Fragrance Hotel-Emerald</i> 20 Lorong 6 Geylang	Hotel licence	w.e.f. 01/01/2000
	Hotel-keeper's licence	01/01/2005 to 31/12/2005
<i>Fragrance Hotel-Pearl</i> 21 Lorong 14 Geylang	Hotel licence	w.e.f. 02/01/2002
	Hotel-keeper's licence	01/01/2005 to 31/12/2005

GENERAL INFORMATION ON OUR GROUP

	Licences/Licence Period	Licence Period
<i>Fragrance Hotel-Ruby</i> 10 Lorong 20 Geylang	Hotel licence Hotel-keeper's licence	w.e.f. 01/01/2000 01/01/2005 to 31/12/2005
<i>Fragrance Hotel-Sapphire</i> 3 Lorong 10 Geylang	Hotel licence Hotel-keeper's licence	w.e.f. 01/01/2000 01/01/2005 to 31/12/2005
<i>The Fragrance Hotel</i> 219 Joo Chiat Road	Hotel licence Hotel-keeper's licence	w.e.f. 12/11/2001 01/01/2005 to 31/12/2005

Housing Developer's Licence

This licence will have to be obtained prior to a developer undertaking the business of housing development of a development with more than four units, regardless of whether the developer has any intention to sell the units. Our Group usually applies for the "Sale before TOP licence", which allows us to commence the business of housing development and start selling units in the development once building plan approval has been obtained. The licence will be issued subject to some conditions, such as:

- (a) strict compliance with the applicable laws governing housing development;
- (b) no options be granted or sale and purchase agreements entered into until:
 - (i) the Commissioner of Building Control (as appointed under Section 3(1) of the Building Control Act, Chapter 29 of Singapore) approves the building plans; and
 - (ii) the planning permission has been given;
- (c) the developer shall not, after redemption of the mortgage of the land, further encumber the land or register further charges over it; and
- (d) other records must, commencing from the date the first option is granted, be sent to the Controller of Housing.

The licence remains in force until the date of the issuance of the Certificate of Statutory Completion for the project and the issue of separate Certificates of Title or Subsidiary Strata Certificates of Title (as the case may be) for all the units in the development. For developments which are to be strata sub-divided, we also need to obtain, prior to the sale of units in our development properties, the approval of the Commissioner of Buildings for the share value allotted to each unit and the strata lot numbers for each unit from the Chief Surveyor. We are also required to comply with the Housing Developers (Project Account) Rules with respect to the administration of the accounts of our property development projects.

Land Dealings Approval

The Residential Property Act, Chapter 274 of Singapore:

- (a) defines a "Singapore company" as a company all of whose members and directors are Singapore citizens or where the member is another company, where all the members and directors of such other company are Singapore citizens; and
- (b) restricts the purchase or transfer of residential property to approved purchasers, including Singapore companies.

GENERAL INFORMATION ON OUR GROUP

After the Invitation, our Company and the companies in our Group are deemed to be foreign companies i.e. not Singapore companies, which means that their members and directors may consist of foreigners. Therefore, if residential property is to be acquired, our Company or any company in our Group must first apply for approval from the Controller of Residential Property (if such property is intended to be retained and not developed for sale) or the Controller of Housing (if such property is acquired for the purposes of redevelopment and sale). Please see the section “Qualifying Certificate” below for further details.

However, if such residential property is a unit comprised in any building consisting of six or more levels including the ground level and any level below the ground, or any flat or dwelling-house shown as a unit in an approved plan bearing the title “Condominium” and issued by the relevant competent authority under the Planning Act, Chapter 232 of Singapore, then neither the approval of the Controller of Residential Property nor the Controller of Housing is required.

Following the receipt of approval from the Controller of Residential Property, Fragrance Land and Fragrance Properties have become converted foreign companies and have been permitted to retain the residential properties presently held by the above mentioned companies.

Qualifying Certificate

After conversion into a converted foreign company, we will need to obtain a qualifying certificate from the Controller of Housing before Fragrance Land or Fragrance Properties can purchase or acquire an interest in residential property for the purposes of development and sale.

As our Company and our subsidiaries would not constitute “Singapore companies” for the purpose of the Residential Property Act, Chapter 274 of Singapore each of them will also need to obtain a qualifying certificate from the Controller of Housing before it can purchase or acquire an interest in residential property for the purpose of development and sale.

The issue of such qualifying certificate by the Controller of Housing will be subject to the imposition of such conditions as the Controller of Housing deems fit, including the imposition of time limits for the completion of the development and sale of the project. Should our Company or any of the companies in our Group wish to retain any units in the residential property projects which we develop, permission may have to be obtained from the Controller of Residential Property.

In the past, we have always been able to deliver vacant possession of the residential properties developed by us, and complete the sale with the buyers of the units within the time limits set out in our advertisements for the marketing of the properties and in accordance with the Housing Developer’s Rules.

Nothing has come to our attention which causes us to believe that we may not be able to obtain qualifying certificates for our property development business. Therefore, our Directors are of the view that the need to obtain qualifying certificates will not materially impact our property development business.

Regulatory Approvals

The URA monitors and controls the use of land in Singapore. All development projects require a written permission (“WP”) from the URA and the WP will outline the specific requirements or limits for each individual development.

Upon obtaining the WP from the URA, we can proceed to apply for clearance from the various technical departments including the sewerage and road and transport division and subsequently obtain Building Plan Approval from the Building and Construction Authority. The project shall then be built according to the WP and Building Plan and a re-approval may have to be sought if there are any deviations from the WP and Building Plan.

The URA also regulates the use of premises in Singapore. Hence, if permission was initially obtained for the use of premises for a certain purpose, a change in the use of the premises will normally require written permission from the URA as well.

GENERAL INFORMATION ON OUR GROUP

Hotel Licence

Under the Hotels Act, a hotel includes a boarding-house, lodging-house, guest-house and any building or premises not being a public institution and containing not less than four rooms or cubicles in which persons are harboured or lodged for hire or reward of any kind and where any domestic service is provided by the owner, lessee, tenant, occupier or manager for the person so harboured or lodged.

Any person who wishes to operate a hotel has to apply to the Hotels Licensing Board for:

- (i) a Certificate of Registration to use the premises as a hotel. The Certificate of Registration is only granted if the Hotels Licensing Board is satisfied:
 - (a) that the premises will not be conducted as a disorderly house;
 - (b) that the premises to be registered are structurally adapted for use as a hotel;
 - (c) that proper provision has been made in all respects for the sanitation of the premises;
 - (d) that the situation of the premises is suitable for the purpose; and
 - (e) that the standard of accommodation provided is adequate for the class within which the applicant desires the premises to be registered as a hotel; and
- (ii) a Hotel-keeper's Licence to enable the person to keep or manage the hotel. The proposed Hotel-keeper has to be a person who holds a post equivalent to that of a Chief Executive Officer or General Manager of the hotel.

A Hotel-keeper's Licence is valid for one year and is renewable annually.

All hotel operators must also comply with the Hotels Licensing Regulations which prescribe certain requirements in connection with the control and management of a hotel and the standards of hygiene. For example, the Hotels Licensing Regulations require every licensee to keep displayed in a conspicuous place in the public part of the hotel the certificate of registration of the hotel, the licence to manage the hotel, and the rates charged for rooms in the hotel. In addition, all rooms used for the accommodation of guests must have a minimum floor area of 11 square metres and that a double room must have a minimum floor area of 14.5 square metres.

PROSPECTS AND FUTURE PLANS

OUR PROSPECTS

Property Development

In the second quarter of 2003, with the outbreak of SARS in Singapore being contained, sales of private residential properties gradually improved with the general improvement in the economy, although the continued oversupply of residential properties restrained this recovery. In addition, our Directors believe that the recent recovery from the economic downturn between 2001 and 2003 has led purchasers to adopt a more cautious approach towards the purchase of "big ticket" items such as property, with considerations such as the ability to service debt, liquidity and value-for-money taking priority. However, we believe that the prospects of the private residential property market in Singapore remain good for the following reasons:

- (a) *Continued upgrading demand from HDB dwellers*

We believe that HDB dwellers who aspire to upgrade to private residential properties would underpin growth in our property development business. With the general improvement in the economy and relaxation in the CPF financing rules, allowing the use of CPF funds towards the downpayment on the purchase price of a property, we believe that there will be increased propensity to upgrade to private residential property and this would contribute towards the increase in demand for private residential properties. We also believe that considerations such as size, price and location of a property will be important to such purchasers. As our property

GENERAL INFORMATION ON OUR GROUP

development strategy is focused on small to medium-sized developments which offer quality accommodation at affordable prices, we believe that we will be well placed to meet any increase in demand from such purchasers.

(b) *Demand from foreigners due to open door immigration policy*

The Government is actively encouraging talented foreigners to come and work in Singapore. This open door immigration policy is aimed at supplementing the local work force. We believe that this will also drive demand for private residential apartments in Singapore.

Hotel Operations

The hotel industry in Singapore is affected primarily by visitor arrivals to Singapore, which is in turn dependent on both the global and local economic environment. A healthy global economy generally translates to higher disposable incomes, which stimulates travel and hence increases visitor arrivals to Singapore. This generally leads to increased occupancy rates at hotels. In 2003, visitor arrivals to Singapore declined substantially as travellers avoided areas affected by the SARS epidemic. With the outbreak contained, our Directors observed a marked recovery of visitor arrivals and occupancy rates at Singapore hotels.

The Singapore Tourism Board (the "STB") has made efforts to position Singapore as a premier commercial hub and leisure destination. On 9 March 2004, the new destination brand, "Uniquely Singapore", was launched in Singapore and on 12 March 2004, launched in Berlin at the International Tourism Bourse trade show. "Uniquely Singapore" portrays Singapore as a city with a harmonious blend of culture, cuisine, arts and architecture.

Besides initiatives taken by the STB, the tourism and travel industries also play a major part in attracting visitors to Singapore. We believe that travel fairs held in other countries for example, the Malaysian Association of Tour and Travel Agents fairs held in various parts of Malaysia and the STB road shows that offer tour packages to Singapore also have a positive effect on visitor arrivals to Singapore.

Existing tourist attractions are constantly enhanced while new ones are being developed. For instance, the Esplanade, opened in 2002, will likely enhance Singapore as an arts centre in the region.

The success of such initiatives will lead to increased visitor arrivals which would correspondingly increase demand for hotels in Singapore.

In addition, with the recent evolution of budget air travel in Asia with new carriers such as AirAsia, Valuair and Tiger Airways being established, our Directors expect a resultant increase in demand for budget hotel accommodation. The increased affordability of budget air travel is likely to result in increased visitor arrivals to Singapore. In addition, as travellers on budget airlines tend to be more cost conscious, they are more likely to use budget accommodation such as those offered by our hotels.

Trend Information

We expect that the total number of units of our property development projects sold in FY2004 will be larger than FY2003, principally due to the continuing upgrading demand from HDB dwellers and demand from foreigners. For the period commencing 1 January 2004 to the Latest Practicable Date, we sold approximately 64 units in our property development projects, with a total selling price of approximately \$36.1 million.

Notwithstanding the sales of these properties, the actual completion of our property development projects is subject to risks as described in the section "Risk Factors". These factors may cause a delay in completion which will impact the recognition of any future revenue since such revenue is recognised using the percentage completion method.

GENERAL INFORMATION ON OUR GROUP

For our property development business, our Directors have observed the following trends in FY2004:

- (a) An increase in selling prices of the units in our property development projects due to the projects which were launched in 2004 being located in close proximity to MRT stations;
- (b) An increase in construction costs relating to our property development projects due to an increase in costs of raw materials; and
- (c) Property development projects located in close proximity to MRT stations receiving better response from purchasers.

For our hotel operations, our Directors have observed the following trends in FY2004:

- (a) An increase in occupancy rates at our Fragrance Chain of Hotels due to a greater number of guests from South-East Asia and East Asia;
- (b) An increase in operating costs in line with the proposed expansion of our Fragrance Chain of Hotels as we would be required to increase the number of staff for these new hotels; and
- (c) Room rates at our Fragrance Chain of Hotels remaining relatively stable.

STRATEGY AND FUTURE PLANS

We aim to become a leading player in the small to medium-sized property development industry and budget hotel industry in Singapore. To achieve this, we intend to embark on the following strategies and future plans:

(a) Continue to focus on developing residential and other properties

We have successfully developed residential, commercial and office properties in the past. Given the scarcity of land in Singapore, our management believes that there will be continuing demand for private residential and other properties. In view of this, we intend to continue to develop small to medium-sized property projects comprising between approximately two to 100 units. We may also consider developing mixed property which have commercial components if such projects are profitable. Depending on suitable investment opportunities, we may undertake, from time to time, the development for sale of office properties in Singapore.

(b) Expansion of our property development business in the region

Our Directors believe that economic growth and rising affluence in the region will lead to increased demand for quality residential properties at affordable prices, as people strive for better standards of living. As such, we intend to replicate our property development business into countries in the region, such as Vietnam, which is currently experiencing economic growth and which our Directors believe to have good potential. We intend to explore opportunities to enter these new markets through joint ventures with local companies, as we believe that this will enable us to have a better idea of local conditions and to leverage on our local partners' knowledge and presence in that location.

(c) Acquisition of parcels of land for development purposes

We believe that there will be opportunities for property developments located close to public amenities such as MRT stations. Since 2003, we have acquired plots of land located near MRT stations — one piece near the Kovan MRT station which we have developed into Treasure Gardens, another piece of land at 14 Eden Grove located near the Serangoon Central MRT station which we have developed into Eden Crest and another at 15 Rosyth Avenue which is located near the Kovan MRT station which we have developed into Treasure Mansions. We have also recently acquired plots of land at Lorong 106 Changi Road and Lorong 107 Changi Road which are located near the Eunos MRT station. We intend to continue scouting for similar development opportunities.

GENERAL INFORMATION ON OUR GROUP

(d) Expansion of our Fragrance Chain of Hotels

We currently own and operate eight Fragrance hotels, and are currently developing two new hotels in Selegie and Balestier in Singapore, which we believe to be located near the Central Business District. We believe that demand for budget hotel accommodation will increase, with more visitor arrivals to Singapore and the growth in the budget airline industry in the region. In order to capitalise on any increase in demand for budget hotel accommodation, we intend to expand our Fragrance Chain of Hotels by developing new hotels or acquiring existing hotels located near the city centre.

Apart from sourcing for new hotel locations in Singapore, we are also considering expanding our Fragrance Chain of Hotels outside of Singapore. However, any decision to set up a new hotel, whether in Singapore or elsewhere, will be based on our ability to offer quality hotel accommodation at affordable rates at that location and there is no assurance that we will be successful in making such acquisitions.

Since 2000, we have sent our hotel marketing team abroad to participate in travel fairs organised by the STB and other tourism boards in order to promote our Fragrance brand and create greater awareness of our Fragrance Chain of Hotels. Our hotel marketing team has participated in travel fairs held globally including countries such as India and Malaysia. We intend to continue participating in such events in the future.

SELECTED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

You should read the following selected consolidated financial information in conjunction with the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the "Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004" set out in Appendix A of this Prospectus.

Proforma Operating Results of Our Group⁽¹⁾

(\$'000)	← Proforma →				
	FY2001	FY2002	FY2003	HY2003	HY2004
Revenue	62,347	48,081	28,257	15,345	15,062
Cost of sales	(51,223)	(34,269)	(19,248)	(10,768)	(7,741)
Gross profit	11,124	13,812	9,009	4,577	7,321
Other operating income	208	346	437	184	196
Other operating expenses	(4,961)	(6,060)	(4,448)	(2,202)	(3,327)
Profit from operations	6,371	8,098	4,998	2,559	4,190
Finance costs	(1,096)	(1,916)	(2,202)	(1,116)	(1,207)
Profit before taxation	5,275	6,182	2,796	1,443	2,983
Income tax	(1,308)	(1,429)	(689)	(353)	(663)
Profit attributable to shareholders⁽²⁾	3,967	4,753	2,107	1,090	2,320
EPS (cents) ⁽³⁾	3.1	3.8	1.7	0.9	1.8

Notes:

- (1) The financial results of our Group for the period under review have been prepared on the basis that our Group has been in existence throughout the period under review.
- (2) Had the Service Agreements been in place on 1 January 2003, the profit attributable to shareholders for FY2003 would not have been affected.
- (3) For comparative purposes, EPS for the period under review has been computed based on the profit attributable to shareholders and the pre-Invitation share capital of 126,000,000 Shares.

SELECTED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

Proforma Financial Position of Our Group⁽¹⁾

(\$'000)	As at 31 December 2003	As at 30 June 2004
Non-current assets		
Property, plant and equipment	74,702	85,155
Current assets		
Cash and bank balances	1,249	2,123
Trade receivables	11,603	5,806
Other receivables and prepayments	7,333	886
Properties under development	19,322	19,440
Properties held for sale	6,000	8,905
Total current assets	45,507	37,160
Current liabilities		
Bank overdraft (secured)	—	3,734
Trade payables	170	320
Other payables	11,265	1,486
Term loans, current portion	11,154	6,295
Income tax payable	1,755	1,365
Total current liabilities	24,344	13,200
Net current assets	21,163	23,960
Non-current liabilities		
Long term loans	66,693	81,312
Deferred tax liabilities	508	270
Total non-current liabilities	67,201	81,582
Shareholders' equity	28,664	27,533
NTA per Share (cents)⁽²⁾	22.7	21.9

Notes:

- (1) The financial position of our Group as at 31 December 2003 and 30 June 2004 have been prepared on the basis that our Group has been in existence throughout the period under review.
- (2) For comparative purposes, NTA per Share as at 31 December 2003 and 30 June 2004 have been computed based on the net assets of our Group and the pre-Invitation share capital of 126,000,000 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our results of operations and financial position should be read in conjunction with the "Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004" set out in Appendix A of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section "Risk Factors". Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Lead Manager, the Lead Underwriter or the Lead Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section "Cautionary Note On Forward-Looking Statements".

OVERVIEW

We derive our revenue primarily from:

- (a) property development; and
- (b) hotel operations.

We are principally engaged in the development and sale of residential properties. We also develop and sell commercial properties including hotels and offices.

We are also involved in hotel investment and management. We currently own and operate eight budget hotels under the "Fragrance" brand, of which four hotels were developed by our Group.

Revenue

Property Development

Revenue from our property development activities are recognised on sold units progressively on the basis of the stage of completion of a property development project, as certified by an independent architect. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is in accordance with the payment scheme. Our payment schemes are stated under "Major Customers-Terms of Payment" section, one of which is the Deferred Payment Scheme pursuant to which the majority of the purchase price of the property is deferred until after the TOP is obtained. Property development accounted for 91.7%, 81.7%, 72.9% and 67.1% of our revenue for FY2001, FY2002, FY2003 and HY2004 respectively.

Revenue from property development is project based and may experience significant fluctuations. The private residential property market, an important segment of our target market, is affected by many factors, including the following:

(i) Ability to grow land bank

The ability to identify and acquire land suited for property development is critical to the success of our business. We usually replenish and source for new plots of land by participating in property auctions, acquiring plots of land from private owners as well as sourcing for suitable development sites through external property agents. We compete with other property developers for new plots of land. Our ability to secure new land parcels to grow our land bank will underpin the growth of our property development business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(ii) *Property prices*

Most of the property development projects undertaken by our Group are mainly low and medium-rise residential apartments, detached and terrace houses. The supply and demand for private residential units is related to the general economic conditions in Singapore, which is in turn affected by the global economic environment. For instance, the Asian financial crisis in 1997 had an adverse effect on property prices. Consumers' preferences and disposable income will also affect demand for private residential properties. For example, the desire among young Singapore families wishing to upgrade to private residential property may drive demand for affordable properties.

(iii) *Changes in Singapore government policies*

As our Group's property development business is based in Singapore, we are affected by changes in Singapore government policies. Policy changes could affect the general economy such as the goods and services tax, interest rates or the use of CPF for property purchases. Specific government action or policy, such as the release of land for sale or financing restrictions for property purchases could also affect the property market.

For instance, in the third quarter of 2002, the requirement to pay 20% of the purchase price of a property upfront in cash was amended to allow 10% of the purchase price to be paid from the purchaser's CPF with the remaining 10% to be paid in cash. We believe that this rule may encourage more potential buyers who desire to own freehold private residential properties but were previously deterred by the higher upfront cash payment required.

Hotel Operations

We invest in and operate budget hotels. Revenue is mainly derived from the rental of rooms. Our revenue is dependent on the following factors:

- (i) *Room rates.* Currently, our room rates, on a daily basis, range from \$48 to \$108, depending on the type of room and the location of the hotel.
- (ii) *Availability of rooms.* Our revenue is dependent on the number of rooms available to our guests. As we increase the number of hotels we own or operate, we will be in a better position to increase our revenue.
- (iii) *Occupancy rates.* Occupancy rates are affected by the general economic environment as well as visitor arrivals to Singapore. Visitor arrivals are also affected by the outbreak of diseases such as the SARS epidemic in 2003 or threat of terrorism.

Our Group is actively growing our hotel business by expanding our Fragrance Chain of Hotels. In addition to the eight hotels that we are currently operating, we are, as at the Latest Practicable Date, developing two new hotels in Balestier and Selegie in Singapore. We expect these two hotels to commence operations in HY2005. Revenue from hotel operations constituted 8.3%, 18.3%, 27.1% and 32.9% of our revenue for FY2001, FY2002, FY2003 and HY2004 respectively.

With the advent of budget airlines, we believe the number of budget travellers from the neighbouring countries will likely increase, and thus, have a positive impact on our hotel operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Costs of Sales

Property development

Our costs of sales comprise mainly costs associated with the development of properties. These include mainly land cost (including stamp duties), project management cost, construction cost, and development charges ("DC") levied by the URA. Land cost accounts for approximately 40% to 60% of the total direct cost in our property development projects. Our land acquisition is funded by external financing (via loans from financial institutions) and internally generated funds. Project management costs include architectural design fees and other professional fees paid out to mechanical and electrical engineers, civil and structural engineers and registered land surveyors, amongst others. Construction costs typically account for approximately 25% to 35% of the total direct cost of a development project, and is funded by external financing and internally generated funds. DC are levied for changes made to existing development plans of a particular plot of land such as the increase in plot ratio or usage of land.

Up to the date of completion of a property development project, interest expenses are capitalised as costs of the property. For a typical property development project, we usually obtain external financing for 60% to 80% of the cost of development, which is usually secured against property under development of our Group or legal mortgage over a property of our Group, and director's personal guarantee. Financing is usually obtained upon the acquisition of the land site, and 60% to 80% of the cost of the land would be financed externally. At the construction stage of the project, we would when circumstances require, finance 70% to 80% of the construction cost through external financing. Capitalised interest expenses will be recognised as the cost of sales based on the percentage of completion method.

Costs of sales relating to property development accounted for 96.0%, 91.5%, 88.7% and 86.1% of the total cost of sales for FY2001, FY2002, FY2003 and HY2004 respectively.

Hotel Operations

Our costs of sales comprise mainly rental of hotel premises and costs incurred to provide hotel services, namely hotel consumables, laundry, utilities and other related costs. Rental of hotel premises relates to the rental charges paid to JK Investment for *The Fragrance Hotel*, and to our CEO, James Koh for *Fragrance Hotel-Emerald* and *Fragrance Hotel-Sapphire*. Please refer to the section "Interested Person Transactions".

Costs of sales relating to hotel operations accounted for 4.0%, 8.5%, 11.3% and 13.9% of the total costs of sales respectively for FY2001, FY2002, FY2003 and HY2004 respectively.

Gross Profit

The gross profit margins of our property development business range from 14.0% to 34.1% while that of our hotel operations range from 60.5% to 78.3% for the period under review. Due to the difference in gross profit margins for our two businesses, our overall gross profit margin is influenced by revenue contribution from these businesses.

For the period under review, we actively expanded our hotel operations, as evidenced by the growing number of hotels we operate. This contributed to an improvement in our overall gross profit margin, from 17.8% in FY2001 to 31.9% in FY2003, given the higher gross profit margins for our hotel operations. Consequently, notwithstanding a decrease in revenue from FY2001 to FY2003, our gross profit margins improved in the period under review.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Other Operating Income

Other operating income comprises mainly interest income, forfeited deposits and gain on disposal of a hotel. Interest income arises mainly from our loans to our CEO, James Koh. Forfeited deposit arises when any option to purchase our residential properties is not exercised. The disposal of a hotel relates to the sale of a hotel at 44 Lorong 6 Geylang that was purchased and subsequently sold in FY2002. As the trading of hotels is not in our ordinary course of business, this disposal was treated as other operating income.

Other Operating Expenses

Other operating expenses comprise mainly staff costs, depreciation and others. Total other operating expenses were \$5.0 million, \$6.1 million, \$4.4 million and \$3.3 million for FY2001, FY2002, FY2003 and HY2004 respectively.

Staff costs include employees' salaries and bonuses, CPF contribution and other benefits, as well as directors' remuneration (excluding directors' fees). Staff costs accounted for 33.8%, 40.0%, 61.8% and 48.3% of other operating expenses for FY2001, FY2002, FY2003 and HY2004 respectively. Staff costs are affected by the number of employees within our Group, which is dependent on the level of business, in particular, of our hotel operations.

Depreciation expenses accounted for 11.2%, 9.4%, 12.9% and 9.9% of other operating expenses for FY2001, FY2002, FY2003 and HY2004 respectively. Depreciation expenses were mainly charged for hotel buildings, office premises, motor vehicles, furniture and fittings and office equipment on a straight-line basis over their estimated useful lives. With the expansion of Our Chain, we expect that depreciation expenses would increase.

Other expenses also included directors' fees, property tax, advertising costs, commissions paid to marketing agents and general and administrative expenses. Advertising costs include costs incurred for advertisements in newspapers, trade magazines and other media. Commissions paid to marketing agents relate to expenses incurred when property agents we engage market and sell our property development projects. General and administrative expenses also include fines, mainly for late payment of income and property taxes amounting to \$23,363 in FY2003 and \$62,757 in HY2004. We are subject to property tax for properties that we own, including land, properties under development, property held for sale and hotel properties. The prevailing property tax rate is 10% of the annual value of the relevant property, which is assessed by IRAS based on the estimated annual value of the property.

General and administrative expenses included rental of office premises, repairs and maintenance and other administrative expenses. Other operating expenses also included impairment loss of a property at 37 Lorong 20 Geylang held for sale (initially intended for development as a hotel), which was \$0.6 million in FY2001 and \$1.6 million in FY2002. We also rented certain premises from our CEO, James Koh and JK Investment during the period under review. Please refer to the section "Interested Person Transactions".

Finance Costs

Finance costs comprise mainly interest expenses on term loans and bank overdraft facilities from financial institutions. Interest expenses not capitalised for our property development projects (including hotels which we owned) are charged to our profit and loss statements in the relevant financial period. Four of the eight hotels that we currently operate and own are developed by us. We also utilise borrowings to finance the acquisitions of hotels. As such, our financing costs are dependent on the amount of borrowings we obtained to finance our property development projects and acquisitions of hotels.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table provides an overview of our total financing costs, including those capitalised:

(\$'000)	FY2001	FY2002	FY2003	HY2004
Capitalised interest expenses	1,609	893	920	461
Finance costs	1,096	1,916	2,202	1,207
Total	2,705	2,809	3,122	1,668

Taxation

Our overall effective tax rates for FY2001, FY2002, FY2003 and HY2004 were 24.8%, 23.1%, 24.6% and 22.2% respectively. The Singapore statutory tax rates for FY2001, FY2002, FY2003 and HY2004 were 24.5%, 22.0%, 22.0% and 20.0% respectively. The higher effective tax rates in FY2001, FY2002, FY2003 and HY2004 were due mainly to certain expenses that were not tax deductible.

Seasonality

We have not experienced significant seasonality in the demand for our private residential properties. On the other hand, our hotel operations are affected by holiday seasons and our hotel occupancy rates tend to be higher in December and January. Notwithstanding, as a significant portion of our revenue is derived from property development which is project based, our revenue may fluctuate significantly in any financial period.

REVIEW OF FINANCIAL RESULTS

Segmental Revenue and Operating Results

We derive our revenue primarily from property development and hotel operations in Singapore. Our revenue and operating results by activities for the last three financial years ended 31 December 2003 and six months ended 30 June 2003 and 30 June 2004 are as follows:

By Activities

REVENUE

	FY2001		FY2002		FY2003		HY2003		HY2004	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Property Development	57,202	91.7	39,298	81.7	20,612	72.9	11,519	75.1	10,107	67.1
Hotel Operations	5,145	8.3	8,783	18.3	7,645	27.1	3,826	24.9	4,955	32.9
Total	62,347	100.0	48,081	100.0	28,257	100.0	15,345	100.0	15,062	100.0

GROSS PROFIT

	FY2001		FY2002		FY2003		HY2003		HY2004	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Property Development	8,013	72.0	7,936	57.5	3,534	39.2	1,899	41.5	3,443	47.0
Hotel Operations	3,111	28.0	5,876	42.5	5,475	60.8	2,678	58.5	3,878	53.0
Total	11,124	100.0	13,812	100.0	9,009	100.0	4,577	100.0	7,321	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GROSS PROFIT MARGIN

(%)	FY2001	FY2002	FY2003	HY2003	HY2004
Property Development	14.0	20.2	17.1	16.5	34.1
Hotel Operations	60.5	66.9	71.6	70.0	78.3
	17.8	28.7	31.9	29.8	48.6

PROFIT BEFORE TAX

	FY2001		FY2002		FY2003		HY2003		HY2004	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Property Development	4,780	90.6	4,702	76.1	2,134	76.3	1,161	80.5	1,786	59.9
Hotel Operations	495	9.4	1,480	23.9	662	23.7	282	19.5	1,197	40.1
Total	5,275	100.0	6,182	100.0	2,796	100.0	1,443	100.0	2,983	100.0

PROFIT BEFORE TAX MARGIN

(%)	FY2001	FY2002	FY2003	HY2003	HY2004
Property Development	8.4	12.0	10.4	10.1	17.7
Hotel Operations	9.6	16.9	8.7	7.4	24.2
	8.5	12.9	9.9	9.4	19.8

FY2002 vs FY2001

Revenue

Our revenue decreased by \$14.2 million or 22.9%, from \$62.3 million in FY2001 to \$48.1 million in FY2002. This was due mainly to the decrease in contribution of \$17.9 million from property development that was partly offset by an increase of \$3.6 million of revenue from hotel operations.

Revenue from property development decreased by \$17.9 million from \$57.2 million in FY2001 to \$39.3 million in FY2002 due mainly to fewer projects undertaken in FY2002 compared to FY2001. In FY2001, revenue from eight property development projects were recognised. In comparison, revenue from five property development projects were recognised in FY2002. Revenue from Sims Meadows and Central Meadows (which revenue was partly recognised in FY2001) accounted for 83.1% of the total revenue from our property development business. Revenue from other projects, comprising a terrace development project at Court Road and residential apartments at Sunflower Lodge and Sunflower Court (which bulk of the revenue was recognised in FY2001) accounted for the remaining portion of our revenue in FY2002.

Revenue derived from hotel operations increased by \$3.6 million due mainly to (i) an increase of \$1.7 million arising from the commencement of operations of *Fragrance Hotel-Pearl* and *Fragrance Hotel-Crystal* that started operations in January 2002 and December 2002 respectively, and (ii) \$1.7 million arising from the inclusion of the first full year of revenue contribution from *The Fragrance Hotel* and \$0.5 million from a hotel at 44 Lorong 6 Geylang (which was acquired and disposed in FY2002), partly offset by, lower revenue contribution by \$0.3 million from *Fragrance Hotel-Emerald*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Gross profit

Notwithstanding a decrease in revenue, our gross profit increased by 24.2% or \$2.7 million due to an increase in our overall gross profit margin from 17.8% in FY2001 to 28.7% in FY2002. This was due mainly to higher proportion of revenue contributed by our hotel operations that has a higher gross profit margin relative to our property development business. Furthermore, there was:

- (i) an increase in gross profit margin from hotel operations from 60.5% to 66.9% due to *The Fragrance Hotel* enjoying higher occupancy rates and higher room rates; and
- (ii) an increase in gross profit margin from property development from 14.0% in FY2001 to 20.2% in FY2002. This was due mainly to the lower cost of land associated with our Sims Meadows project undertaken in FY2002. The land was acquired in September 2001.

Other Operating Income

Other operating income increased by \$0.1 million from \$0.2 million in FY2001 to \$0.3 million in FY2002. The increase was due mainly to a \$0.2 million gain on the disposal of a hotel at 44 Lorong 6 Geylang that was acquired from an unrelated party in April 2002 but subsequently sold in December 2002.

Other Operating Expenses

Other operating expenses increased by \$1.1 million or 22.2%, from \$5.0 million in FY2001 to \$6.1 million in FY2002. This was partly due to impairment loss, which increased from \$0.6 million in FY2001 to \$1.6 million in FY2002, arising mainly from Crown Building, an association building development project, whose recoverable value was determined to be lower than its carrying amount. With the expansion of Our Chain, staff costs and other general expenses increased by \$0.7 million and \$0.4 million respectively. Increase in staff costs were due mainly to an increase in the number of employees and annual salary increment. These increases in other operating expenses were partly offset by a \$1.0 million decrease in directors' fees.

Finance Costs

Finance costs increased by \$0.8 million or 74.8%, from \$1.1 million in FY2001 to \$1.9 million in FY2002. The increase was due mainly to the interest incurred on loans to finance the addition of hotel properties, namely, *Fragrance Hotel-Pearl*, *Fragrance Hotel-Crystal*, *Fragrance Hotel-Emerald* and a hotel at 44 Lorong 6 Geylang. Our borrowings increased from \$48.7 million as at 31 December 2001 to \$61.3 million as at 31 December 2002.

Profit before taxation

Profit before taxation increased by \$0.9 million or 17.2%, from \$5.3 million in FY2001 to \$6.2 million in FY2002 due mainly to the higher gross profit and other operating income, partly offset by increases in other operating expenses and finance costs.

FY2003 vs FY2002

Revenue

Our revenue decreased by \$19.8 million or 41.2%, from \$48.1 million in FY2002 to \$28.3 million in FY2003. This was mainly due to the decrease in revenue of \$18.7 million and \$1.1 million from property development and hotel operations respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenue from property development decreased by 47.5% from \$39.3 million in FY2002 to \$20.6 million in FY2003 due mainly to:

- (i) fewer projects undertaken in FY2003. In FY2003, we undertook one terrace development project and two residential apartments development projects compared to the five property development projects we undertook in FY2002; and
- (ii) lower revenue recognised in FY2003 from the aforesaid three property development projects. In FY2003, we recognised revenue of \$4.1 million from the terrace development project and \$12.7 million for one of the residential apartment development projects, and we partly recognised \$3.8 million for the remaining residential apartment development project.

Notwithstanding the first full year revenue contribution from *Fragrance Hotel-Crystal* (which commenced operations in December 2002), our revenue from hotel operations decreased by 13.0%, from \$8.8 million in FY2002 to \$7.6 million in FY2003 due mainly to the outbreak of SARS that affected our hotel occupancy rates and room rates.

Gross profit

In line with the decrease in revenue, our gross profit decreased by \$4.8 million or 34.8%, from \$13.8 million in FY2002 to \$9.0 million in FY2003. However, our overall gross profit margin increased due mainly to higher proportion of revenue contributed by, and gross profit margin from, our hotel operations. The gross profit margin from hotel operations improved from 66.9% in FY2002 to 71.6% in FY2003 due mainly to the decrease of rental charges by \$0.6 million in FY2003 arising from the transfer of *Fragrance Hotel-Emerald* from our CEO, James Koh to our Group in November 2002. As a result, we no longer incurred rental charges in FY2003. The gross profit margin from property development decreased from 20.2% in FY2002 to 17.1% in FY2003 due mainly to higher gross profit margin for Sims Meadows which was completed in FY2002.

Other Operating Income

Other operating income increased by \$0.1 million or 26.3%, from \$0.3 million in FY2002 to \$0.4 million in FY2003. This was partly due to \$0.2 million increase in interest income derived from loans to a Director partly offset by the non-recurrence of the gain in the disposal of the hotel at 44 Lorong 6 Geylang.

Other Operating Expenses

Other operating expenses decreased by \$1.6 million or 26.6%, from \$6.1 million in FY2002 to \$4.5 million in FY2003 as the impairment loss of \$1.6 million in FY2002 did not recur.

Finance Costs

Finance costs increased by \$0.3 million or 14.9%, from \$1.9 million in FY2002 to \$2.2 million in FY2003. This arose partly due to \$0.5 million increase in interest expenses arising from the first full year impact of the term loans for the purchase of *Fragrance Hotel-Emerald* (disbursed in October 2002) and *Fragrance Hotel-Crystal* (disbursed in June 2002), which was subsequently increased by another \$1.0 million in February 2003 for renovation of the hotel. In addition, these increases were partly offset by the non-recurrence of finance costs associated with the hotel at 44 Lorong 6 that was sold in November 2002. Although our borrowings increased from \$61.3 million as at 31 December 2002 to \$77.8 million as at 31 December 2003, most of the term loans associated with these borrowings were meant for property development projects (including two hotels) and the related interest expenses were capitalised. As a result, the increase in borrowings did not contribute significantly to the increase in our finance costs in FY2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Profit before taxation

Profit before taxation decreased by \$3.4 million or 54.8%, from \$6.2 million in FY2002 to \$2.8 million in FY2003, due mainly to lower gross profit and higher finance cost, partly offset by higher other operating income and lower operating expenses.

HY2004 vs HY2003

Revenue

Our revenue decreased by \$0.2 million or 1.8%, from \$15.3 million in HY2003 to \$15.1 million in HY2004. This was due mainly to the decrease in revenue by \$1.4 million or 12.3% from property development, partly offset by an increase of \$1.1 million or 29.5% in revenue from hotel operations. Revenue from property development decreased from \$11.5 million in HY2003 to \$10.1 million in HY2004 due to higher revenue recognised in HY2003 from the property development projects. In HY2003, we recognised revenue from one terrace development (\$3.9 million) and two residential apartments development projects, East Shine and Sunflower Lodge (aggregate of \$7.6 million). In HY2004, we recognised revenue from four new residential apartments development projects, Sunflower Grandeur, The Grandiflora, Treasure Gardens and Treasure Loft and the remaining portion of the East Shine project, which revenue was substantially recognised in FY2003.

On the other hand, revenue from hotel operations increased by \$1.1 million or 29.5%, from \$3.8 million in HY2003 to \$4.9 million in HY2004. This was due mainly to (i) recovery from the SARS crisis in HY2003; and (ii) two new hotels, *Fragrance Hotel-Balestier* and *Fragrance Hotel-Classic*, that commenced operations in January 2004 and February 2004 respectively.

Gross profit

Gross profit increased by \$2.7 million or 60.0%, from \$4.6 million in HY2003 to \$7.3 million in HY2004. Our overall gross profit margin improved from 29.8% in HY2003 to 48.6% in HY2004 due to higher contribution from our hotel operations that has a higher gross profit margin relative to our property development business. Furthermore, there was:

- (i) an increase in gross profit margin from hotel operations from 70.0% in HY2003 to 78.3% in HY2004. This was due mainly to the decrease of \$0.2 million of rental charges in HY2004 as *Fragrance Hotel-Sapphire* and *The Fragrance Hotel* were transferred from our CEO, James Koh and JK Investment respectively to our Group. In addition, *Fragrance Hotel-Balestier* and *Fragrance Hotel-Classic* enjoyed higher occupancy rates and higher room rates as compared to other hotels within Our Chain; and
- (ii) an increase in gross profit margin from property development from 16.5% in HY2003 to 34.1% in HY2004. This was due mainly to more profitable residential apartments development projects undertaken in HY2004 such as East Shine, Sunflower Grandeur, Treasure Gardens and The Grandiflora.

Other Operating Income

Other operating income remained largely unchanged at \$0.2 million in HY2003 and HY2004.

Other Operating Expenses

Other operating expenses increased by \$1.1 million or 51.1%, from \$2.2 million in HY2003 to \$3.3 million in HY2004. This was due mainly to an increase in advertising expenses and marketing commission expenses of \$0.7 million incurred on projects that were launched in HY2004. Hotel operations also accounted for the \$0.4 million increase in other operating expenses, due to \$0.3 million increase in staff costs to meet the expansion of Our Chain and \$0.1 million attributed mainly to the non-recurrence of property tax and TV license rebates that were available in HY2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Finance Costs

Finance costs increased by \$0.1 million from \$1.1 million in HY2003 to \$1.2 million in HY2004. The increase in finance costs arose partly from the term loans to finance two new hotel properties, namely, *Fragrance Hotel-Balestier* and *Fragrance Hotel-Classic*. These two hotels were developed by us and upon the completion of these hotels, finance costs incurred in HY2004 were expensed. Moreover, we purchased *Fragrance Hotel-Sapphire* from our CEO, James Koh in HY2004, and thus, finance costs associated with the loan obtained to finance this purchase was expensed. Although total borrowings increased from \$77.8 million as at 31 December 2003 to \$91.3 million as at 30 June 2004, as the increase in borrowings relates to the property development projects (including the two hotels under development at Selegie Road and Balestier Road), the increase in borrowings did not contribute significantly to our finance costs in HY2004.

Profit before taxation

Profit before taxation increased by \$1.6 million or 106.7%, from \$1.4 million in HY2003 to \$3.0 million in HY2004, due mainly to higher gross profits, partly offset by higher finance costs and other operating expenses.

REVIEW OF FINANCIAL POSITION

Non-Current Assets

Our Group's non-current assets consist primarily of freehold land, hotel buildings, office premises, construction-in-progress, motor vehicles and other fixed assets such as furniture and fittings, and office equipment. As at 31 December 2003, freehold land, hotel buildings, office premises and construction-in-progress accounted for 99.3% of our non-current assets. As at 30 June 2004, these assets accounted for 99.5% of non-current assets. Hotel buildings refer to the eight hotels under the Fragrance Chain of Hotels while construction-in-progress relate to acquisition expenses, construction costs and finance costs incurred for the construction of the two new hotels at Selegie Road and Balestier Road.

Current Assets

Current assets comprise mainly properties under development, trade receivables, other receivables and prepayments, properties held for sale and cash. As at 31 December 2003 and 30 June 2004, current assets amounted to \$45.5 million and \$37.1 million respectively. Properties under development include land costs, development costs, interest capitalised and other related costs. Properties under development accounted for \$19.3 million or 42.5%, of total current assets as at 31 December 2003, and \$19.4 million or 52.3%, of total current assets as at 30 June 2004.

Properties under development comprise residential apartments development projects, namely East Shine, Sunflower Grandeur, Treasure Loft, Treasure Mansions, Treasure Gardens and The Grandiflora as at 31 December 2003. As at 30 June 2004, properties under development comprise residential apartments development projects, namely Eden Crest, Sunflower Grandeur, Treasure Mansions, Treasure Gardens and The Grandiflora.

As at 31 December 2003, trade receivables accounted for 25.5% of total current assets, comprising \$11.1 million of unbilled revenue and \$0.5 million of receivables from unrelated third parties, mainly property purchasers. Unbilled revenue relates to revenue recognised on our development properties but not due for payment as a result of the percentage of completion basis of accounting and payment schemes, while receivables from unrelated third parties relate mainly to the remaining portion of the sale price of completed and sold properties. As at 30 June 2004, trade receivables accounted for 15.6% of total current assets and comprised \$5.2 million of unbilled revenue and \$0.6 million of receivables from unrelated third parties.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Current Liabilities

Current liabilities comprise current portion of term loans, other payables, bank overdrafts, income tax payables and trade payables. As at 31 December 2003, current portion of the term loans amounted to \$11.2 million or 45.8% of our current liabilities. This decreased to \$6.3 million, and accounted for 47.7% of total current liabilities as at 30 June 2004. On the other hand, bank overdraft increased to \$3.7 million as at 30 June 2004, mainly arising from the conversion of a revolving term loan to an overdraft in order to provide us with the flexibility of repayment without being subject to penalties for early settlement.

Other payables include accruals, retention sums payable, progress billings and loans from Directors. As at 31 December 2003, other payables amounted to \$11.3 million, mainly comprising accruals of \$10.6 million, retention sums payable of \$0.2 million and progress billings of \$0.3 million. As at 30 June 2004, other payables amounted to \$1.5 million, mainly comprising accruals of \$1.0 million, retention sums payable of \$0.3 million and progress billings of \$0.1 million. As at 31 December 2003, accruals relate mainly to the balance purchase price of \$9.2 million for *The Fragrance Hotel* payable to JK Investment. The legal transfer was in May 2004 and therefore the balance of the purchase price to be made after 31 December 2003 was accrued. As this amount was fully paid in HY2004, accruals decreased to \$1.0 million that relate mainly to accrual of salaries and CPF, advertising expenditure and construction costs. Please refer to the section "Interested Person Transactions".

Retention sums payable relate to the remaining amount payable to our main contractors. Typically in our contracts with our main contractors, we will specify the retention of 2.5% of the total contracted costs payable to them 12 to 18 months after the project is completed. Progress billings relate to amounts billed to purchasers of properties where payments have not been made.

Trade payables relate to amounts payable to our suppliers such as providers of laundry services, water and electricity.

Non-Current Liabilities

Non-current liabilities comprise of non-current portion of term loans and deferred tax liabilities. As at 31 December 2003 and 30 June 2004, non-current liabilities amounted to \$67.2 million and \$81.6 million respectively. Term loans of \$66.7 million and \$81.3 million, as at 31 December 2003 and 30 June 2004 respectively, were mainly obtained to finance our hotel properties and property development projects and were secured against the respective properties of our Group and personal guarantees of our Director. The interest rates of these term loans range from 2.9% to 5.25%.

Shareholders' Equity

Shareholders' equity comprise share capital and retained profits. Shareholders' equity decreased from \$28.7 million as at 31 December 2003 to \$27.5 million as at 30 June 2004, due to the distribution of dividends (\$3.5 million), partly offset by retained profits of \$2.3 million in HY2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

A summary of our cash flow for FY2003 and HY2004 is as follows:

(\$'000)	FY2003	HY2004
Net cash from operating activities	4,765	1,534
Net cash used in investing activities	(20,252)	(10,673)
Net cash generated from financing activities	15,123	6,279
Net (decrease)/increase in cash and cash equivalents	(364)	(2,860)
Cash and cash equivalents at beginning of financial period	1,613	1,249
Cash and cash equivalents (overdrawn) at the end of the financial period	1,249	(1,611)

FY2003

Net cash generated from operating activities

For FY2003, net cash from operating activities before changes in working capital was \$5.2 million. Net cash from operating activities was \$4.8 million due mainly to an increase in other payables and a decrease in other receivables and prepayments amounting to \$9.0 million and \$4.1 million respectively. This was partly offset by a \$7.5 million increase in our properties under development and \$2.9 million increase in trade receivables and the payment of income tax and interest, resulting in positive net cash generated from operating activities of \$4.8 million.

Net cash generated from investing activities

In FY2003, we had a net cash outflow of \$20.3 million that was mainly used to finance the increase in the properties, plant and equipment. This comprised mainly the purchase of *The Fragrance Hotel* for \$10.3 million and an increase in the construction-in-progress arising from our new hotel developments at Selegie Road and Balestier Road and other fixed assets of \$10.3 million. This was partly offset by receipt of interest of \$0.3 million.

Net cash generated from financing activities

In FY2003, we had a net cash inflow of \$15.1 million arising from an increase bank borrowings of \$26.2 million, partly offset by repayment of bank borrowings of \$9.2 million and payment of dividends of \$1.9 million.

HY2004

Net cash generated from operating activities

For HY2004, net cash from operating activities before changes in working capital was \$4.4 million. Net cash from operating activities was \$1.5 million due mainly to decrease in trade receivables and other receivables and prepayments amounting to \$5.8 million and \$6.4 million increase in cash flow respectively. This was partly offset by an increase in our properties under development of \$3.0 million and decrease in other payables of \$9.8 million and the payment of income tax and interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net cash generated from investing activities

In HY2004, we had a net cash outflow of \$10.7 million that was in connection with the purchase of *Fragrance Hotel-Sapphire* for \$6.7 million and an increase in the construction-in-progress of new hotel developments and other fixed assets of \$4.1 million. This was partly offset by receipt of interest of \$0.1 million.

Net cash generated from financing activities

In HY2004, we had a net cash inflow of \$6.3 million arising from an increase in bank borrowings by \$23.2 million. This was partly offset by the repayment of bank borrowings of \$13.4 million and payment of dividends of \$3.5 million.

As at 30 June 2004, we had unutilised banking facilities of \$16.5 million.

Management of capital resources, liquidity and debt levels

Based on our shareholders' equity of \$27.5 million as at 30 June 2004, and our outstanding short-term and long-term loans and bank overdrafts that collectively amounted to \$91.3 million, our gearing ratio (defined as the ratio of total external borrowings owing to financial institutions to shareholders' equity) was 3.3 times while our current ratio (defined as current assets divided by current liabilities) was 2.8 times. We have been able to service our interest payments on a timely basis, and our interest coverage ratio (defined as profit from operations divided by finance costs) was 3.5 times.

Due to the nature of our businesses and our means of funding, our debt equity ratio is relatively high. As at 30 June 2004, the non-current portion of our term loans was \$81.3 million and of which, \$60.7 million was used to finance our hotel properties (with a tenor from 120 to 300 months) and \$20.6 million was used to finance our property developments (with a tenor from 24 to 30 months). As at 30 June 2004, we have \$3.7 million of bank overdraft and \$6.3 million of current portion of our term loans. In February 2004, our overdraft increased due to the conversion of a \$3.0 million revolving term loan to an overdraft. We converted the revolving term loan to an overdraft in order to provide us with the flexibility of repaying our borrowings without being subject to penalties for early repayment. Taking into consideration the Adjusted Revalued NTA as described in the section "Valuation", our debt equity ratio will be 1.5 times. After adjusting for the aforementioned revaluation and the net proceeds from the Invitation, our debt equity ratio will be 1.2 times.

For HY2004, our cash flow from operating activities was \$1.5 million and \$2.7 million, before and after adding back the interest paid respectively. Our Directors also expect that we will be able to repay the interest on our borrowings from our operating activities.

We manage our liquidity needs by matching the cash requirements for development costs of our properties, operation of our hotels and loan repayments with cash flow from our operations and unutilised credit facilities. Cash flow from our property development business is project based, depending on the completion and sale of our property development projects, while cash flow from our hotel operations occurs regularly depending on occupancy rates at our Fragrance Chain of Hotels.

Our Directors are of the opinion that, after taking into account our present credit facilities, cash and cash equivalents, and net cash to be generated from our operating activities, our Group has adequate working capital for our requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Material capital expenditure (for hotel operations) made by our Group for FY2001, FY2002 and FY2003, and for the period from 1 January 2004 to the Latest Practicable Date were as follows:

(\$'000)	FY2001	FY2002	FY2003	1 January 2004 to the Latest Practicable Date
Hotel buildings ⁽¹⁾	3,478	16,512	10,250	7,324
Construction-in-progress ⁽¹⁾	9,972	9,880	10,240	10,230
Motor vehicles	796	—	70	—
Furniture, fixtures & fittings	137	29	16	114
Office equipments	49	13	13	12
Computer	26	7	11	40
Electrical installation	16	3	—	142
	<u>14,474</u>	<u>26,443</u>	<u>20,600</u>	<u>17,862</u>

Note:

(1) This includes land.

For our property development business, material expenditure incurred for the acquisition of land by our Group for FY2001, FY2002 and FY2003, and for the period from 1 January 2004 to the Latest Practicable Date was \$15.1 million, \$11.1 million, \$13.9 million and \$16.7 million respectively.

The above capital expenditures were financed by term loans and overdraft facilities from financial institutions and internally generated funds.

Significant disposals of assets by our Group from 1 January 2001 to the Latest Practicable Date were as follows:

(\$'000)	Cost	Net book value at the date of disposal	Sales proceeds	Gain on disposal
Hotel at 44 Lorong 6 Geylang	4,301	4,301	4,480	179

Save as disclosed above, in the section "Strategy and Future Plans", and the acquisition of plots of land and the sale of units in completed property development projects in the ordinary course of our property development business, we have no other material plans for capital expenditure and divestments as at the Latest Practicable Date.

Commitments

As at the Latest Practicable Date, our Group has commitments for material expenditure amounting to \$26.0 million, comprising land (for property developments) and construction costs of \$12.6 million and \$13.4 million respectively. We intend to finance such expenditure through financing from financial institutions and funds generated from operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Contingent Liabilities

As at the Latest Practicable Date, our Group does not have any material contingent liabilities.

INFLATION

In FY2001, FY2002, FY2003 and HY2004, inflation did not have a material impact on the performance of our Group.

FOREIGN EXCHANGE EXPOSURE

Our financial statements are prepared in Singapore dollars. As all our operations are in Singapore and our sales and purchases are conducted only in Singapore dollars, we are not subject to foreign exchange fluctuation. Similarly, our assets and liabilities are recorded in Singapore dollars, and we are not exposed to foreign exchange translation.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Board of Directors is entrusted with the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Principal Occupation
James Koh	41	38 Brighton Crescent Singapore 559192	Chairman and CEO
Grace Lim	39	38 Brighton Crescent Singapore 559192	Executive Director
Sim Mong Yeow	51	67 Lorong M Telok Kurau Singapore 425372	Branch Manager
Michael Chin	48	61 Irrawaddy Road #05-03 Singapore 329557	Public Accountant and Director
Teo Cheng Kuang	63	Blk 310 Shun Fu Road #11-207 Singapore 570310	Independent Director

Information on the areas of responsibility, the business and working experience of our Directors are set out below:

James Koh is the founder and CEO of our Company. As the key decision maker of our property development business and hotel operations, our CEO, James Koh is responsible for charting the strategic direction and growth of our Group. His responsibilities include overseeing all aspects of our core businesses, such as project management, finance and administrative operations. Mr Koh has approximately 20 years experience in property development. In 2000, Mr Koh was appointed Executive Director of World Class Land Pte Ltd, a wholly-owned subsidiary of Aspial. Mr Koh was awarded an honorary Doctorate in Philosophy in Entrepreneurship from Wisconsin International University in 2004.

Grace Lim is the Executive Director of our Company and was appointed to our Board on 28 July 2000. Ms Lim assisted our CEO, James Koh in the property development business in the early 1990s and subsequently branched out into hotel operations. She is in charge of the management of our Fragrance Chain of Hotels, which includes the supervision of Our Chain's day-to-day operations, the recruitment of hotel personnel and the active promotion of Our Chain both locally and abroad. Ms Lim is also in charge of advertising for our property development business.

Sim Mong Yeow was appointed as our Independent Director on 20 December 2004. From 1976 to 1981, he worked as a credit officer with Industrial and Commercial Finance Ltd, where he was responsible for reviewing credit proposals for various loan arrangements. From 1981 to 1999, Mr Sim worked as a branch manager and team leader at Asia Commercial Bank Ltd and later at Keppel Bank Ltd. From 2000 to 2002, Mr Sim was the branch manager and team leader of Keppel TatLee Bank Ltd where he was in charge of the overall operations of the branch. From 2002 to 2004, Mr Sim worked as the senior business development manager of OCBC where he was responsible for marketing business credit schemes and wealth management plans to small and medium-sized enterprises. Mr Sim is currently a Branch Manager with SingPost Retail Services Pte Ltd. Mr Sim is an Associate of the Chartered Institute of Bankers and an Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom.

Michael Chin was appointed as our Independent Director on 20 December 2004. Mr Chin is one of the founder directors of Corporate Advisory Partners Pte Ltd, a consulting firm focusing, *inter alia*, on risk consulting, internal audit, litigation support and fraud investigative services, and a founder partner of Cap Partnership, a firm of certified public accountants in Singapore.

DIRECTORS, MANAGEMENT AND STAFF

He started his career with Casson Beckman, a medium-sized firm of chartered accountants in London. In 1983, Mr Chin joined the audit and business advisory division of legacy Price Waterhouse in London and continued to work in the same firm in different European cities from 1986 to 1990. In December 1990 he returned to legacy Price Waterhouse, Singapore and in 1992 he was promoted to senior audit manager. He worked in that position until 1994 when he joined the Institute of Certified Public Accountants of Singapore as its first Practice Review Director monitoring and regulating the compliance of work standards of all audit firms in Singapore. In 1999, Mr Chin joined Arthur Andersen, Singapore as a partner of the firm's Assurance and Business Advisory division and he left in the second half of 2002 to set up Corporate Advisory Partners Pte Ltd and Cap Partnership. Mr Chin is a Fellow member of the Institute of Chartered Accountants of England and Wales and a Certified Public Accountant in Singapore. He graduated with a Bachelor of Arts (Honours) (Accounting and Finance) from Lancaster University, United Kingdom.

Teo Cheng Kuang was appointed as our Independent Director on 20 December 2004. From 1967 to 1999, Mr Teo worked for the Ministry of Home Affairs, Immigration Department where he rose through the ranks from Deputy Assistant Controller of Immigration to Assistant Commander of the Woodlands Checkpoint before he retired in 1999. Through the years, Mr Teo has been the Head of the Work Permit Unit and the Singapore Restricted Passport Centre, as well as the Assistant Officer-in-Charge of both the Woodlands Checkpoint and Singapore Changi Airport. He graduated from the then Nanyang University with a Bachelor of Arts (Geography) degree in 1964.

Save for Grace Lim, who is the spouse of our CEO, James Koh, none of our Directors are related to one another.

There is no arrangement or understanding with any of our Substantial Shareholders, customers or suppliers pursuant to which any of our Directors or Executive Officers was appointed.

The list of present and past directorships (for each of the last five years) of each Director, other than directorships in our Company, is set out under the section "General and Statutory Information".

MANAGEMENT

Our Board of Directors is assisted by our team of Executive Officers whose particulars are as follows:

Name	Age	Address	Principal Occupation
Periakaruppan Aravindan	30	Apt Block 20 St. George's Road #02-108 Singapore 321020	Director — Finance
Lee Geok Bin	47	12 Chwee Chian View Singapore 119697	Director — Human Resource
Lim Chee Chong	29	2 Brighton Crescent Singapore 559145	Project Director
Lee Kah Keong	37	Apt Block 257A Compassvale Road #09-507 Singapore 541257	General Manager

Save for Lim Chee Chong, who is the brother of Grace Lim and the brother-in-law of James Koh, none of our Executive Officers are related to one another, or to any Director or Substantial Shareholder.

DIRECTORS, MANAGEMENT AND STAFF

Our Executive Officers' working and business experience are set out below:

Periakaruppan Aravindan joined our Group in 1999 as accounts manager and is currently our Director — Finance. He is responsible for the financial, accounting and tax functions of our Group. As part of his management responsibilities, he is also in charge of supervising staff from the Finance Department and overseeing the operation of Our Chain's IT network. Before joining our Company, Mr Aravindan was an Audit Senior with MGI Ma & Mah, where he was involved in the auditing of the firm's clients. Mr Aravindan graduated with a Bachelor in Commerce from Madurai Kamaraj University, India, in 1994 and a Masters in Business Administration (Finance) from Madurai Kamaraj University, India in 1996.

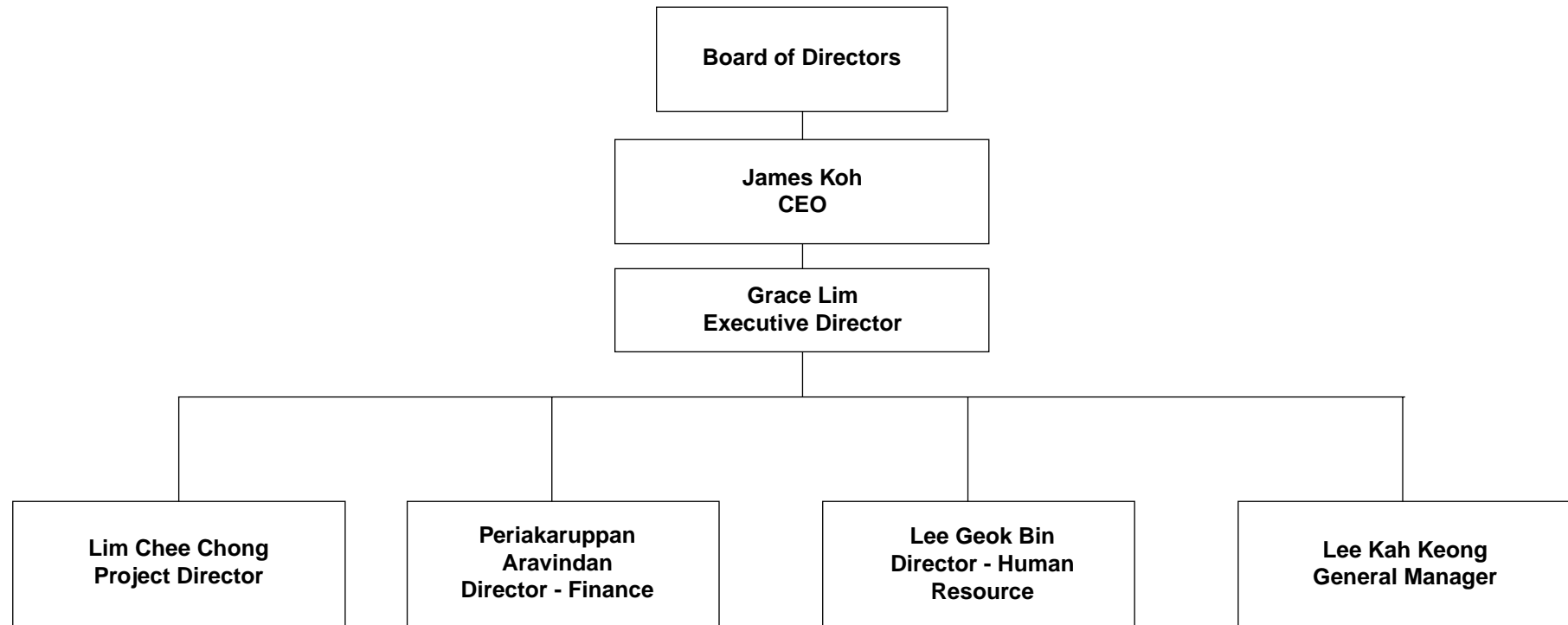
Lee Geok Bin joined our Group in 2004 and is our Director — Human Resource. She is in charge of the human resource management and administrative operations of our Group, and also oversees the marketing department of our Hotel Operations. Prior to joining our Company, Ms Lee was the office manager of the law firm, Sukumar & Teo, where she was in charge of the firm's property and real estate department and overall office administration for approximately 29 years. Ms Lee graduated with a diploma in Human Resource Management from PSB Academy in 2004.

Lim Chee Chong joined our Group in 2004 and is our Project Director. He oversees the project management operations relating to our Group's property development business. Before joining our Company, Mr Lim was the project manager of property developer, World Class Land Pte Ltd, where he headed its project development department. Mr Lim graduated with a Bachelor of Electrical Engineering degree from the Nanyang Technological University in 2000.

Lee Kah Keong joined our Group in 1995 and is our General Manager. He is in charge of the day-to-day operations of the Fragrance Chain of Hotels. Before joining our Company, Mr Lee was a sales executive with Aspial, then known as Lee Hwa Holdings Ltd. Mr Lee graduated with GCE "O" Levels in 1984.

DIRECTORS, MANAGEMENT AND STAFF

The following chart shows our management reporting structure as at the Latest Practicable Date:



DIRECTORS, MANAGEMENT AND STAFF

EMPLOYEES

All our employees are located in Singapore. As at the Latest Practicable Date, we had a total of 122 full-time employees. The number of temporary employees employed by us during the period under review is insignificant.

Our employees are not covered by any collective bargaining agreements and are not unionised. We have not experienced any strikes or work stoppages by our employees and we believe our relationship with our employees is good.

A breakdown of our staff strength by corporate functions as at the end of each of the last three financial years ended 31 December 2003 and as at 30 June 2004 is as follows:

Corporate Function	As at 31 December			As at 30 June
	2001	2002	2003	2004
Management	4	4	4	4
Property Development	3	1	4	8
Hotel Management	70	84	87	95
Financial and Corporate Support Services	6	5	5	9
Total	83	94	100	116

As we believe that our employees are critical to our success, we view staff training as an important part of our corporate policy and strongly believe in the upgrading of our staff's skills and knowledge so that we can keep abreast of the changes and new developments in our industry.

For our hotel management staff, we provide in-house training which includes housekeeping, front-desk operations, customer relations and tour and airline ticketing arrangements. We also send our hotel management staff for external courses such as computer training as and when necessary. For our property development staff, we send our staff to attend external courses or seminars on areas related to our property development business such as a water-proofing and industry practice course organised the Construction Industry Training Institute.

COMPENSATION

The compensation (which includes benefits in kind and bonuses) paid to our Directors and top five executives (in terms of amount of compensation) of our Group for services rendered to us and our subsidiaries on an aggregate basis and in remuneration bands of \$250,000 during FY2002 and FY2003 (being the last two most recent completed financial years) and as estimated for FY2004, excluding bonuses and any profit sharing component is as follows:

	FY2002	FY2003	FY2004 (estimated)
Directors⁽¹⁾			
James Koh	Band III	Band II	Band II
Grace Lim	Band I	Band I	Band I
Sim Mong Yeow ⁽²⁾	—	—	Band I
Michael Chin ⁽²⁾	—	—	Band I
Teo Cheng Kuang ⁽²⁾	—	—	Band I

DIRECTORS, MANAGEMENT AND STAFF

	FY2002	FY2003	FY2004 (estimated)
Executive Officers⁽¹⁾			
Periakaruppan Aravindan	Band I	Band I	Band I
Lee Geok Bin	Band I	Band I	Band I
Lim Chee Chong	Band I	Band I	Band I
Lee Kah Keong	Band I	Band I	Band I

Notes:

- (1) Band I: Compensation from \$0 to \$250,000 per annum.
 Band II: Compensation from \$250,001 to \$499,999 per annum.
 Band III: Compensation from \$500,000 and above.
- (2) Sim Mong Yeow, Michael Chin and Teo Cheng Kuang were appointed with effect from 20 December 2004.

Apart from payments which our Company makes to CPF for our employees, we have not set aside or accrued any amounts for the provision of any pension, retirement or similar benefits.

Remuneration of Employees Related to our Substantial Shareholders

As of the Latest Practicable Date, there are four employees of our Group who are related to our Executive Directors and Substantial Shareholders, James Koh and Grace Lim. Lim Chee Chong, our Executive Officer, and Lim Chee Kee, our Maintenance Manager are the brothers of Grace Lim. Lim Wan Mee, our Human Resource Executive, and Lim Wan Wan, our Senior Accounts Executive, are the sisters of Grace Lim.

The basis of determining the remuneration of our Substantial Shareholders and their related employees is the same as the basis for determining the remuneration of other unrelated employees. The aggregate remuneration, excluding directors fees where applicable of our Substantial Shareholders and their related employees in FY2001, FY2002 and FY2003 amounted to approximately \$0.5 million, \$0.6 million and \$0.7 million respectively. This represented approximately 9.6%, 9.2% and 26.0% of our profit before tax in FY2001, FY2002 and FY2003 respectively.

SERVICE AGREEMENTS

Our Company had on 20 December 2004 entered into separate service agreements (the "Service Agreements") with our CEO, James Koh and our Executive Director, Grace Lim (each, an "Appointee"). Under the Service Agreements, James Koh was appointed as CEO, and Grace Lim was appointed as Executive Director respectively for an initial period of three years each with effect from 1 December 2004, and thereafter from year to year unless terminated by either party giving the other not less than three months' notice in writing or, in lieu of such notice or part thereof, by paying an amount equal to three months' salary or part thereof in lieu of such notice. The Service Agreements may be terminated by our Company without any notice or payment in lieu of notice upon the occurrence of certain events, such as the conviction of a criminal offence, serious misconduct or a breach of the Appointees' obligations under the Service Agreements.

Under the Service Agreements, our CEO, James Koh and our Executive Director, Grace Lim are entitled to an annual salary of \$360,000 and \$240,000 respectively. Each Appointee is also entitled to an annual one month bonus. Each Appointee will abstain from voting on any decision made by our Board of Directors in connection with the amendment of any term of, or the renewal of, his or her Service Agreement.

DIRECTORS, MANAGEMENT AND STAFF

Under the Service Agreements, our CEO, James Koh and our Executive Director, Grace Lim are both entitled, commencing from 1 January 2005, to a performance bonus based on a proportion of our net profit before tax and calculated as follows:

Net Profit Before Tax (“NPBT”)	Percentage of NPBT Entitled to (%)	
	James Koh	Grace Lim
\$3.0 million ≤ NPBT < \$5.0 million	3.0	1.0
\$5.0 million ≤ NPBT < \$7.5 million	4.0	1.5
NPBT ≥ \$7.5 million	5.0	2.5

In addition, our CEO, James Koh shall also be entitled during his employment to such other benefits, including the use of a motorcar not exceeding \$500,000 in current market value. All travelling-related expenses, entertainment expenses and other out of pocket expenses properly incurred by each Appointee in the course of his/her employment will be borne by our Company.

Had the Service Agreements been implemented in FY2003, the aggregate remuneration payable to our Executive Directors (including contributions to the Central Provident Fund, payments under the performance bonus incentive scheme as described above, Directors’ fee and benefits in kind) and the profit attributable to our Shareholders for FY2003 would not have been affected.

There are no existing or proposed service contracts entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will follow closely the best practices outlined in the Best Practices Guide issued by SGX-ST. Our Board of Directors has formed three committees: (i) the Audit Committee, (ii) the Remuneration Committee and (iii) the Nominating Committee.

Audit Committee

Our Audit Committee is chaired by Michael Chin, an Independent Director, and includes Sim Mong Yeow and Teo Cheng Kuang, our other Independent Directors.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, other Directors or our Substantial Shareholders. They are also not related to the other Directors or our Substantial Shareholders.

Our Audit Committee will assist our Board of Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board of Directors, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:

- (a) review the audit plans of the external auditors and where applicable, our internal auditors, including the results of our auditors’ review and evaluation of our system of internal controls;
- (b) review the consolidated financial statements and the external auditors’ report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board of Directors for approval;

DIRECTORS, MANAGEMENT AND STAFF

- (c) review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- (d) review the co-operation given by our management to our auditors;
- (e) consider the appointment and re-appointment of the auditors;
- (f) review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (g) review any potential conflicts of interest;
- (h) undertake such other reviews and projects as may be requested by our Board of Directors, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (i) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position.

Remuneration Committee

Our Remuneration Committee comprises our Independent Directors, Sim Mong Yeow and Teo Cheng Kuang, and our Executive Director, Grace Lim. Our Independent Director, Sim Mong Yeow will be the Chairman of our Remuneration Committee. Our Remuneration Committee will recommend to our Board of Directors a framework of remuneration for our Directors and Executive Officers and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board of Directors. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package.

Nominating Committee

The Nominating Committee comprises our Independent Directors, Teo Cheng Kuang and Sim Mong Yeow and our CEO, James Koh. The Chairman of the Nominating Committee is our Independent Director, Teo Cheng Kuang. Under our Articles of Association, at least one third of our Directors are required to retire from office at every Annual General Meeting of our Company. Every Director (except the Managing Director, i.e. our CEO, who may be appointed for a term of up to five years) must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election. The Nominating Committee has been set up to take the responsibility of the re-nomination of our Directors (including Independent Directors of our Company) taking into consideration each Director's contribution and performance. The Nominating Committee is also charged with the responsibility of determining annually whether a Director is independent. Each member of the Nominating Committee will not take part in determining his own re-nomination or independence.

Term of Office

Our Directors are appointed by our Shareholders at general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found under the section "General and Statutory Information — Memorandum and Articles of Association".

PRINCIPAL SHAREHOLDERS

OWNERSHIP STRUCTURE

The Shareholders of our Company and their respective shareholdings immediately before and immediately after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
James Koh ⁽¹⁾	108,000,000	85.7	18,000,000	14.3	108,000,000	64.3	18,000,000	10.7
Grace Lim ⁽²⁾	18,000,000	14.3	108,000,000	85.7	18,000,000	10.7	108,000,000	64.3
Sim Mong Yeow	—	—	—	—	—	—	—	—
Michael Chin	—	—	—	—	—	—	—	—
Teo Cheng Kuang	—	—	—	—	—	—	—	—
Public	—	—	—	—	42,000,000	25.0	—	—
	<u>126,000,000</u>	<u>100.0</u>			<u>168,000,000</u>	<u>100.0</u>		

Note:

(1) James Koh is the spouse of Grace Lim and is deemed to be indirectly interested in our Shares held by Grace Lim.

(2) Grace Lim is the spouse of James Koh and is deemed to be indirectly interested in our Shares held by James Koh.

Save as disclosed above, there are no other relationships between our Directors and Substantial Shareholders.

Save as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

MORATORIUM

To demonstrate their commitment to our Group, our CEO, James Koh and our Executive Director, Grace Lim who have an aggregate interest, direct and indirect in 126,000,000 Shares representing approximately 75.0 per cent. of our Company's enlarged issued and paid-up capital after the Invitation, have each undertaken not to sell, transfer, assign or otherwise dispose of any part of their respective interests in our Company for a period of six months from the date of our Company's admission to the Official List of SGX-ST.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, the Directors, CEO or Controlling Shareholders of our Company or the associates of such Directors, CEO or Controlling Shareholders) are known as interested person transactions. The following discussion on material interested person transactions for the last three financial years ended 31 December 2003 and for the period thereafter up to the Latest Practicable Date, is based on our Group and interested persons are construed accordingly.

Save as disclosed below and in the section "Restructuring Exercise", no Director, Controlling Shareholder or their respective associates was or is interested in any material transaction undertaken by our Group during the period under review and up to the Latest Practicable Date.

Past Interested Person Transactions

Guarantees provided or procured by our Executive Directors

As at the Latest Practicable Date, the guarantees provided by our CEO, James Koh, to secure credit facilities obtained by our Group are listed below:

Financial Institutions	Total Amount Guaranteed (\$)	Facilities Granted To
Singapura Finance Ltd	800,000	} Fragrance Capital
HLF	22,490,000	
UOB	13,000,000	
Sing Investments & Finance Limited	12,637,298	
OCBC	8,973,000	
UOB ⁽¹⁾	16,900,000 ⁽¹⁾	Fragrance Investment
HLF	8,868,600.63	Fragrance Ventures
Sing Investments & Finance Limited	3,710,000	} Fragrance Land
OCBC	9,190,000	
HLF	20,783,400	
HLF	11,012,000	} Fragrance Properties
Sing Investments & Finance Limited	6,850,000	
Singapura Finance Ltd	14,708,000	
OCBC	4,430,000	
UOB	3,000,000	
Standard Chartered Bank	3,770,000	
UOB	2,000,000	Fragrance Group

Notes:

- (1) Upon the grant of the facility, our Executive Director, Grace Lim, had also provided a joint and several guarantee for the entire amount of the facility. This guarantee was released and discharged in August 2004 but replaced by a personal guarantee provided by our CEO, James Koh for \$15,200,000.
- (2) Please refer to the section "Capitalisation and Indebtedness" for details on our borrowings.
- (3) All the loans referred to above are subject to interest rates ranging from 2.5% to 5.0%.

INTERESTED PERSON TRANSACTIONS

The total amounts outstanding which are covered by such guarantees as at the end of each of the last three financial years ended 31 December 2003 and as at the Latest Practicable Date are as set out below:

(\$'000)	As at 31 December 2001	As at 31 December 2002	As at 31 December 2003	As at the Latest Practicable Date
Amount covered by personal guarantees provided by James Koh	48,389	61,213	77,847	101,794

Subsequent to the Invitation, our CEO, James Koh, intends to obtain the release and discharge of the above guarantees from the respective financial institutions. In the event that he is unable to procure the discharge of the above guarantees, our CEO, James Koh, will continue to be bound by such guarantees.

Purchase of Properties from our Executive Directors and their Associate

During the last three financial years ended 31 December 2003, we purchased various properties from our Executive Directors, James Koh and Grace Lim and their associate, JK Investment, which is a private company incorporated on 2 July 1997 and is currently owned by our CEO, James Koh (97.5%) and Grace Lim (2.5%), who are also its two directors. The details of such transactions are as follows:

Date ⁽¹⁾	Legal Completion Date	Description of Property	Purchase Price (\$)	Vendor
15 December 2001	23 October 2002	<i>Fragrance Hotel-Emerald</i> 20 Lorong 6 Geylang	15,500,000	James Koh
30 December 2002	24 May 2004	<i>The Fragrance Hotel</i> 219 Joo Chiat Road	10,250,000	JK Investment
18 July 2003	7 August 2003	115 Shrewsbury Road	2,500,000	James Koh
28 July 2003	1 October 2003	15 Rosyth Avenue	2,900,000	James Koh Grace Lim
18 September 2003	19 March 2004	<i>Fragrance Hotel-Sapphire</i> 3 Lorong 10 Geylang	6,500,000	James Koh

Note:

(1) This refers to the date of the relevant sale and purchase agreement.

The transactions were conducted on arm's length and normal commercial terms. Each purchase price was not more than the market price of the relevant property as determined by independent valuations.

We do not intend to have any future transactions of this nature with our Executive Directors, James Koh or Grace Lim, or their associate, JK Investment.

INTERESTED PERSON TRANSACTIONS

Sale of Properties to our Executive Directors

During the last three financial years ended 31 December 2003, we sold various properties from our property development projects to our Executive Directors, James Koh and Grace Lim. The details of such transactions are as follows:

Date⁽¹⁾	Description of Property	Purchase Price	Purchaser
8 April 2002	“Central Meadows” 51 Lorong 34 Geylang #07-02	\$ 550,000	James Koh
26 April 2001	“Casa Emerald” 51 Lorong 32 Geylang #08-04	\$ 750,000	James Koh
31 March 2001	“Casa Emerald” 51 Lorong 32 Geylang #08-05	\$ 700,000	Grace Lim
28 January 2002	1 Court Road	\$1,310,000	Grace Lim

Note:

(1) This refers to the date of the relevant sale and purchase agreement.

The transactions were conducted on arm’s length and normal commercial terms. The consideration was based on the similar sale price for other units in the same property developments sold to unrelated third parties.

Our Executive Directors, James Koh and Grace Lim may, from time to time, purchase units in our property development projects. However, any future transactions of this nature, will be in accordance with the guidelines and procedures for interested person transactions as set out in the section “Interested Person Transaction — Review Procedures for Future Interested Person Transactions” below.

Rental of premises by our Group

JK Investment owns a shop unit and office premises at 510 Geylang Road #01-01 (the “Premises”) and owned a hotel at 219 Joo Chiat Road Singapore (known as *The Fragrance Hotel*). Our CEO, James Koh owned two hotels at 20 Lorong 6 Geylang and 3 Lorong 10 Geylang (known as *Fragrance Hotel-Emerald* and *Fragrance Hotel-Sapphire*), and office premises at 510 Geylang Road #02-06 (the “JK Premises”).

Pursuant to a lease agreement dated 1 January 2001, we rented the Premises from JK Investment for use as our corporate headquarters. The lease agreement was terminated in July 2004, and we moved our corporate headquarters to Fragrance Centre at 101 Joo Chiat Road #01-01 Fragrance Centre in August 2004. Our Directors believe that the lease agreement was transacted on an arms’ length basis and on normal commercial terms. The rental was determined on a willing buyer-willing seller basis taking into consideration various factors such as the interest expense, property tax payable and the maintenance expenses relating to that property. The rental paid for the last three financial years ended 31 December 2003 and for the period 1 January 2004 up to the Latest Practicable Date is as follows:

(\$)	FY2001	FY2002	FY2003	1 January 2004 up to the Latest Practicable Date
Rental Paid	370,800	247,200	240,000	70,000
Rental psf/month	9.1	6.1	5.9	3.0

INTERESTED PERSON TRANSACTIONS

Pursuant to a lease agreement dated 1 January 2002, we rented *The Fragrance Hotel* from JK Investment to operate as part of Our Chain. Our Directors believe that the lease agreement was transacted on an arms' length basis and on normal commercial terms. The rental was determined on a willing buyer-willing seller basis taking into consideration various factors such as the interest expense, property tax payable and the maintenance expenses relating to that property. The rental for the last three financial years ended 31 December 2003 and for the period 1 January 2004 up to the Latest Practicable Date is as follows:

(\$)	FY2001	FY2002	FY2003	1 January 2004 up to the Latest Practicable Date
Rental Paid	—	660,000	580,000	214,331
Rental psf/month	—	2.43	2.13	1.99

Pursuant to a sale and purchase agreement dated 30 December 2002, we purchased *The Fragrance Hotel* from JK Investment. The lease agreement for *The Fragrance Hotel* was terminated on 24 May 2004 and the sale of *The Fragrance Hotel* was completed on 25 May 2004. Please refer to the section "Interested Person Transactions — Purchase of Properties from our Executive Directors and their Associate" above.

Pursuant to lease agreements entered into in 1998, we rented *Fragrance Hotel-Emerald* and *Fragrance Hotel-Sapphire* from our CEO, James Koh to operate as part of our Fragrance Chain of Hotels. Our Directors believe that the lease agreement was transacted on an arms' length basis and on normal commercial terms. The rental was determined on a willing buyer-willing seller basis taking into consideration various factors such as the interest expense, property tax payable and the maintenance expenses relating to that property. Separately, pursuant to a lease agreement dated 1 January 2002, we rented the JK Premises from our CEO, James Koh for use as office premises. We terminated the lease of the JK Premises in 2002.

The rental for the last three financial years ended 31 December 2003 and for the period 1 January 2004 up to the Latest Practicable Date is as follows:

(\$)	FY2001		FY2002		FY2003		1 January 2004 up to the Latest Practicable Date	
	Rental	Rental (psf/month)	Rental	Rental (psf/month)	Rental	Rental (psf/month)	Rental	Rental (psf/month)
<i>Fragrance Hotel-Emerald</i>	745,000	2.2	600,000	2.1	—	—	—	—
<i>Fragrance Hotel-Sapphire</i>	385,000	2.0	360,000	1.8	296,000	1.5	66,000	1.3
JK Premises	42,000	2.0	36,000	1.7	—	—	—	—

Pursuant to sale and purchase agreements dated 15 December 2001 and 18 September 2003, we purchased *Fragrance Hotel-Emerald* and *Fragrance Hotel-Sapphire* from our CEO, James Koh as described above and under the section "Interested Person Transactions — Purchase of Properties from our Executive Directors and their Associate". The purchase of *Fragrance Hotel-Emerald* and *Fragrance Hotel-Sapphire* was completed on 23 October 2002 and 19 March 2004 respectively. We now own and operate these hotels as part of our Fragrance Chain of Hotels.

We do not intend to have any future transactions of such nature with JK Investment or our CEO, James Koh in the future. As of 20 December 2004, JK Investment and our CEO, James Koh have each given a written undertaking to us not to be involved in business activities similar to the business activities carried out by our Group. Please refer to the section "Conflict of Interests" for more details.

INTERESTED PERSON TRANSACTIONS

Director's Advances Granted to and from our Group

Our CEO, James Koh, had from time to time extended advances and loans to our Group to fund our working capital requirements. These advances and loans were interest-free, unsecured and had no fixed term of repayment.

Separately, our Group had, from time to time extended advances and loans to our CEO, James Koh. Some of these advances and loans were subject to interest (at interest rates of 5.0% and 6.5%) and had no fixed term of repayment.

The total amounts due to and from our CEO, James Koh, as at 31 December 2001, 2002 and 2003, and the Latest Practicable Date are as follows:

(\$'000)	As at 31 December 2001	As at 31 December 2002	As at 31 December 2003	As at the Latest Practicable Date
Total amount due to James Koh from our Group	50	107	34	—
Total amount due to our Group from James Koh	12,630	7,776	5,743	—

During the period under review, the largest amount of outstanding advances and loans due to our CEO, James Koh was \$1.7 million and the largest amount of outstanding advances and loans due from our CEO, James Koh was \$19.0 million.

The interest paid by our CEO, James Koh in respect of the advances and loans by our Group to him are as follows:

(\$'000)	FY2001	FY2002	FY2003	1 January 2004 up to the Latest Practicable Date
Total interest paid by James Koh to our Group	85	68	331	110

All sums owed to our Group, and all sums owing to our Group, by our CEO, James Koh were repaid in August 2004. Going forward, we will not enter into transactions of this nature with him.

In addition, in HY2004, we advanced \$7,200 to our Executive Director, Grace Lim. This advance was unsecured, interest-free and had no fixed term of payment. It was fully repaid in August 2004. Going forward, we will not enter into transactions of this nature with her.

Transactions with G9 Construction

In November 2001, we appointed G9 Construction as the main contractor for our property development project known as Sims Meadows. Since then, we have not engaged G9 Construction for any other projects and have not had any other transactions with them.

G9 Construction is wholly owned by Lim Chee Kee and Lim Chee Chong, who are both siblings of our Executive Director, Grace Lim and employees of our Group. G9 Construction was previously known as Sunflower Delicacy Pte Ltd and our Executive Directors, James Koh and Grace Lim were previously directors and shareholders of Sunflower Delicacy Pte Ltd. In February 2001, our Executive Directors, James Koh and Grace Lim sold Sunflower Delicacy Pte Ltd to Lim Chee Kee and Lim Chee Chong and resigned as directors.

INTERESTED PERSON TRANSACTIONS

The transaction with G9 Construction was conducted at arm's length and on normal commercial terms. As at the date of this Prospectus, G9 Construction has ceased operations and is dormant. Lim Chee Chong joined our Group in 2004 and is currently our Executive Officer. Lim Chee Kee joined our Group in 2004 and is our Maintenance Manager.

The value of the transactions between our Group and G9 Construction for FY2002 was \$5.5 million. No other amounts were paid to G9 Construction in FY2001, FY2003 and from 1 January 2004 up to the Latest Practicable Date.

Loan to our Group by Brighton Land Pte Ltd ("Brighton Land")

Brighton Land is wholly owned by our Executive Director, Grace Lim, our Executive Officer, Lim Chee Chong and our Maintenance Manager, Lim Chee Kee. In FY2001, Brighton Land loaned \$210,000 to our Group to fund our working capital requirements. This loan was interest-free, unsecured and had no fixed term of repayment. The loan was fully repaid in August 2001.

Brighton Land is currently dormant and Grace Lim, Lim Chee Chong and Lim Chee Kee intend to wind up the company.

Present and Ongoing Interested Person Transactions

Our Company's core businesses comprise the property development business and hotel operations. The following interested person transactions relate to ancillary transactions which do not form part of our Company's core business. Following the admission to the Official List of the SGX-ST, all transactions with interested persons will be conducted in accordance with the guidelines described under the section "Interested Person Transactions — Review Procedures for Future Interested Person Transactions" and will be in compliance with the provisions of Chapter 9 of the Listing Manual so as to ensure that these transactions shall not be on terms which are less favourable to us than if they were transacted with an unrelated person.

Transactions with World Class Land Pte Ltd

World Class Land Pte Ltd ("WCL") is a wholly-owned subsidiary of Aspial, a company listed on the SGX-ST and whose Controlling Shareholders, Messrs Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng, Tan Soo Lung and Koh Chong Him (the "Koh Family") are associates of our CEO and Controlling Shareholder, James Koh. WCL is engaged in the business of property development.

Our Company has provided project management services to WCL which includes attending to rectification works requested by purchasers of WCL's property developments and co-ordinating with contractors to rectify these defects to the satisfaction of the purchasers. Since February 2004, we have formalised this arrangement by entering into a project management services agreement with WCL. The agreement will terminate in February 2005. Our Directors believe that the project management services agreement was transacted on an arms' length basis and on normal commercial terms and the terms were no less favourable to us as compared to what may be provided to unrelated persons. The fees were determined on a willing buyer-willing seller basis taking into consideration various factors such as the size of the project and the duration of the supervision required.

Also, as WCL previously shared our rented office premises at 510 Geylang Road #01-01, they reimbursed us for usage of the space by sharing our rental expenses. As a result of our sharing of premises, our Group and WCL also shared certain administrative support and site supervision services, depending on the availability of the staff at a particular point in time. Where the services of WCL's staff were used by our Group, we reimbursed WCL for the relevant staff costs incurred and *vice versa*.

The aggregate amounts of the transactions with WCL for each of the last three financial years ended 31 December 2003 and for the period from 1 January 2004 up to the Latest Practicable Date is as follows:

INTERESTED PERSON TRANSACTIONS

(\$'000)	FY2001	FY2002	FY2003	1 January 2004 up to the Latest Practicable Date
Payments received from WCL	—	47	88	250
Payments to WCL	—	32	23	—

The project management services agreement with WCL will expire on 28 February 2005. After the expiration of the project management services agreement, our Company will not enter into any business transactions with WCL.

Review Procedures for Future Interested Person Transactions

To ensure that interested person transactions are undertaken on normal commercial terms and will not be prejudicial to our Company and the interests of our minority Shareholders, our Audit Committee will adopt the following procedures when reviewing interested person transactions:

- (a) When purchasing items from or engaging the services of an interested person, at least two other quotations from non-interested persons will be obtained (where available) for comparison to ensure that the interests of minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality and track record will be taken into consideration;
- (b) When selling items or supplying services to an interested person, the price and terms of two other successful sales of a similar nature to non-interested persons will be used for comparison to ensure that the interests of minority Shareholders are not disadvantaged. The sale price or fee for the supply of goods or services shall not be lower than the lowest sale price or fee of the other two successful transactions with non-interested persons; and
- (c) When renting properties from or to an interested person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making the relevant enquiries with landlords of similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.
- (d) When selling properties to an interested person, our Directors shall take appropriate steps to ensure that such sale price is commensurate with the prevailing market rates for similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate).

In addition, our Audit Committee will ensure that Part IV of Chapter 9 of the Listing Manual relating to the sale of property units to an interested person is complied with and review all interested person transactions to ensure that the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with, and if required under the Listing Manual, the Companies Act or the Securities and Futures Act, we will seek our Shareholders' approval (where necessary) for such transactions. Our Audit Committee will review all interested person transactions (if any) at least half-yearly to ensure that they are carried out on normal commercial terms and to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In the event that a member of our Audit Committee is interested in any of the interested person transactions, he will abstain from reviewing and voting on that particular transaction.

CONFLICT OF INTERESTS

Potential conflict of interests may arise between our Group and our Executive Directors in the course of conducting the business held in their own name, as a result of them engaging in a similar type of business.

Potential Conflict of Interests with our Executive Directors, James Koh and Grace Lim

Our Executive Directors, James Koh and Grace Lim had previously engaged in smaller scale landed property developments for sale. Since 2000, our Executive Directors, James Koh and Grace Lim have developed 12 landed properties for sale, both in their personal capacity as well as through private companies which they control. These property developments comprise terrace houses, semi-detached houses, each not exceeding five units. Our Executive Director, Grace Lim, has also developed an apartment building through Brighton Land, which is currently a dormant company. Except for two units at a development located at Nim Crescent, all the property developments have since been sold. Our Executive Directors, James Koh and Grace Lim also own private properties for their own stay and for investment purposes.

In addition, JK Investment which is wholly owned by our Executive Directors, James Koh and Grace Lim had previously engaged in one property development project located at 10 Lorong 28 Geylang and 510 Geylang Road. This comprised a mix of 11 residential flats, five maisonettes, 15 offices and one coffeeshop. TOP for the project was issued in January 2000. All the units were sold except the coffeeshop which was kept for long term investment purposes. The coffeeshop premises were converted to showroom cum office premises and rented to our Group until we moved to our own premises at 101 Joo Chiat Road, #01-01, The Fragrance Centre, in August 2004. The coffeeshop premises are currently vacant. Please refer to the section "Interested Person Transactions".

In addition, JK Investment also purchased an uncompleted hotel building (located at 219 Joo Chiat Road) and completed the development of this hotel in 2001. This hotel (now known as *The Fragrance Hotel*) was rented to our Group from 1 January 2002 to 24 May 2004. Subsequently, we purchased the hotel on 25 May 2004. Please refer to the section "Interested Person Transactions".

Currently, JK Investment is not engaged in any other business except the ownership of the coffeeshop premises described above.

Therefore, potential conflicts of interest may arise between our Group, James Koh, Grace Lim and their associates in the course of the conduct of their respective businesses, as a result of them operating in the same industry.

Measures to address potential conflicts of interests

Our Executive Directors, James Koh and Grace Lim have each provided an undertaking to be fully committed to the business of our Group, and not to undertake any business which is similar to the business of our Group, whether in their personal capacity or through any other company. JK Investment has provided an undertaking that it will not be involved in similar businesses as our Group.

Potential Conflict of Interests with World Class Land Pte Ltd

Background

The associates of our CEO, James Koh, namely Messrs Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng, Tan Soo Lung and Koh Chong Him (the "Koh Family") are also Controlling Shareholders of Aspial and its subsidiaries (the "Aspial Group"). Aspial is a company listed on the SGX-ST and is also involved in the property development business.

At the time of its listing, Aspial was principally engaged in the manufacture and retail of contemporary jewellery in Singapore. However, in 2001, Aspial diversified into the business of property investment and development as its new core business.

CONFLICT OF INTERESTS

At that time, Aspial's property development activities were undertaken by its wholly-owned subsidiary, WCL, which was then headed by James Koh. He was also a Non-Executive Director of Aspial then. Although James Koh was employed by WCL, he remained engaged in property development activities outside of the Aspial Group through the private property companies controlled by him, including some of our subsidiaries.

In order to minimise the potential conflicts of interest that could arise as a result of the property development activities of James Koh outside of the Aspial Group, and in connection with the management of the new business activities of property investment and development, Aspial instituted certain operating guidelines for the management of WCL. These operating guidelines are summarised below:

Aspial

- Aspial will restrict the scope of its property activities to the investment and development for sale of residential, office, retail and industrial properties in Singapore, but excluding hotels.
- The overall limit of the Aspial Group's aggregate Outstanding Property Commitments will be capped at a multiple of the latest audited net asset value of the Aspial Group from time to time. Currently, the cap is 125% of the latest audited net asset value of the Aspial Group. "Outstanding Property Commitments" means (i) in relation to any property acquired for investment purpose, its acquisition cost and (ii) in relation to any property acquired for development purpose, the total projected development costs, (comprising mainly land costs, development charge costs, construction costs, professional fees and interest costs) less the proportionate costs of units which sale and purchase agreements have been entered into with buyers. A property that was owned prior to 2001 or substantially used by the Aspial Group's jewellery business would not comprise part of the "Outstanding Property Commitments".
- The Aspial Group will not enter into any single property transaction which exceeds 100% of the latest audited net asset value of the Aspial Group without seeking specific shareholders' approval.

James Koh

- On 29 August 2001, James Koh and each of the private property companies in which he had control (direct or indirect), namely Fragrance Land, Fragrance Properties, Fragrance Development Pte Ltd, now known as JK Investment (which does not form part of our Group), Fragrance Investment, Fragrance Construction Pte Ltd (struck-off), Fragrance Hotel Management, Fragrance Capital, Fragrance Group, Fragrance Ventures and Brighton Land Pte Ltd (currently a dormant company and not part of our Group) ("James' Private Property Companies"), provided separate undertakings to Aspial (the "Undertakings") not to engage in any new residential, office, retail and industrial property investment and development projects in Singapore (excluding hotel and hotel development) so long as Aspial is capable, within its stated scope of property activities, to undertake such property investment and development projects without causing the Outstanding Property Commitments to exceed 125% of the latest audited net asset value of the Aspial Group. This means that in order for James Koh or James' Private Property Companies to engage in property activities that are within the Aspial Group's scope of property activities, the total property commitment of the property project at the point in time must be larger than the prevailing unutilised portion of the Aspial Group's maximum property commitment.
- The Undertakings remain in force as long as James Koh is an employee of the Aspial Group.

CONFLICT OF INTERESTS

Directors of Aspial (other than James Koh)

- Messrs Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng and Tan Soo Lung undertook that for so long as they are Executive Directors of Aspial, save for their shareholdings in (i) Fragrance Land and Fragrance Construction Pte Ltd or (ii) any publicly listed property investment and development company in which they hold a less than 5% interest, they will not directly or indirectly be interested in any business in Singapore which is engaged in property investment and development. As Tan Soo Lung is currently a non-executive director of Aspial, the above undertaking given by Tan Soo Lung is no longer in force.

Our CEO, James Koh has since resigned as a Director of WCL with effect from 3 February 2004. He is no longer involved in the day-to-day operations, management, or business of WCL. Accordingly, as from 3 February 2004, the Undertakings are no longer in force. Our CEO, James Koh has also resigned as a Director of Aspial with effect from 6 July 2004.

Measures to address potential conflicts of interests

Notwithstanding that our CEO, James Koh is no longer a shareholder of Aspial and is no longer involved in the management and operations of the Aspial Group, as his associates are Controlling Shareholders of the Aspial Group, it is possible that potential conflicts of interest situations could arise since both our Group and the Aspial Group are involved in the property development business. However, our Directors are of the view that such potential conflicts of interest have been mitigated as the following measures have been taken:

Shareholding of our Group and the Aspial Group to be separate

Currently, our CEO, James Koh has no shareholding interest (both direct and indirect) in the Aspial Group. Similarly, the Koh Family does not have any shareholding interest (both direct and indirect) in our Group. By keeping the shareholdings of the Aspial Group and our Group separate, the interests of our CEO, James Koh will be aligned solely with that of our Group and the interests of our CEO, James Koh's associates will be aligned solely with that of the Aspial Group, thereby mitigating any potential conflict of interests situations that may arise as a result of their shareholding interests. In addition:

- (i) James Koh has undertaken that he will not acquire any interests (direct or indirect) in Aspial for a period of one year commencing from the date of our admission to the Official List of SGX-ST; and
- (ii) the Koh Family has undertaken that they will not acquire any interests (direct or indirect) in our Company for a period of one year commencing from the date of our admission to the Official List of SGX-ST.

In addition, our CEO, James Koh and our Executive Director, Grace Lim have each undertaken that for so long as they are Directors or Controlling Shareholders of our Company and Aspial remains involved in the property development business, they will not acquire any interests (whether directly or indirectly) in Aspial which would result in their shareholding interests in Aspial exceeding 5% of the total issued share capital of Aspial.

Management and operations of our Group and the Aspial Group to be independent and separate

Prior to February 2004, our Group provided certain administration and corporate support services to WCL in connection with certain of WCL's property development projects. Our Group continues to provide such services to WCL for existing projects but this obligation is expected to cease in February 2005, once the defects liability period for these existing projects ends. Going forward, our Group will not provide any other administration and corporate support services to WCL. Please refer to the section "Interested Person Transactions".

Save as described above, the management and operations of our Group and the Aspial Group are independent and separate. As such, it is not possible for the management of either group to influence the business, management or operations of the other. Indeed, Koh Lee Hwee, Koh Wee Seng, Ko Lee

CONFLICT OF INTERESTS

Meng and Tan Soo Lung, who were then executive directors of the Aspial Group had undertaken in 2001 that they would not be directly or indirectly interested in any business in Singapore which is engaged in property investment and development. These undertakings remain in force, except that the undertaking given by Tan Soo Lung has ceased to be effective as she is no longer an executive director of Aspial.

In addition, to ensure that the management and operations of both groups remain separate and independent going forward:

- James Koh has undertaken not to participate in the management or operations of the Aspial Group.
- Koh Lee Hwee, Koh Wee Seng and Ko Lee Meng have confirmed that they will not be directly or indirectly interested in any business in Singapore which is engaged in property investment and development (other than the Aspial Group).
- Our Group has undertaken not to provide any administration, corporate support or other services to the Aspial Group, in connection with the property development business.
- Our Group has undertaken not to obtain any services from the Aspial Group in connection with the property development business.

Undertaking from our Executive Directors, James Koh and Grace Lim to be fully committed to the business of our Group

In addition, to ensure that our Executive Directors, James Koh and Grace Lim are fully committed to the business of our Group, each of them have undertaken:

- that he/she will not carry out any business activity or be engaged in any other form of employment outside of our Group;
- that he/she will carry out his/her responsibilities in the best interests of our Group, and that all property development projects undertaken by our Group will be solely for the benefit of our Group; and
- that he/she will not divulge any information (other than publicly available information) regarding the business of our Group to his/her associates, or any person with an interest in, or any person employed by, the Aspial Group.

Monitoring of property development projects by the Audit Committee

In order to ensure that the undertakings described above are monitored and complied with, the following measures have been adopted:

- (a) James Koh and Grace Lim have undertaken to our Group to promptly inform the Board of Directors should they become aware that any of the undertakings described above have been breached, or could potentially be breached.
- (b) Our Group has appointed one of our Executive Officers (the "Compliance Officer") to be responsible for keeping a record of all the property development projects considered by our Group and the details of such deliberations, including whether the project was rejected or accepted and the reasons for the decision. The first Compliance Officer to be appointed is Periakaruppan Aravindan. The Compliance Officer shall report to the Audit Committee on a half yearly basis the following information:
 - (i) the nature of the property development project undertaken or rejected by our Group and the reasons therefor;
 - (ii) the value of the property development project;
 - (iii) whether there were any competing bids for the development site, including bids from the Aspial Group;

CONFLICT OF INTERESTS

- (iv) details of the project architect and whether he has any relationship with James Koh or any of his associates or whether the project architect has any interest in the Aspial Group;
 - (v) details of the vendor of the development site and whether the vendor has any relationship with James Koh or any of his associates or whether the vendor has any interest in the Aspial Group; and
 - (vi) whether he is aware that James Koh or his associates have breached or could potentially have breached their respective undertakings described above.
- (c) The Audit Committee will on a half-yearly basis, or more frequently if necessary, review the information provided by the Compliance Officer (or any other information) to determine whether the undertakings described above have been breached or could potentially be breached.
- (d) As and when the Board of Directors of the Listco receives any information that the undertakings described above have been breached or could potentially be breached, the Board of Directors and the Audit Committee shall review the matter and obtain legal advice forthwith as to the best steps to address such breach or potential breach, and to take all necessary steps to safeguard the position of our Group in light of the legal advice given.

Duration of Undertakings

The undertakings described above will remain in force for so long as our CEO, James Koh is the Controlling Shareholder of our Group and our Group remains involved in the property business in any way.

Save as disclosed above, no Director, Executive Officer, Controlling Shareholder, or any of their associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group.

No Director, Executive Officer, Controlling Shareholder, or any of their associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services.

TAXATION

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. These laws and regulations are subject to changes, which may be retrospective to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain tax consequences in Singapore with respect to purchase, ownership and disposal of our Shares, and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares. Prospective investors should consult their own tax advisors concerning the tax consequences of owning and disposing our Shares. **It is emphasised that neither our Company, our Directors, the Lead Manager, the Lead Underwriter and the Lead Placement Agent nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.**

Income Tax

General

Singapore resident taxpayers are subject to Singapore income tax on:

- (i) income accruing in or derived from Singapore; and
- (ii) foreign income received or deemed received in Singapore.

However, foreign income in the form of branch profits, dividends and service income received or deemed received in Singapore on or after 1 June 2003 by a resident taxpayer shall be tax exempt provided the following conditions are met:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- (iii) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

In addition, all foreign-sourced personal income received or deemed received in Singapore by a Singapore tax resident individual (except where such income is received through a partnership) on or after 1 January 2004 will be exempt from tax in Singapore. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

Non-Singapore resident corporate taxpayers, subject to certain exceptions, are subject to Singapore income tax on:

- (i) income that is accrued in or derived from Singapore; and
- (ii) foreign income received or deemed received in Singapore.

Non-Singapore resident individuals, subject to certain exceptions, are subject to Singapore income tax only on income accruing in or derived from Singapore.

TAXATION

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is a tax resident in Singapore if, in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

The corporate tax rate in Singapore is 20% from the Year of Assessment 2005 (i.e. financial year ending 2004). In addition, three-quarters of up to the first \$10,000 of a company's normal chargeable income, and one-half of up to the next \$90,000 of the company's normal chargeable income are exempt from tax. The remaining chargeable income (after the partial tax exemption) will be taxed at the applicable corporate tax rate. The partial tax exemption does not apply to Singapore dividends received by companies.

In the 2004 Budget Statement, the Minister for Finance also proposed a tax exemption scheme for qualifying newly incorporated Singapore companies. The first \$100,000 of their normal chargeable income (excluding Singapore dividends) for each of their first three consecutive years of assessment that falls within Years of Assessment 2005 to 2009 would be exempt from tax.

Singapore tax resident individuals are subject to tax based on a progressive scale. The top marginal rate is 22% for the Year of Assessment 2005 (i.e. calendar year 2004). The Minister for Finance has, in the 2004 Budget Statement, reaffirmed the Government's intention to reduce the top individual marginal tax rate to 20%. No date, however, has been set.

Non-Singapore resident individuals are generally subject to tax at a rate equivalent to the prevailing corporate tax rate.

Dividend Distributions

Dividend Distributions — Imputation System

Prior to 1 January 2003, Singapore operated an imputation system to all dividends (other than normal exempt dividends) paid by companies which are resident in Singapore. Under this system, the tax paid by a company at the prevailing corporate tax rate is imputed to the shareholders upon the payment of a dividend (referred to as "franked dividend") to its shareholders. Effectively, the tax paid by the company is deemed to be paid by the shareholders. The shareholders, therefore, receive the franked dividend net of such tax and they are taxed on the gross amount of the franked dividend (i.e. the cash amount plus a tax credit which represents corporate tax paid by the company). The tax paid by the company is available to its shareholders as a tax credit to offset their overall Singapore income tax liability. If the overall Singapore tax payable by the shareholder is less than the tax credit, the shareholder is entitled to a refund on the difference from the Inland Revenue Authority of Singapore ("IRAS").

Singapore franked dividend received by a non-resident shareholder is taxable at the prevailing corporate tax rate. As the tax paid by the company at the prevailing corporate tax rate is deemed to be paid by its shareholders, there would be no further Singapore tax payable by the non-resident shareholder in respect of the dividend received. Correspondingly, if the non-resident shareholder does not incur any expenses which are deductible against the dividend received, there would generally be no refund due to the non-resident shareholder from the IRAS.

TAXATION

Dividend Distributions — One Tier Corporate Taxation System (“One-Tier System”)

The Imputation System was replaced by a One-Tier Corporate Taxation System (“One-Tier System”) on 1 January 2003. Under the One-Tier System, the tax paid by a company is a final tax and the after-tax profits of the company can be distributed to shareholders as Tax Exempt (One-Tier) dividends.

As our Company is currently under the One-Tier System, any dividend paid by our Company would be a Tax-Exempt (One-Tier) dividend. The dividend would be exempt from tax in the hands of our Shareholders (individual or corporate) regardless of whether the shareholders are Singapore tax resident.

Gains on disposal of the Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our Shares may be construed to be of an income nature and subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as carrying on a trade or business of dealing in shares in Singapore. In which case, such gains would be taxable as trading profits.

Stamp Duty

No stamp duty is payable on the allotment or holding of our Shares.

Stamp duty is payable on an instrument of transfer of our Shares at the rate of \$0.20 for every \$100 or any part thereof of the consideration for our Shares. The purchaser is liable for stamp duty, unless otherwise agreed. However, no stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Goods and Services Tax (“GST”)

The sale of the Shares by an investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Where the Shares are sold by the investor to a person belonging outside Singapore, the sale is generally a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of the Shares will be subject to GST at the current rate of five percent. Similar services rendered to an investor belonging outside Singapore would generally be zero-rated i.e. subject to GST at zero percent.

Estate Duty

Singapore estate duty is imposed on the value of immovable property situated in Singapore and on movable property, wherever it may be, owned by individuals who are domiciled in Singapore, subject to specific exemption limits.

Singapore estate duty is imposed on the value of immovable property situated in Singapore and owned by individuals who are not domiciled in Singapore, subject to specific exemption limits.

TAXATION

Our Shares are considered movable property situated in Singapore as our Company is incorporated in Singapore and the register of the shares is kept in Singapore. Accordingly, our Shares held by an individual are subject to Singapore estate duty upon the individual's death, if the individual is domiciled in Singapore. Singapore estate duty is payable to the extent that the value of the shares aggregated with any other assets subject to Singapore estate duty exceeds \$600,000. Any excess beyond \$600,000 will be taxed at 5% on the first \$12,000,000 of the individual's Singapore dutiable assets and any excess over \$12,000,000 will be taxed at 10%. It should be noted that certain assets, although dutiable, are not included in this aggregation. For example, dwelling houses are assessed separately and subject to a different exemption limit.

Individuals, whether or not domicile in Singapore, should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Shares.

PLAN OF DISTRIBUTION

The Issue Price of \$0.30 is determined by us in consultation with the Lead Manager, the Lead Underwriter and Lead Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and the estimated market demand for the New Shares determined through a book-building process. The Issue Price is the same for all the New Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. The terms and conditions and procedures for application and acceptance are described in Appendix D of this Prospectus. Pursuant to the terms and conditions contained in the Management and Underwriting Agreement signed between our Company, HLF and UOB Kay Hian dated 24 January 2005, HLF has agreed to manage the Invitation and UOB Kay Hian has agreed to underwrite the Offer Shares.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST.

Placement Shares

Applications for the Placement Shares may only be made by way of application forms. The terms, conditions and procedures for applications are described in Appendix D of this Prospectus.

Pursuant to the terms and conditions in the Placement Agreement signed between our Company and the Lead Placement Agent dated 24 January 2005, the Lead Placement Agent has agreed to subscribe for or procure subscriptions for the Placement Shares at the Issue Price.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscribers of the Placement Shares may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Issue Price), stamp duties and other similar charges in accordance with the laws and practices of the country of purchase.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5% of the New Shares. If such person(s) were to make an application for more than 5% of the New Shares pursuant to the Invitation and subsequently be allotted such number of Shares, we will make the necessary announcements at an appropriate time.

Further, no Shares shall be allocated or allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of \$10.00 for each withdrawal of 1,000 Shares or less and a fee of \$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of \$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of \$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or \$0.20 per \$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of \$10.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05 per cent. of the transaction value subject to a maximum of \$200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST of 5%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

- The name, age, address, principal occupation and business and working experience of each of our Directors and Executive Officers are set out on pages 95 to 97 of this Prospectus.
- The present and past directorships other than directorships held in our Company (held in the five years preceding the Latest Practicable Date) of each of our Directors, in other companies are as follows:

	Present Directorships	Past Directorships
James Koh	<p><u>Group Companies</u> Fragrance Capital Pte Ltd Fragrance Hotel Management Pte Ltd Fragrance Investment Pte Ltd Fragrance Land Pte Ltd Fragrance Project Management Pte. Ltd. Fragrance Properties Pte Ltd Fragrance Ventures Pte Ltd</p> <p><u>Other Companies</u> Good Quality Construction Pte. Ltd. (Dormant) James Koh Investment Pte. Ltd. MLHS Holdings Pte Ltd</p>	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> Aspial Corporation Limited Aspial Singapore Pte. Ltd. Fragrance Construction Pte Ltd (struck off) G9 Construction Pte Ltd United Pawnshop Pte Ltd World Class Land Pte Ltd</p>
Grace Lim	<p><u>Group Companies</u> Fragrance Capital Pte Ltd Fragrance Hotel Management Pte Ltd Fragrance Investment Pte Ltd Fragrance Land Pte Ltd Fragrance Project Management Pte. Ltd. Fragrance Properties Pte Ltd Fragrance Ventures Pte Ltd</p> <p><u>Other Companies</u> Brighton Land Pte Ltd (Dormant) Good Quality Construction Pte. Ltd. (Dormant) James Koh Investment Pte. Ltd.</p>	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> G9 Construction Pte Ltd</p>
Sim Mong Yeow	<p><u>Group Companies</u> None</p> <p><u>Group Companies</u> None</p>	<p><u>Other Companies</u> None</p> <p><u>Other Companies</u> None</p>
Michael Chin	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> C&L Business Advisers Pte Ltd Corporate Advisory Partners Pte. Ltd. I'M Technologies Limited Thomson Medical Centre Limited</p>	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> Ezra Holdings Limited NagaCorp Ltd</p>
Teo Cheng Kuang	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> None</p>	<p><u>Group Companies</u> None</p> <p><u>Other Companies</u> None</p>

GENERAL AND STATUTORY INFORMATION

3. The present and past directorships (held in the five years preceding the Latest Practicable Date) of each of our Executive Officers are as follows:

	Present Directorships	Past Directorships
Periakaruppan Aravindan	<u>Group Companies</u> None	<u>Group Companies</u> None
	<u>Other Companies</u> None	<u>Other Companies</u> None
Lee Geok Bin	<u>Group Companies</u> None	<u>Group Companies</u> None
	<u>Other Companies</u> None	<u>Other Companies</u> None
Lim Chee Chong	<u>Group Companies</u> None	<u>Group Companies</u> None
	<u>Other Companies</u> Brighton Land Pte Ltd (Dormant) G9 Construction Pte Ltd (Dormant)	<u>Other Companies</u> None
Lee Kah Keong	<u>Group Companies</u> None	<u>Group Companies</u> None
	<u>Other Companies</u> None	<u>Other Companies</u> None

4. Save as disclosed below, none of our Directors or Executive Officers is or was involved in any of the following events:

- (i) at any time during the last ten years, had a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner;
- (ii) at any time during the last ten years, had a petition under any law of any jurisdiction filed against a corporation of which he was a director or key executive for the winding-up of that corporation on the ground of insolvency;
- (iii) any unsatisfied judgments against him;
- (iv) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for three months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;
- (v) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings which he is aware of) for such breach;
- (vi) at any time during the last ten years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (vii) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;
- (viii) ever been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

GENERAL AND STATUTORY INFORMATION

- (ix) ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity; and
- (x) ever to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (b) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

In FY2003 and HY2004, our Executive Directors, James Koh and Grace Lim, were directors of our Company when we were fined for late payment on property tax, late payment on income tax and late filing of income tax. The fines amounted to \$23,363 in FY2003 and \$62,157 in HY2004. These late payments were due to ongoing discussions with the tax authorities regarding the assessment of the quantum of taxes, and our Company paid the relevant taxes and fines after preliminary discussions were concluded.

Separately, on 7 January 2004, our Executive Directors, James Koh and Grace Lim, were directors of Fragrance Land when Fragrance Land was fined \$600 by the Land Transport Authority for unauthorised display of two signages on Balestier Road and Moulmein Road, which were used to direct potential purchasers to its property development project known as Treasure Loft. Fragrance Land paid the fine and no further penalty was imposed.

5. There is no shareholding qualification for Directors under the Articles of Association of our Company.
6. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.
7. Save as disclosed under the section "Interested Person Transactions", none of our Directors or Substantial Shareholders is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.
8. Save as disclosed under the section "Conflict of Interests", none of our Directors or Substantial Shareholders has any substantial interest, direct or indirect, in any company carrying on a similar trade as our Company or our subsidiaries.
9. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
10. Save as disclosed under the section "Interested Person Transactions", none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

GENERAL AND STATUTORY INFORMATION

SHARE CAPITAL

11. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company.
12. Save as disclosed below and in the section "Share Capital", there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of this Prospectus.

Our Company

Date of Issue	Number of shares issued	Par value	Consideration/Purpose	Resultant issued share capital
28 September 2001	299,998	\$1.00	\$299,998/Working capital	\$300,000
20 December 2004	24,900,000	\$1.00	\$24,900,000/Purchase of subsidiaries	\$25,200,000

Fragrance Capital

Date of Issue	Number of shares issued	Par value	Consideration/Purpose	Resultant issued share capital
7 September 2001	1,749,998	\$1.00	\$1,749,998/Working capital	\$1,750,000
20 December 2001	1,750,000	\$1.00	\$1,750,000/Working capital	\$3,500,000
26 December 2001	1,200,000	\$1.00	\$1,200,000/Working capital	\$4,700,000
28 December 2001	1,100,000	\$1.00	\$1,100,000/Working capital	\$5,800,000
27 March 2002	200,000	\$1.00	\$200,000/Working capital	\$6,000,000
28 December 2002	900,000	\$1.00	\$900,000/Working capital	\$6,900,000

Fragrance Ventures

Date of Issue	Number of shares issued	Par value	Consideration/Purpose	Resultant issued share capital
17 July 2001	2	\$1.00	\$2.00/Incorporation	\$2.00
8 November 2003	999,998	\$1.00	\$999,998/Working capital	\$1,000,000

Fragrance Project Management

Date of Issue	Number of shares issued	Par value	Consideration/Purpose	Resultant issued share capital
29 July 2003	2	\$1.00	\$2.00/Incorporation	\$2.00

GENERAL AND STATUTORY INFORMATION

13. Save as disclosed in paragraph 12 above, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, within the three years preceding the date of this Prospectus.
14. No person has been, or is entitled to be, granted an option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries.

MEMORANDUM AND ARTICLES OF ASSOCIATION

15. (a) Our Company's primary objects and purposes are found in Clause 3 of our Company's Memorandum of Association which is available for inspection at our registered office at 101 Joo Chiat Road, #01-01, Fragrance Centre, Singapore 427395.
- (b) There are no limitations under our Articles of Association on the rights of non-Singaporean owners of our Shares to vote or hold their Shares.
- (c) The provisions in the Articles of Association of our Company relating to Directors' powers to vote on contracts in which they are interested, Directors' remuneration, Directors' borrowing powers, Directors' retirement, Directors' share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are as follows:

Directors' Power to Vote on contracts in which they are interested

Article 83

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditors of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 102

A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Directors' Remuneration

Article 79

The ordinary fees of the Directors shall from time to time be determined by an Ordinary Resolution of the Company and shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees is payable shall be entitled only to rank in such division for a proportion of fees related to the period during which he has held office.

GENERAL AND STATUTORY INFORMATION

Article 80

- (A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.
- (B) The fees (including any remuneration under Article 80(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 81

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 82

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Directors' Borrowing Powers

Article 109

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors' Retirement

Article 91

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

Article 92

The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

GENERAL AND STATUTORY INFORMATION

Article 93

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:

- (a) where at such meeting, it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;
- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected;
- (c) where the default is due to the moving of a resolution in contravention of Article 94; or
- (d) where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

Directors' Share Qualification

Article 78

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

Rights Pertaining to Shares

Article 4

Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

- (a) no shares shall be issued at a discount except in accordance with the Statutes;
- (b) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and
- (c) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.

GENERAL AND STATUTORY INFORMATION

Article 5

- (A) In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings Of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 6

- (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned Provided Always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

GENERAL AND STATUTORY INFORMATION

Article 11

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

Article 12

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.

Article 13

Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Article 15

Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. The term "market day" shall have the meaning ascribed to it in Article 18. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

Article 21

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Article 22

Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

GENERAL AND STATUTORY INFORMATION

Article 23

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

Article 24

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 25

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

Article 26

The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

Article 36

All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which the Company may be listed or any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Article 37

The Register of Members may be closed at such times and for such periods as the Directors may from time to time determine Provided always that such Register shall not be closed for more than thirty days in any year Provided always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.

GENERAL AND STATUTORY INFORMATION

Article 38

- (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any Stock Exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any Stock Exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require pursuant to Article 41, is paid to the Company in respect thereof;
 - (b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
 - (c) the instrument of transfer is in respect of only one class of shares; and
 - (d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.

Article 65

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 66

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

GENERAL AND STATUTORY INFORMATION

Article 67

Where in Singapore or elsewhere, a receiver (or other person by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 68

No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

Article 69

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

Article 121

The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.

Article 122

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 123

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 124

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Article 125

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

GENERAL AND STATUTORY INFORMATION

Article 126

- (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

Article 127

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Article 128

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 133

The Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holding of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

GENERAL AND STATUTORY INFORMATION

Article 144

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in *specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Convening of General Meetings

Article 49

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

Article 50

The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

Notice Of General Meetings

Article 51

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one day's notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen day's notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed.

GENERAL AND STATUTORY INFORMATION

Article 52

- (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

Article 53

Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

- (a) declaring dividends;
- (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the fees of the Directors proposed to be passed under Article 79.

Article 54

Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

Alteration of Capital

Article 7

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

BANK BORROWINGS AND WORKING CAPITAL

16. Save as disclosed under the sections "Capitalisation and Indebtedness", "Liquidity and Capital Resources" and in the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004, our Group had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities for the period under review.

GENERAL AND STATUTORY INFORMATION

17. In the opinion of our Directors, no minimum amount must be raised by the issue of the New Shares. Although no minimum amount must be raised from the Invitation, such amounts which are proposed to be provided out of the proceeds of the Invitation shall, in the event the Invitation is cancelled, be provided out of our existing credit facilities and/or funds generated from operations.
18. Our Directors are of the opinion that, after taking into account our present credit facilities, cash and cash equivalents, and net cash to be generated for our operating activities, our Group has adequate working capital for our requirements.

MATERIAL CONTRACTS

19. Save for the Restructuring Agreement and the undertakings dated 20 December 2004 by our Company as described under the section "Conflict of Interests", there were no other contracts, not being contracts entered into in the ordinary course of business, entered into by our Company and our subsidiaries within the two years preceding the Latest Practicable Date which are or may be material.

LITIGATION

20. There are no legal or arbitration proceedings including those which are pending or known to be contemplated, which may have or have had, in the last 12 months before the date of lodgement of this Prospectus with the Authority, a material effect on the financial position or profitability of our Company or of our Group.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

21. Pursuant to the Management and Underwriting Agreement dated 24 January 2005 (the "Management and Underwriting Agreement") entered into between our Company, HLF and UOB Kay Hian, our Company appointed HLF to manage the Invitation. HLF will receive a management fee from our Company for its services rendered in connection with the Invitation as Lead Manager.
22. Pursuant to the Management and Underwriting Agreement, UOB Kay Hian has agreed to underwrite the Offer Shares for a commission of 2.25 per cent. of the Issue Price for each Offer Share, payable by our Company pursuant to the Invitation.
23. Pursuant to the Placement Agreement dated 24 January 2005 (the "Placement Agreement") entered into between our Company and UOB Kay Hian as the Lead Placement Agent, UOB Kay Hian has agreed to subscribe for and/or procure subscribers for the Placement Shares for a placement commission of 2.5 per cent. of the Issue Price for each Placement Share, to be paid by our Company pursuant to the Invitation.
24. Brokerage payable for the Offer Shares will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the rate of 0.25% of the Issue Price for each Offer Share. Subscribers of the Placement Shares may be required to pay brokerage (and if so required, such brokerage will be up to 1.0 per cent. of the Issue Price), stamp duties and other similar charges.

GENERAL AND STATUTORY INFORMATION

25. The Management and Underwriting Agreement may be terminated by the Lead Manager and the Lead Underwriter at any time on or prior to the close of the Application List on the occurrence of certain events including, *inter alia*, any change, or any development involving a prospective change, in local, national or international, financial (including stock market, foreign exchange market, international bank or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls, which event or events shall, in the opinion of the Lead Manager and the Lead Underwriter (exercised in good faith):
- (i) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere; or
 - (ii) be likely to prejudice the success of the offer or subscription of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or
 - (iii) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or
 - (iv) be likely to have an adverse effect on the business, trading position, operations or prospects of our Company; or
 - (v) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or
 - (vi) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for the Lead Underwriter to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.

Notwithstanding the above, the Management and Underwriting Agreement may be terminated by the Lead Manager and the Lead Underwriter if, *inter alia*, at any time:

- (i) up to date of commencement of trading of our Shares on the Official List of the SGX-ST, a Stop Order is issued by the Authority; or
 - (ii) after the registration of this Prospectus with the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary prospectus or replacement prospectus if required to do so pursuant to Section 243 of the Securities and Futures Act.
26. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been determined or rescinded pursuant to the provisions of the Management and Underwriting Agreement.
27. HLF is one of our principal financial institutions. UOB, which is an affiliate of UOB Kay Hian, is also one of our principal financial institutions. Save as disclosed above, we do not have any material relationship with the Lead Manager, the Lead Underwriter or the Lead Placement Agent. No expert is engaged on a continent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in our Shares, the shares of our subsidiaries or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

MISCELLANEOUS

28. The nature of the business of our Company has been stated earlier in this Prospectus. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out under the section "Group Structure".
29. The time of opening of the Application List is set out on page 18 of this Prospectus.
30. The amount payable on application is \$0.30 for each Offer Share and Placement Share.

GENERAL AND STATUTORY INFORMATION

31. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.
32. The expenses in connection with the Invitation and the application for listing, including underwriting commission, placement commission, brokerage, management fees, auditors' fee, solicitors' fee, and all other incidental expenses in relation to the Invitation will be borne by our Company and can be broken down as follows:

	(\$'000)
Listing Fee	26
Professional Fees and charges	871
Underwriting and placement commission and brokerage	331
Miscellaneous expenses	312
Total estimated expenses	<u>1,540</u>

33. There have been no public takeover offers by third parties in respect of our Shares or by us in respect of the shares of other companies which have occurred during the last and current financial year.
34. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
35. Save as disclosed above under the section "Management, Underwriting and Placement Arrangements", no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
36. Application moneys received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with The Bank of East Asia (the "Receiving Bank"). In the ordinary course of business, the Receiving Bank will deploy these moneys in the interbank money market. All profits derived from the deployment of such moneys will accrue to the Receiving Bank. Any refund of all or part of the application moneys to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
37. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
38. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:
- known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - material commitments for capital expenditure;
 - unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
 - known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

GENERAL AND STATUTORY INFORMATION

39. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.
40. Save as disclosed under the section "Use of Proceeds", no property has been purchased or acquired or proposed to be purchased or acquired by our Company or our subsidiaries which is to be paid for wholly or partly out of the proceeds of the Invitation or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus other than property in respect of which the contract for the purchase or acquisition whereof was entered into in our ordinary course of business or in the ordinary course of business of our subsidiaries, such contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.
41. Save as disclosed in this Prospectus, the Directors are not aware of any event which has occurred since 30 June 2004 which may have a material effect on the financial information provided in the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004.

CONSENTS

42. Deloitte & Touche has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004 in the form and context in which it is included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
43. MGI Ma & Mah has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004 in the form and context in which it is included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
44. CB Richard Ellis (Pte) Ltd has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their "Independent Property Valuation Summary Report" in the form and context in which it is included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
45. Jones Lang LaSalle Property Consultants Pte Ltd has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their "Valuation of 18 Properties held by the Fragrance Group of Companies" in the form and context in which it is included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
46. Each of the Lead Manager, the Lead Underwriter and the Lead Placement Agent, the Solicitors to the Invitation, the Share Registrar, the Principal Financial Institutions and the Receiving Banker do not make or purport to make any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and each of them makes no representation regarding any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omissions from, this Prospectus.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

47. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

DOCUMENTS AVAILABLE FOR INSPECTION

48. The following documents or copies thereof may be inspected at our registered office at 101 Joo Chiat Road, #01-01, Fragrance Centre, Singapore 427395 during normal business hours for a period of six months from the date of registration by the Authority of this Prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Report from the Reporting Auditors in Relation to the Pro Forma Group Financial Information for FY2001, FY2002, FY2003 and HY2004 set out in Appendix A;
- (c) the Valuers' Reports set out in Appendix B;
- (d) the material contracts referred to in paragraph 19 on page 137 of this Prospectus;
- (e) the letters of consent referred to in paragraphs 42, 43, 44 and 45 on page 140 of this Prospectus;
- (f) the audited financial statements of our Company and our subsidiaries for each of the three financial years ended 31 December 2003; and
- (g) the Service Agreements.

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APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

24 January 2005

The Board of Directors
Fragrance Group Limited
101 Joo Chiat Road #01-01
Fragrance Centre
Singapore 427395

Dear Sirs

**REPORT OF THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA CONSOLIDATED
FINANCIAL INFORMATION**

This report has been prepared in accordance with the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2002 for inclusion in the prospectus dated 24 January 2005 in connection with the invitation in respect of 42,000,000 New Shares of \$0.20 each in the share capital of Fragrance Group Limited (the "Company") comprising 4,200,000 offer shares of \$0.30 each by way of public offer and 37,800,000 placement shares at \$0.30 each by way of placement.

We report on the Pro Forma Group financial information of the Company and its subsidiaries ("the Pro Forma Group") as set out in this Appendix, which has been prepared, for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

- (i) the financial results of the Pro Forma Group for the financial years ended 31 December 2001, 2002 and 2003 ("FY2001, 2002 and 2003") and for the six months periods ended 30 June 2004 and 2003 would have been if the group structure as of the date of registration of the prospectus had been in place since 1 January 2001;
- (ii) the financial position of the Pro Forma Group as at 31 December 2003 and 30 June 2004 would have been if the group structure as of the date of the registration of the prospectus had been in place since 1 January 2003; and
- (iii) the equity changes and cash flows for the financial year ended 31 December 2003 and for the six months period ended 30 June 2004 would have been if the group structure as of the date of the registration of the prospectus had been in place since 1 January 2003;

The Pro Forma Group financial information, because of their nature, may not give a true picture of the Pro Forma Group's actual financial position or results.

The Pro Forma Group financial information are the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the Pro Forma Group financial information based on our work.

We carried out our procedures in accordance with Singapore Statements of Auditing Practice: SAP 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing Pro Forma Group financial information to the financial statements of the Company and the companies in the Pro Forma Group where applicable, considering the evidence supporting the adjustments and discussing the Pro Forma Group financial information with the Directors of the Company.

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In our opinion,

- (a) the Pro Forma Group financial information has been properly prepared:
 - (i) in a manner consistent with both the format of the financial statements and the accounting policies of the Company which are prepared in accordance with Singapore Statement of Accounting Standards for FY 2001 and FY 2002 and with Singapore Financial Reporting Standards for FY 2003 and six months periods ended 30 June 2004 and 2003; and
 - (ii) on the basis stated in Note 2 to this Pro Forma Group financial information; and
- (b) each material adjustment made to the information used in the preparation of the Pro Forma Group financial information is appropriate for the purpose of preparing such financial information.

Deloitte & Touche
Certified Public Accountants
Singapore

Cheung Pui Yuen
Partner

MGI Ma & Mah
Certified Public Accountants
Singapore

Roland Ma Kah Eng
Partner

APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

FRAGRANCE GROUP LIMITED

PRO FORMA GROUP BALANCE SHEET
As at 31 December 2003 and 30 June 2004

	<u>Note</u>	<u>31 December 2003</u>	<u>30 June 2004</u>
		\$'000	\$'000
<u>ASSETS</u>			
Current assets:			
Cash and bank balances	6	1,249	2,123
Trade receivables	7	11,603	5,806
Other receivables and prepayments	8	7,333	886
Properties under development	9	19,322	19,440
Properties held for sale	10	6,000	8,905
Total current assets		<u>45,507</u>	<u>37,160</u>
Non-current assets:			
Investment in subsidiaries	11	—	—
Property, plant and equipment	12	74,702	85,155
Total non-current assets		<u>74,702</u>	<u>85,155</u>
Total assets		<u>120,209</u>	<u>122,315</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities:			
Bank overdrafts (secured)	13	—	3,734
Trade payables	14	170	320
Other payables	15	11,265	1,486
Term loans — current portion	16	11,154	6,295
Income tax payable		1,755	1,365
Total current liabilities		<u>24,344</u>	<u>13,200</u>
Non-current liabilities:			
Long-term loans	16	66,693	81,312
Deferred tax liabilities	17	508	270
Total non-current liabilities		<u>67,201</u>	<u>81,582</u>
Shareholders' equity	18	<u>28,664</u>	<u>27,533</u>
Total liabilities and shareholders' equity		<u>120,209</u>	<u>122,315</u>

See accompanying notes to the financial statements.

APPENDIX A
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GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

FRAGRANCE GROUP LIMITED

PRO FORMA GROUP PROFIT AND LOSS STATEMENT
Years ended 31 December 2001, 2002 and 2003
and six months periods ended 30 June 2004 and 2003

	Note	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
		\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	19	62,347	48,081	28,257	15,062	15,345
Cost of sales		(51,223)	(34,269)	(19,248)	(7,741)	(10,768)
Gross profit		11,124	13,812	9,009	7,321	4,577
Other operating income	20	208	346	437	196	184
Other operating expenses		(4,961)	(6,060)	(4,448)	(3,327)	(2,202)
Profit from operations	21	6,371	8,098	4,998	4,190	2,559
Finance costs	23	(1,096)	(1,916)	(2,202)	(1,207)	(1,116)
Profit before income tax		5,275	6,182	2,796	2,983	1,443
Income tax	24	(1,308)	(1,429)	(689)	(663)	(353)
Profit attributable to the shareholders		3,967	4,753	2,107	2,320	1,090
Earnings per share (cents)	25	3.1	3.8	1.7	1.8	0.9

See accompanying notes to the financial statements.

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FRAGRANCE GROUP LIMITED

PRO FORMA GROUP STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2003 and six months period ended 30 June 2004

	Note	Issued capital	Accumulated profits	Total
		\$'000	\$'000	\$'000
Balance at 1 January 2003		300	8,129	8,429
Dividend	28	—	(1,872)	(1,872)
Profit for the year		—	2,107	2,107
Restructuring Pro Forma adjustment:				
Issue of shares to acquire the Pro Forma Group		24,900	(4,900)	20,000
Balance at 31 December 2003		25,200	3,464	28,664
Profit for the period		—	2,320	2,320
Dividends	28	—	(3,451)	(3,451)
Balance at 30 June 2004		25,200	2,333	27,533

See accompanying notes to the financial statements.

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FRAGRANCE GROUP LIMITED

PRO FORMA GROUP CASH FLOW STATEMENT

Year ended 31 December 2003 and six month period ended 30 June 2004

	Note	Year ended 31 December 2003	Six months period ended 2004
		\$'000	\$'000
Cash flows from operating activities:			
Profit before income tax		2,796	2,983
Adjustments for:			
Depreciation		576	331
Interest income		(331)	(111)
Interest expense		2,202	1,207
Profit on disposal of plant and equipment		(4)	—
Operating profit before working capital changes		5,239	4,410
Trade receivables		(2,907)	5,797
Other receivables and prepayments		4,071	6,447
Property under development		(7,457)	(3,023)
Trade payables		103	150
Other payables		8,990	(9,779)
Cash generated from operations		8,039	4,002
Interest paid		(2,202)	(1,177)
Income tax paid		(1,072)	(1,291)
Net cash from operating activities		4,765	1,534
Cash flows from investing activities:			
Interest received		331	111
Proceed from disposal of plant and equipment		17	—
Purchase of property, plant and equipment		(20,600)	(10,784)
Net cash used in investing activities		(20,252)	(10,673)

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FRAGRANCE GROUP LIMITED

PRO FORMA GROUP CASH FLOW STATEMENT (cont'd)

Year ended 31 December 2003 and six month period ended 30 June 2004

	Note	Year ended 31 December 2003	Six months period ended 2004
		\$'000	\$'000
Cash flows from financing activities:			
Proceeds from borrowings		26,193	23,215
Repayment in borrowings		(9,198)	(13,485)
Dividend paid		(1,872)	(3,451)
Net cash from financing activities		15,123	6,279
Net decrease in cash and cash equivalents		(364)	(2,860)
Cash and cash equivalents at beginning of year/period		1,613	1,249
Cash and cash equivalents (Overdrawn) at end of year/period	A	1,249	(1,611)
Note A			
Cash and cash equivalents at end of year/period consist of the following:			
Cash		436	1,176
Project account	6	813	947
Cash and bank balances		1,249	2,123
Bank overdrafts		—	(3,734)
Cash and cash equivalents (Overdrawn) at end of year/period		1,249	(1,611)

See accompanying notes to the financial statements.

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

1. GENERAL

The Company is incorporated in the Republic of Singapore with its principal place of business and registered address at 101 Joo Chiat Road #01-01, Fragrance Centre, Singapore 427395.

The principal activity of the Company is that of investment holdings.

The principal activities of its subsidiaries are described in Note 11.

The Pro Forma Group financial information were compiled based on a Restructuring Exercise (the "Restructuring Exercise") which was made effective from 1 January 2004 and comprised, among other matters, the Company's acquisition of the entire issued and ordinary share capital of its subsidiaries.

The Pro Forma Group financial information set out in this report is expressed in Singapore dollars, which is the measurement currency of the Company. The objective of the Pro Forma Group financial information of the Group is to show what the historical information might have been had the Group existed at an earlier date and had the above Pro Forma Group structure has been in existence throughout the period or since the respective dates of incorporation of the companies in the Pro Forma Group. However, the Pro Forma Group financial information is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the abovementioned Group actually existed earlier.

The Pro Forma Group financial information is compiled based on the following sources:

- (a) audited financial statements of the Company for the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004;
- (b) audited financial statements of Fragrance Land Pte Ltd for the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004;
- (c) audited financial statements of Fragrance Properties Pte Ltd for the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004;
- (d) audited financial statements of Fragrance Investment Pte Ltd for the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004;
- (e) audited financial statements of Fragrance Ventures Pte Ltd for the financial period since incorporation on 17 July 2001 to 31 December 2002, year ended 31 December 2003 and six months period ended 30 June 2004;
- (f) audited financial statements of Fragrance Capital Pte Ltd for the financial period since incorporation on 28 July 2000 to 31 December 2001 and years ended 31 December 2002 and 2003 and six months period ended 30 June 2004;
- (g) audited financial statements of Fragrance Hotel Management Pte Ltd for the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004;
- (h) audited financial statements of Fragrance Project Management Pte Ltd for the financial period since incorporation on 29 July 2003 to 30 June 2004;

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

1. GENERAL (cont'd)

The Pro Forma Group financial information for the six months period ended 30 June 2003 is compiled based on the unaudited financial statements of the Company and the companies included in the Pro Forma Group.

Because of the nature of such Pro Forma Group financial information, they may not necessary give a true picture of the Group's actual financial position or results.

All material inter-company transactions and balances have been eliminated in the preparation of the Pro Forma Group Profit and Loss Statement and the Pro Forma Group Balance Sheet.

The Pro Forma Group financial information for the years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004 were authorised for issue by the Board of Directors on 22 December 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to the accounting policies of the Company and its subsidiaries during the financial years ended 31 December 2001, 2002 and 2003 and six months period ended 30 June 2004. The accounting policies of the Pro Forma Group are as follows:

BASIS OF ACCOUNTING — The Pro Forma Group financial information are prepared in accordance with the historical cost convention, and are drawn up in accordance with Singapore Statements of Accounting Standards for the financial years ended 31 December 2001 and 2002 and with the Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards for financial year ended 31 December 2003 and six months period ended 30 June 2004.

BASIS OF CONSOLIDATION — The Pro Forma Group financial information incorporate the financial statements of the Company and its subsidiaries and had been prepared on the assumption that the current group structure has been in existence throughout the period under review or since the respective dates of incorporation, whichever is earlier, of the companies in the Pro Forma Group.

All significant intercompany transactions and balances within the Pro Forma Group are eliminated on consolidation.

FINANCIAL ASSETS — The principal financial assets are cash and bank balances, trade receivables, other receivables and prepayments. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

FINANCIAL LIABILITIES AND EQUITY — Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade payables, other payables, bank overdrafts and interest bearing loans. Trade and other payables are stated at their nominal value. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest-bearing bank loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

PROPERTY, PLANT AND EQUIPMENT — Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Construction-in-progress consists of land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of assets other than construction-in-progress, over their estimated useful lives of 5 to 50 years, using the straight-line method, on the following bases:

Hotel properties	—	2%
Office premises	—	2%
Motor vehicles	—	20%
Furniture fixtures and fittings	—	20%
Office equipments	—	20%
Air-conditioner	—	20%
Computer	—	20% to 33⅓%
Electrical installation	—	20%
Renovation	—	20%

Depreciation is not provided for freehold land and construction-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

PROPERTIES UNDER DEVELOPMENT — Development properties are stated at the lower of cost and net realisable value. Cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use are in progress.

Foreseeable losses, if any, are provided as soon as they become known based on the directors' estimates of net realisable value and estimates of cost to complete.

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NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY HELD FOR SALE — Property held for sale is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less selling expense.

Costs of property include acquisition costs, development expenditure, interests and other direct costs attributable to such property up to completion.

IMPAIRMENT OF ASSETS — At each balance sheet date, the Pro Forma Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

PROVISIONS — Provisions are recognised when the Pro Forma Group has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

OPERATING LEASES — Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

FOREIGN CURRENCY TRANSACTIONS — The Pro Forma Group's accounting records are maintained in its subsidiaries' respective measurement currency namely Singapore dollars. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the date of the transactions. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are recorded at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.

REVENUE RECOGNITION — The Pro Forma Group recognises profits on property development projects using the percentage of completion method. The percentage of completion is measured by reference to the percentage of physical completion. Profits are recognised only in respect of finalised sales agreements and to the extent that such profits related to the progress of the construction work.

Revenue from hotel operations is recognised on room occupancy while other hotel revenue are recognised when goods are delivered or the services are rendered to customers.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue from sale of phone cards and vending machine is recognised on a cash basis.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

BORROWING COSTS — All borrowing costs are recognised in the year in which they are incurred on an accrual basis, except that borrowing costs relating to properties under development are treated in the same manner as described under the accounting policy for properties under development outlined above.

RETIREMENT BENEFIT COSTS — Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as an expense when incurred.

INCOME TAX — Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

3. MATERIAL ADJUSTMENTS

The material adjustments made to the information used in the preparation of the Pro Forma Group financial information are as follows:

Pro Forma Group Profit and Loss Statement

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Revenue</u>					
Per aggregation of financial statements of individual entities	63,332	51,142	31,053	17,631	16,743
Elimination of intercompany revenue (i)	(935)	(1,819)	(2,796)	(2,569)	(1,398)
Reclassification (viii)	(111)	(3,431)	—	—	—
Adjustment in relation to the use of percentage of completion method (ii)	61	2,189	—	—	—
Per financial statements of the Pro Forma Group	<u>62,347</u>	<u>48,081</u>	<u>28,257</u>	<u>15,062</u>	<u>15,345</u>
<u>Cost of sales</u>					
Per aggregation of financial statements of individual entities	53,085	39,052	21,948	10,240	12,118
Elimination of intercompany revenue (i)	(935)	(1,819)	(2,700)	(2,499)	(1,350)
Adjustment in relation to the use of percentage of completion method (ii)	53	1,666	—	—	—
Reclassification (viii)	(980)	(4,630)	—	—	—
Per financial statements of the Pro Forma Group	<u>51,223</u>	<u>34,269</u>	<u>19,248</u>	<u>7,741</u>	<u>10,768</u>

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

3. MATERIAL ADJUSTMENTS (cont'd)

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Other operating income</u>					
Per aggregation of financial statements of individual entities	97	1,217	437	196	184
Reclassification (viii)	111	(871)	—	—	—
Per financial statements of the Pro Forma Group	<u>208</u>	<u>346</u>	<u>437</u>	<u>196</u>	<u>184</u>
<u>Other operating expenses</u>					
Per aggregation of financial statements of individual entities	4,676	5,836	4,274	3,204	2,115
Depreciation of hotel buildings(iv)	98	135	270	193	135
Elimination of intercompany expenses	—	—	(96)	(70)	(48)
Reclassification (viii)	98	—	—	—	—
Adjustment to align depreciation (vii)	89	89	—	—	—
Per financial statements of the Pro Forma Group	<u>4,961</u>	<u>6,060</u>	<u>4,448</u>	<u>3,327</u>	<u>2,202</u>

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

3. MATERIAL ADJUSTMENTS (cont'd)

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Profit before income tax</u>					
Per aggregation of financial statements of individual entities	5,454	5,883	3,066	3,176	1,578
Depreciation of hotel buildings (iv)	(98)	(135)	(270)	(193)	(135)
Adjustment in relation to the use of percentage of completion method (ii)	8	523	—	—	—
Adjustment to align depreciation (vii)	(89)	(89)	—	—	—
Per financial statements of the Pro Forma Group	<u>5,275</u>	<u>6,182</u>	<u>2,796</u>	<u>2,983</u>	<u>1,443</u>
<u>Finance cost</u>					
Per aggregation of financial statements of individual entities	214	1,588	2,202	1,207	1,116
Reclassification (viii)	882	328	—	—	—
	<u>1,096</u>	<u>1,916</u>	<u>2,202</u>	<u>1,207</u>	<u>1,116</u>

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

3. MATERIAL ADJUSTMENTS (cont'd)

Pro Forma Group Balance Sheet

	31 December 2003	30 June 2004
	\$'000	\$'000
<u>Property, plant and equipment</u>		
Per aggregation of financial statements of individual entities	558	462
Recognition of a hotel building on a Pro Forma basis (vi)	10,250	—
Depreciation of hotel buildings (iv)	(776)	(969)
Reclassification from investment properties (iii)	63,322	80,895
Reclassification from properties under construction (iii)	1,348	4,767
Per financial statements of the Pro Forma Group	<u>74,702</u>	<u>85,155</u>
<u>Investment properties</u>		
Per aggregation of financial statements of individual entities	63,322	80,895
Reclassification to property, plant and equipment (iii)	(63,322)	(80,895)
Per financial statements of the Pro Forma Group	<u>—</u>	<u>—</u>
<u>Properties under construction</u>		
Per aggregation of financial statements of individual entities	1,348	4,767
Reclassification to property, plant and equipment (iii)	(1,348)	(4,767)
Per financial statements of the Pro Forma Group	<u>—</u>	<u>—</u>
<u>Amount due from related parties</u>		
Per aggregation of financial statements of individual entities	5,515	9,341
Eliminated upon consolidation (v)	(5,515)	(9,341)
Per financial statements of the Pro Forma Group	<u>—</u>	<u>—</u>
<u>Amount due to related parties</u>		
Per aggregation of financial statements of individual entities	5,390	9,234
Eliminated upon consolidation (v)	(5,390)	(9,234)
Per financial statements of the Pro Forma Group	<u>—</u>	<u>—</u>

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NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

3. MATERIAL ADJUSTMENTS (cont'd)

	31 December	30 June
	2003	2004
	\$'000	\$'000
<u>Other payables</u>		
Per aggregation of financial statements of individual entities	2,040	1,486
Accrual for acquisition of a hotel building (vi)	9,225	—
	<u>11,265</u>	<u>1,486</u>
<u>Other receivables and prepayments</u>		
Per aggregation of financial statements of individual entities	8,358	886
Accrual for acquisition of a hotel building (vi)	(1,025)	—
	<u>7,333</u>	<u>886</u>

Pro Forma Consolidated Cash Flow Statement

Except for the adjustments set out in note 3, there are no other material adjustments to the Pro Forma Group Cash Flow Statement.

Notes:

- (i) Elimination of intercompany sales and rental expenses between Fragrance Hotel Management Pte Ltd with Fragrance Group Pte Ltd, Fragrance Investment Pte Ltd, Fragrance Capital Pte Ltd and Fragrance Ventures Pte Ltd.
- (ii) Adjustments made in Fragrance Land Pte Ltd and Fragrance Properties Pte Ltd in relation to the change in accounting policy on revenue and profits recognition on sales of development properties from the completed contract method to the percentage of completion method.
- (iii) Adjustment to reclassify hotel buildings recorded as investment properties and properties under construction in Fragrance Group Pte Ltd, Fragrance Investment Pte Ltd, Fragrance Capital Pte Ltd and Fragrance Ventures Pte Ltd as part of the Pro Forma Group's property, plant and equipment.
- (iv) Adjustment to depreciate the hotel buildings mentioned in Note (iii) over the estimated useful life of 50 years.
- (v) Elimination of intercompany balances between Fragrance Group Pte Ltd, Fragrance Hotel Management Pte Ltd, Fragrance Investment Pte Ltd, Fragrance Capital Pte Ltd and Fragrance Ventures Pte Ltd, Fragrance Land Pte Ltd and Fragrance Properties Pte Ltd.
- (vi) Adjustment to include a hotel building acquired by Fragrance Ventures Pte Ltd from a related party subsequent to 31 December 2003 on a Pro Forma basis.
- (vii) Adjustment made in Fragrance Investment Pte Ltd to align the depreciation of its plant and equipment in prior years with Pro Forma Group's depreciation policies.
- (viii) Reclassify income and expenses to better reflect the nature of transactions.

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4. FINANCIAL RISKS AND MANAGEMENT

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Pro Forma Group. The Pro Forma Group places its cash and cash equivalents with creditworthy financial institutions as a means of mitigating the risk of financial losses. The credit risk with respect to trade receivables is limited due to the fact that the Pro Forma Group has recourse to the property sold in the event of default.

The Pro Forma Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Pro Forma Group's maximum exposure to credit risk.

(ii) Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Pro Forma Group's total credit exposure. The Pro Forma Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or group of customers.

(iii) Interest rate risk

The Pro Forma Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

(iv) Foreign currency risk

The Pro Forma Group is not exposed to any significant foreign currency risk as the Pro Forma Group's operations are carried out in Singapore.

(v) Liquidity risk

The Pro Forma Group maintains sufficient cash and internally generated cash flows to finance their activities. The Pro Forma Group finances its liquidity needs through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities reported in the balance sheet approximate their fair values.

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5. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Pro Forma Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in this report. The balances are unsecured, interest free and without fixed repayment terms.

Significant transactions with related parties:

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Rental expenses to:					
Director	1,172	996	296	66	164
Related parties	371	907	820	274	430
Purchase of:					
Hotel from director	—	15,500	—	6,500	—
Hotel from related party	—	—	—	10,250	—
Land from director	—	—	5,400	—	—
Reimbursement of office expenses from related parties	—	(25)	(24)	—	(12)
Staff support service fee:					
From related party	—	(22)	(64)	—	(32)
To related party	—	32	23	—	12
Site supervision fee from related party	—	—	—	(125)	—
Interest income from directors	(85)	(68)	(331)	(110)	(146)
Construction cost to related party	—	5,472	—	—	—
Sale of properties to a director	(1,450)	(1,860)	—	—	—

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6. CASH AND BANK BALANCES

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Cash	436	1,176
Project account	813	947
	<u>1,249</u>	<u>2,123</u>

7. TRADE RECEIVABLES

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Outside parties	471	627
Unbilled revenue	11,132	5,179
	<u>11,603</u>	<u>5,806</u>

8. OTHER RECEIVABLES AND PREPAYMENTS

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Director	5,743	288
Deposits	1,515	411
Prepayments	5	162
Related party (Note 5)	66	—
Others	4	25
Total	<u>7,333</u>	<u>886</u>

Amount due from director as at 31 December 2003 relates to an unsecured loan given to the director with no fixed repayment terms with 5% interest per annum, the amount had been fully repaid in 2004. Amount due from director as at 30 June 2004 was interest-free and with no fixed repayment term.

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9. PROPERTIES UNDER DEVELOPMENT

	<u>31 December 2003</u>	<u>30 June 2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Land and other related costs	27,217	20,581
Development costs	8,169	7,414
Interest, property tax and others	2,721	2,123
	<u>38,107</u>	<u>30,118</u>
Less: Cost of properties sold during the year	<u>(18,785)</u>	<u>(7,773)</u>
	19,322	22,345
Less: Transfer to property held for sale	—	(2,905)
	<u>19,322</u>	<u>19,440</u>

Interest capitalised for the period from 1 January 2004 to 30 June 2004 was \$411,000 (year ended 31 December 2003: \$778,000).

These properties are mortgaged to the banks to secure credit facilities of the subsidiaries (Note 16).

The properties under development as at 31 December 2003 are as follows:

<u>Property and address</u>	<u>Description</u>	<u>Tenure</u>	<u>Land area (sq m)</u>
57 Lorong Melayu	Development of 5-storey residential apartment	Freehold	1,799
31, 33 and 35 Geylang Lorong 39	Development of 7-storey residential apartment	Freehold	462
121, Lorong L Telok Kurau	Development of 5-storey residential apartment	Freehold	1,349
22 Teow Hock Road (formerly known as 43 Flower Road)	Development of 5-storey residential apartment	Freehold	1,563
15 Rosyth Avenue	Development of 5-storey residential apartment	Freehold	754
115 Shrewsbury Road	Development of 5-storey residential apartment	Freehold	603

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9. PROPERTIES UNDER DEVELOPMENT (*cont'd*)

The properties under development as at 30 June 2004 are as follows:

Property and address	Description	Tenure	Land area (sq m)
14 Eden Grove	Development of 5-storey residential apartment	Freehold	1,041
31, 33 and 35 Geylang Lorong 39	Development of 7-storey residential apartment	Freehold	462
121, Lorong L Telok Kurau	Development of 5-storey residential apartment	Freehold	1,349
22 Teow Hock Road (formerly known as 43 Flower Road)	Development of 5-storey residential apartment	Freehold	1,563
15 Rosyth Avenue	Development of 5-storey residential apartment	Freehold	754

The above properties are located in Singapore.

10. PROPERTY HELD FOR SALE

	31 December 2003	30 June 2004
	\$'000	\$'000
Land and other related costs	5,618	7,311
Development costs	613	1,439
Interest, property tax and others	1,972	2,358
	8,203	11,108
Less: Impairment in value	(2,203)	(2,203)
	6,000	8,905

Property and address	Description	Tenure	Land area (sq m)
37 Lorong 20 Geylang Crown Building	8-storey association building	Freehold	575
115 Shrewsbury Road	5-storey residential apartment	Freehold	603

These properties are mortgaged to a bank to secure credit facilities of the subsidiaries (Note 13 and 16).

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11. INVESTMENT IN SUBSIDIARIES

	Company					
	31 December 2003	30 June 2004				
	\$'000	\$'000				
Cost	24,900	24,900				
Name of subsidiaries	Date of incorporation	Principal activities	Cost of investment \$'000	Country of incorporation and operation	Issued and paid up capital \$'000	Effective percentage of equity held by the Pro Forma Group %
Held by the Company						
Fragrance Land Pte Ltd	5 April 1983	Developing, dealing and trading in properties	6,101	Singapore	6,000	100
Fragrance Properties Pte Ltd	1 November 1994	Developing, dealing and trading in properties	6,679	Singapore	2,000	100
Fragrance Capital Pte Ltd	28 July 2000	Investment holding and investing in properties for long term holding purposes	7,432	Singapore	6,900	100
Fragrance Ventures Pte Ltd	17 July 2001	Investment holding	994	Singapore	1,000	100
Fragrance Investment Pte Ltd	13 April 1996	Investment holding and investing in properties for long term holding purposes	3,429	Singapore	4,000	100
Fragrance Hotel Management Pte Ltd	28 June 1996	Hotels and restaurants operators	265	Singapore	100	100

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11. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Date of incorporation	Principal activities	Cost of investment	Country of incorporation and operation	Issued and paid up capital	Effective percentage of equity held by the Pro Forma Group
			\$'000		\$'000	%
Held by the Company						
Fragrance Project Management Pte Ltd	29 July 2003	Project management and site supervision services	*	Singapore	*	100
Total			<u>24,900</u>			

* Representing \$2.

- (a) The audited financial statements of the Company, Fragrance Land Pte Ltd, Fragrance Properties Pte Ltd., Fragrance Capital Pte Ltd., Fragrance Ventures Pte Ltd., Fragrance Investment Pte Ltd., Fragrance Project Management Pte Ltd and Fragrance Hotel Management Pte Ltd for the period from 1 January 2004 to 30 June 2004 were audited by Deloitte & Touche Singapore.
- (b) The audited financial statements of the Company, Fragrance Land Pte Ltd, Fragrance Properties Pte Ltd, Fragrance Capital Pte Ltd, Fragrance Ventures Pte Ltd, Fragrance Investment Pte Ltd and Fragrance Hotel Management Pte Ltd for the financial year ended 31 December 2003 were jointly audited by Deloitte & Touche Singapore and MGI Ma & Mah (formerly known as MGI Chan-Ma & Co).
- (c) The audited financial statements of the Company, Fragrance Land Pte Ltd, Fragrance Properties Pte Ltd, Fragrance Capital Pte Ltd, Fragrance Ventures Pte Ltd, Fragrance Investment Pte Ltd and Fragrance Hotel Management Pte Ltd for the financial years ended 31 December 2001 and 2002 were audited by MGI Chan-Ma & Co.

For the purpose of this compilation report, Deloitte & Touche Singapore has performed a review on the audited financial statements of the Company, Fragrance Land Pte Ltd, Fragrance Properties Pte Ltd, Fragrance Capital Pte Ltd, Fragrance Ventures Pte Ltd, Fragrance Investment Pte Ltd and Fragrance Hotel Management Pte Ltd for the financial years ended 31 December 2001 and 2002 that have been used in preparing the Pro Forma Group financial information and a review of the audit working papers of MGI Chan-Ma & Co, a firm of certified public accountants in Singapore located at 51 Anson Road #02-57 & 02-59, Anson Centre, Singapore 079904.

- (d) There were no audit qualifications, modifications or disclaimers made to the audited financial statements of the companies in the Pro Forma Group in the financial years covered under this report.

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12. PROPERTIES, PLANT AND EQUIPMENT

As at 31 December 2003 and 30 June 2004

	Freehold land	Hotel buildings	Office premises	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Air- conditioner	Computer	Electrical installation	Renovation	Construction- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:												
Balance as at 1 January 2003	41,103	11,096	—	907	789	331	17	94	65	83	2,231	56,716
Additions	13,818	2,665	—	70	16	13	—	11	—	—	4,007	20,600
Transfer	—	5,264	927	—	—	—	—	—	—	—	(6,191)	—
Disposals	—	—	—	(65)	—	—	—	—	—	—	—	(65)
Balance as at 31 December 2003	54,921	19,025	927	912	805	344	17	105	65	83	47	77,251
Additions	7,830	2,513	—	—	7	9	—	25	—	—	400	10,784
Balance as at 30 June 2004	62,751	21,538	927	912	812	353	17	130	65	83	447	88,035

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12. PROPERTIES, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Hotel buildings	Office premises	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Air- conditioner	Computer	Electrical installation	Renovation	Construction- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation:												
Balance as at 1 January 2003	—	506	—	398	634	289	15	67	50	66	—	2,025
Depreciation for the year	—	251	19	182	79	15	1	15	7	7	—	576
Disposals	—	—	—	(52)	—	—	—	—	—	—	—	(52)
Balance as at 31 December 2003	—	757	19	528	713	304	16	82	57	73	—	2,549
Depreciation for the period	—	184	9	91	25	9	1	8	1	3	—	331
Balance as at 30 June 2004	—	941	28	619	738	313	17	90	58	76	—	2,880
Net book value:												
Balance as at 31 December 2003	54,921	18,268	908	384	92	40	1	23	8	10	47	74,702
Balance as at 30 June 2004	62,751	20,597	899	293	74	40	—	40	7	7	447	85,155

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12. PROPERTIES, PLANT AND EQUIPMENT (cont'd)

Interest capitalised under hotel buildings for the period from 1 January 2004 to 30 June 2004 was \$50,000 (year ended 31 December 2003: \$142,000).

All freehold lands, hotel buildings, office premises and construction in-progress are mortgaged to the banks to secure credit facilities of the company and subsidiaries (Note 13 and 16).

Details of hotels held by the Pro Forma Group as at 30 June 2004 are as follows:

Hotels and address	Tenure	Land area (sq m)	Number of rooms
The Fragrance Hotel 219 Joo Chiat Road Singapore 427485	Freehold	672	82
Fragrance Hotel — Emerald 20 Lorong 6 Geylang Singapore 399174	Freehold	818	126
Fragrance Hotel — Crystal 50 Lorong 18 Geylang Singapore 398824	Freehold	1,051	125
Fragrance Hotel — Pearl 21 Lorong 14 Geylang Singapore 398961	Freehold	843	129
Fragrance Hotel — Classic 418 Balestier Road Singapore 329808	Freehold	282	48
Fragrance Hotel — Balestier 255 Balestier Road Singapore 329710	Freehold	313	48
Fragrance Hotel — Ruby 10 Lorong 20 Geylang Singapore 389730	Freehold	902	168
Fragrance Hotel — Sapphire 3 Lorong 10 Geylang Singapore 399037	Freehold	528	50
Land at 181, 183, 185, 187 Selegie Road for development into hotel	Freehold	331	—
Land at 263 Balestier Road for development into hotel	Freehold	400	—

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13. BANK OVERDRAFTS

	<u>31 December 2003</u>	<u>30 June 2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Bank overdrafts (Secured)	—	3,734

Bank overdraft (i)

Bank overdrafts of \$2,695,000 are secured against the legal mortgage of a property at 37 Lorong 20 Geylang, #02-01/02, #03-01/02, #04-01/02 Crown Building with a net book value of \$2,571,000 (2003: \$2,571,000) (Note 10) and legal guarantee by a director.

Bank overdraft (ii)

Bank overdrafts of \$1,039,000 are secured against all moneys open mortgage over a property at 263 and 263A Balestier Road, Singapore 329715 with a net book value of \$1,409,000 (2003: \$Nil) (Note 12), assignment of rental proceeds and personal guarantee by a director.

14. TRADE PAYABLES

	<u>31 December 2003</u>	<u>30 June 2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Outside parties	170	320

15. OTHER PAYABLES

	<u>31 December 2003</u>	<u>30 June 2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Accruals	10,635	1,022
Retention sum payable	250	280
Progress billings	273	84
Director/shareholders	34	37
Others	73	63
	<u>11,265</u>	<u>1,486</u>

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16. TERM LOANS

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Term loans	77,847	87,607
Current portion of term loans	(11,154)	(6,295)
	<u>66,693</u>	<u>81,312</u>

The term loan from banks or finance companies of \$2,280,000 to \$14,000,000 bear an interest from 2.9% to 5.25%. \$71,810,615 of the term loans are repayable by 30 to 300 monthly instalments and \$19,979,000 of the term loans are repayable on demand 24 months after its first drawdown. It is secured against certain properties of the Pro Forma Group with a net book value of \$109,059,000 (2003: \$99,466,000) (Note 9, 10 and 12) and personal guarantee by certain directors.

17. DEFERRED TAX LIABILITIES

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Deferred tax liabilities	508	270
	<u>508</u>	<u>270</u>

The movement for the year in deferred tax position was as follows:

	<u>31 December 2003</u>	<u>30 June 2004</u>
	\$'000	\$'000
Balance at beginning of year/period	157	508
Transfer to income tax payable	(117)	—
Charge (Reversal) during the year/period	468	(238)
Balance at end of year/period	<u>508</u>	<u>270</u>

The balance comprises the tax effect of the difference between tax and accounting depreciation on plant and equipment.

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18. ISSUED CAPITAL

	<u>31 December 2003</u>	<u>30 June 2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Authorised:		
100,000,000 ordinary shares of \$1 each	100,000	100,000
Issued and fully paid:		
25,200,000 ordinary shares of \$1 each pursuant to the Restructuring Exercise (Note 1)	25,200	25,200

19. REVENUE

	<u>Year ended 31 December 2001</u>	<u>Year ended 31 December 2002</u>	<u>Year ended 31 December 2003</u>	<u>Six months period ended 30 June 2004</u>	<u>(Unaudited) Six months period ended 30 June 2003</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Property development	57,263	39,298	20,612	9,982	11,519
Hotel operation	5,081	8,585	7,645	4,939	3,826
Others	3	198	—	141	—
Total	62,347	48,081	28,257	15,062	15,345

20. OTHER OPERATING INCOME

	<u>Year ended 31 December 2001</u>	<u>Year ended 31 December 2002</u>	<u>Year ended 31 December 2003</u>	<u>Six months period ended 30 June 2004</u>	<u>(Unaudited) Six months period ended 30 June 2003</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	111	90	331	111	146
Gain on disposal of plant and equipment	—	—	4	—	4
Gain on disposal of hotel property	—	179	—	—	—
Income from sale of phone cards	—	27	21	27	10
Income from vending machines	—	8	11	8	7
Others	97	42	70	50	17
Total	208	346	437	196	184

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21. PROFIT FROM OPERATIONS

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Directors' fee	1,000	—	—	—	—
Directors' remuneration	527	561	620	312	310
Depreciation	554	567	576	331	297
Impairment in value of property held for sale	603	1,600	—	—	—

22. STAFF COSTS AND NUMBER OF STAFF

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff costs (including directors' remuneration)	1,677	2,425	2,747	1,606	1,315
Cost of defined contribution plans included in staff costs	146	240	266	138	132
Number of staff at end of year/period	83	94	100	116	97

23. FINANCE COSTS

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest expense on:					
Term loans	1,028	1,916	2,202	1,164	1,116
Overdrafts	53	—	—	43	—
Others	15	—	—	—	—
	1,096	1,916	2,202	1,207	1,116

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24. INCOME TAX

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Current tax	1,308	1,311	221	901	106
Deferred tax	—	118	468	(238)	247
	<u>1,308</u>	<u>1,429</u>	<u>689</u>	<u>663</u>	<u>353</u>

The charge for the year/period can be reconciled to the profit per Pro Forma Group results as follows:

	Year ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	Six months period ended 30 June 2004	(Unaudited) Six months period ended 30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Tax at applicable income tax rate	1,292	1,360	615	596	317
Tax effect of expenses that are not deductible indetermining taxable profit	124	115	117	139	59
Utilisation of prior year deferred tax assets not recognised	(18)	(23)	—	—	—
Exempt income	(13)	(1)	(42)	(68)	(42)
Others	(77)	(22)	(1)	(4)	19
Income tax expense	<u>1,308</u>	<u>1,429</u>	<u>689</u>	<u>663</u>	<u>353</u>
Applicable income tax rate (%)	<u>24.50</u>	<u>22.00</u>	<u>22.00</u>	<u>20.00</u>	<u>22.00</u>
Effective tax rate for the year (%)	<u>24.80</u>	<u>23.12</u>	<u>24.64</u>	<u>22.23</u>	<u>24.46</u>

25. EARNINGS PER SHARE

Earnings per share for the financial years ended 31 December 2001, 2002 and 2003 and for the six months periods ended 30 June 2004 and 2003 have been calculated based on the profit attributable to the shareholders of the Company and on the basis that at the end of each financial year/period, the issued share capital of the Company comprised 126,000,000 ordinary shares of \$1 each which represents the pre-invitation share capital of the Company.

APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

26. SEGMENT INFORMATION

Segment information is presented in respect of the Pro Forma Group's business and geographical segments. The primary format, business segments is based on the Pro Forma Group's management and internal reporting structure.

Segment revenue and expense are revenue and expense reported in the Pro Forma Group's profit and loss statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

Segment assets are all operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets.

Segment liabilities are all operating liabilities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

Business segments

The Pro Forma Group comprises the following main business segments:

Property development segment is involved in the development and sale of residential properties.

Hotel operation segment is involved in hotel operations.

Geographical segments

The Pro Forma Group's operations and its identifiable assets are solely located in Singapore and accordingly, no geographical segmental analysis is presented.

APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

26. SEGMENT INFORMATION (cont'd)

Pro Forma Statement of Group Results

	Property development	Hotel operation	Elimination	Total
	\$'000	\$'000	\$'000	\$'000
<u>31 December 2001</u>				
REVENUE	57,202	5,145	—	62,347
RESULT				
Segment result	8,013	3,111	—	11,124
Other operating income	97	111	—	208
Other operating expenses	(3,122)	(1,839)	—	(4,961)
Profit from operations	4,988	1,383	—	6,371
Finance costs	(208)	(888)	—	(1,096)
Profit before income tax	4,780	495	—	5,275
Income tax credit				(1,308)
Net profit attributable to the Pro Forma Group				3,967
OTHER INFORMATION				
Capital expenditure	833	13,641	—	14,474
Depreciation expense	222	332	—	554

APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

26. SEGMENT INFORMATION (cont'd)

	Property development	Hotel operation	Elimination	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2002				
REVENUE	39,298	8,783	—	48,081
RESULT				
Segment result	7,936	5,876	—	13,812
Other operating income	34	312	—	346
Other operating expenses	(2,904)	(3,156)	—	(6,060)
Profit from operations	5,066	3,032	—	8,098
Finance costs	(364)	(1,552)	—	(1,916)
Profit before income tax	4,702	1,480	—	6,182
Income tax expense				(1,429)
Net profit attributable to the Pro Forma Group				4,753
OTHER INFORMATION				
Capital expenditure	25	26,418	—	26,443
Depreciation expense	193	374	—	567

APPENDIX A
REPORT FROM THE REPORTING AUDITORS IN RELATION TO THE PRO FORMA
GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

26. SEGMENT INFORMATION (cont'd)

	Property development	Hotel operation	Elimination	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2003				
REVENUE	20,612	7,741	(96)	28,257
RESULT				
Segment result	3,534	5,571	(96)	9,009
Other operating income	289	148	—	437
Other operating expenses	(1,353)	(3,191)	96	(4,448)
Profit from operations	2,470	2,528	—	4,998
Finance costs	(336)	(1,866)	—	(2,202)
Profit before income tax	2,134	662	—	2,796
Income tax expense				(689)
Net profit attributable to the Pro Forma Group				2,107
OTHER INFORMATION				
Capital expenditure	—	20,600	—	20,600
Depreciation expense	201	375	—	576
31 December 2003				
Assets:				
Segment assets	45,731	105,494	(31,016)	120,209
Liabilities:				
Segment liabilities	31,353	91,208	(31,016)	91,545

APPENDIX A
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GROUP FINANCIAL INFORMATION FOR FY2001, FY2002, FY2003 AND HY2004

FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
31 DECEMBER 2003

26. SEGMENT INFORMATION (cont'd)

	Property development	Hotel operation	Elimination	Total
	\$'000	\$'000	\$'000	\$'000
<u>30 June 2004</u>				
REVENUE	10,107	5,025	(70)	15,062
RESULT				
Segment result	3,443	3,948	(70)	7,321
Other operating income	111	85	—	196
Other operating expenses	(1,589)	(1,808)	70	(3,327)
Profit from operations	1,965	2,225	—	4,190
Finance costs	(179)	(1,028)	—	(1,207)
Profit before income tax	1,786	1,197	—	2,983
Income tax expense				(663)
Net profit attributable to the Pro Forma Group				2,320
OTHER INFORMATION				
Capital expenditure	—	10,784	—	10,784
Depreciation expense	100	231	—	331
<u>30 June 2004</u>				
Assets:				
Segment assets	42,670	112,090	(32,445)	122,315
Liabilities:				
Segment liabilities	28,517	98,710	(32,445)	94,782

27. CAPITAL COMMITMENT

	31 December 2003	30 June 2004
	\$'000	\$'000
Amounts committed for future capital expenditure	6,500	2,900

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
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28. DIVIDENDS

We set out below the amount of dividends declared and paid by the companies in the Pro Forma Group for each of their respective three financial years from 31 December 2001 to 2003 and six months period ended 30 June 2004 for information purposes.

	Dividend amount
	\$'000
Fragrance Properties Pte Ltd	
Financial year ended 31 December 2002	780
Financial period from 1 January 2004 to 30 June 2004	1,597
Fragrance Land Pte Ltd	
Financial year ended 31 December 2002	4,680
Financial year ended 31 December 2003	1,872
Fragrance Hotel Management Pte Ltd	
Financial period from 1 January 2004 to 30 June 2004	1,854

29. LITIGATION

There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of this Prospectus, a material effect on the Pro Forma Group's financial position or profitability.

30. SUBSEQUENT EVENTS

At an Extraordinary General Meeting held on 20 December 2004, the shareholders approved, *inter alia*, the following:

- (a) the increase of authorised share capital from \$300,000 divided into 300,000 ordinary shares of \$1.00 each to \$100,000,000 divided into 100,000,000 ordinary shares of \$1.00 each;
- (b) the sub-division of one ordinary share of \$1.00 each in authorised and issued share capital into five ordinary shares of \$0.20 each (the "Sub-division");
- (c) the conversion of the Company into a public limited company and the change of its name to Fragrance Group Limited;
- (d) the adoption of a new set of Articles of Association;

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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
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30. SUBSEQUENT EVENTS (cont'd)

- (e) that authority be given pursuant to Section 161 of the Companies Act to the Directors to issue 42,000,000 New Shares which are the subject of the Invitation, on the basis that the New Shares when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares; and
- (f) that authority be and is hereby given pursuant to Section 161 of the Companies Act to the Directors to:
 - (A) (i) issue shares in the capital of the Company 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 (as well as adjustments to) 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 authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to the Shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (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 percentage of issued share capital shall be based on the issued share capital of the Company at the time this authority is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is passed; and
 - (ii) any subsequent consolidation or sub-division of shares;

APPENDIX A
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FRAGRANCE GROUP LIMITED

NOTES TO STATEMENT OF PRO FORMA GROUP FINANCIAL INFORMATION
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30. SUBSEQUENT EVENTS (*cont'd*)

- (3) in exercising the authority conferred by this authority, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this authority 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.

No other event, which may have a material effect on the Pro Forma Group financial information, has occurred since 30 June 2004.

APPENDIX B VALUERS' REPORTS

CB Richard Ellis (Pte) Ltd



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Singapore 049909

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Co. Reg. No.: 197701161R

Independent Property Valuation Summary Report

13 October 2004

Fragrance Group Pte Ltd
101 Joo Chiat Road
#01-01 Fragrance Centre
Singapore 427395

Attn.: Dr James Koh

Dear Sirs

VALUATION OF PROPERTIES HELD BY THE FRAGRANCE GROUP OF COMPANIES IN SINGAPORE

We have been instructed to assess the Open Market value of the properties held by the Fragrance Group of companies in Singapore as at 30 September 2004. We confirm that we have conducted an inspection of the properties and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the property as at 30 September 2004.

We have prepared comprehensive formal valuation report of the properties on an Open Market Value basis where:

Open Market Value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

APPENDIX B VALUERS' REPORTS



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Our valuations have been made on the assumption that the owner sells the properties on the open market in their existing state taking into account the redevelopment potential for the development sites and without the benefit of a deferred terms contract, joint venture, management agreement or any similar arrangement that would affect the value of the properties.

Where market values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The properties are valued on the assumption that they are free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. It is assumed that the Building Authority has issued/will issue the building on site with Certificate of Statutory Completion.

Where applicable, information as to title particulars, site area and existing tenure are obtained from searches carried out at the Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the number of hotel rooms, development parameters of the development sites, gross/net/saleable floor areas, etc. All information provided as at 30 September 2004 is treated as correct and CB Richard Ellis (Pte) Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

No structural survey has been made of the buildings and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the buildings was tested.

In arriving at the open market value of the properties, we have relied on the Direct Comparison Method, Income Approach and Residual Land Value Method where appropriate. Each of these methods has been used as a check against the other.

A summary of the key details and valuation of the properties are as follows:

No.	Property	Type	Land / Floor Area (sqm)	Tenure	Open Market Value as at 30 September 2004
1.	219 Joo Chiat Road, The Fragrance Hotel, Singapore	82-room Hotel with one coffee lounge	672.1/2,104.54 (Gross Floor Area)	Freehold	\$13,000,000
2.	10 Lorong 20 Geylang, Fragrance Hotel Ruby, Singapore	168-room Hotel	902.1/2,918.6 (Gross Floor Area)	Freehold	\$20,000,000
3.	20 Lorong 6 Geylang, Fragrance Hotel Emerald, Singapore	126-room Hotel	817.5/2,676.75 (Gross Floor Area)	Freehold	\$16,000,000
4.	21 Lorong 14 Geylang, Fragrance Hotel Pearl, Singapore	129-room Hotel	843.1/2,581.53 (Gross Floor Area)	Freehold	\$16,500,000
5.	50 Lorong 18 Geylang, Fragrance Hotel Crystal, Singapore	125-room Hotel	1,051.1/3,360.332 (Gross Floor Area)	Freehold	\$16,300,000
6.	3 Lorong 10 Geylang, Fragrance Hotel Sapphire, Singapore	50-room Hotel	528.1/1,429 (Gross Floor Area)	Freehold	\$6,500,000

APPENDIX B VALUERS' REPORTS



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No.	Property	Type	Land / Floor Area (sqm)	Tenure	Open Market Value as at 30 September 2004
7.	255 Balestier Road, Fragrance Hotel Balestier, Singapore	48-room Hotel	315.0 / 889.99 (Gross Floor Area)	Freehold	\$6,500,000
8.	418 Balestier Road, Fragrance Hotel Classic, Singapore	48-room Hotel with a shop	281.7/ 840.90 (Gross Floor Area)	Freehold	\$6,850,000
9.	177, 179, 181, 183, 185 & 187 Selegie Road, Singapore	128-room Hotel with a restaurant and 4 shops	507.8 / 2,128.088 (Gross Floor Area)	Freehold	\$9,600,000 (NSV, net of DC) \$19,000,000 (GDV)
10.	263 Balestier Road, Singapore	68-room Hotel	399.9 / 1,179.175 (Gross Floor Area)	Freehold	\$5,000,000 (NSV) \$9,180,000 (GDV)
11.	63 Dunlop Street, Singapore	Development Site for Backpackers Hostel with 94 beds (15 rooms) and two shops	237.5/ 782.163 (Gross Floor Area)	Freehold	\$S1,740,000 (NSV) \$S3,530,000 (GDV)
12.	15 Rosyth Avenue Singapore	Development Site for 12 Residential Units	754.3 / 1,055.30 (Gross Floor Area)	Freehold	\$3,200,000 (NSV) \$6,600,000 (GDV)
13.	17W Jalan Hock Chye, Singapore	Development Site of 3 units of 3- storey Terrace Houses	575.5 / 702.8 (Gross Floor Area)	Freehold	\$2,080,000 (NSV, net of DC) \$3,970,000 (GDV)
14.	37 Lorong 20 Geylang, Crown Building, Singapore	Association Building	1,477.0 (Strata Area)	Freehold	\$6,006,000 (Unit by unit basis)
15.	5 & 5A Eden Grove, Singapore	Development Site for 18 Residential Units	1,117.6 / 1,563.33 (Gross Floor Area)	Freehold	\$5,200,000 (NSV) \$9,900,000 (GDV)
16.	6 Lorong L Telok Kurau, Singapore	Development Site for 10 Residential Units	573.1 / 771.512 (Gross Floor Area)	Freehold	\$S2,280,000 (NSV, net of DC) \$S4,440,000 (GDV)
17.	Lots 95948C, 06512T, 06513A, 06514K, 06515N, 06516X and 06517L Mukim 26 at Lorong 106 Changi Road and Lorong 107 Changi Road Singapore	Development Site for 26 Residential Units	1,787.9 / 2,577.581 (Gross Floor Area)	Freehold	\$7,870,000 (NSV, net of DC) \$15,950,000 (GDV)
18.	101 Joo Chiat Road, Fragrance Centre, Singapore	4-storey Shop/Office Building	405.0 (Strata Area)	Freehold	\$2,701,000 (Unit by unit basis)

NSV : Net Site Value
DC : Development charge
GDV : Gross development value assuming satisfactory completion of the development

APPENDIX B VALUERS' REPORTS



Page 4

The Valuation Certificates are attached as Appendix A1 to A18 to this letter.

This Valuation Summary and the accompanying Valuation Certificates have been prepared for the purpose of inclusion in the Prospectus to be issued in relation to the Initial Public Offer by Fragrance Group Pte Ltd. No responsibility is accepted to any other party for the whole or any part of its contents.

CB Richard Ellis (Pte) Ltd have prepared this Valuation Summary letter which appears in this Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the aforementioned Valuation Reports and this Valuation Summary letter. CB Richard Ellis (Pte) Ltd does not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by CB Richard Ellis in this Valuation Summary letter.

CB Richard Ellis has relied upon property data supplied by Fragrance Group Pte Ltd which we assume to be true and accurate. CB Richard Ellis (Pte) Ltd takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation of nor we have a relationship with Fragrance Group Pte Ltd. The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuer undertaking the valuation is authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully

CB RICHARD ELLIS (PTE) LTD

A handwritten signature in black ink, appearing to read "Sim Hwee Yan", written over a light blue horizontal line.

Sim Hwee Yan

BSc (Est. Mgt) Hons FSISV

Appraiser's Licence No. : AD041-2004155J

Executive Director – Valuation & Advisory Services

APPENDIX "A1"

VALUATION CERTIFICATE

Fragrance Development Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>219 Joo Chiat Road, The Fragrance Hotel, Singapore</p>	<p>The property is a 4-storey with attic building housing a total of 82 guest rooms, a Business Centre, management office and an "open-concept" coffee house. The hotel is gazetted under the Singapore Tourism (Cess Collection) Act.</p> <p>The Fragrance Hotel was completed in late 2001. Based on information provided to us, the gross floor area of the property is about 2,104.54 sq m including the coffee house and kitchen of about 116.1 sq m.</p> <p>The site is within an area zoned "Commercial" with a plot ratio of 3.0 under the Singapore Master Plan 1998. The site also falls within the designated Joo Chiat Conservation Area.</p>	<p>The property is erected on Lot 9276L of Mukim 26 with a site area of 672.1 sq m.</p> <p>The tenure is freehold being derived from Grant No. 2.</p> <p>The registered owner is Fragrance Development Pte Ltd.</p> <p>The development is mortgaged to Hong Leong Singapore Finance Limited.</p>	<p>S\$13,000,000</p>

**APPENDIX B
VALUERS' REPORTS**



APPENDIX "A2"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Investment Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>10 Lorong 20 Geylang, Fragrance Hotel Ruby, Singapore</p>	<p>The property is an 8-storey building housing a total of 168 guest rooms. The hotel was completed in December 1997.</p> <p>Based on information provided to us, the gross floor area of the property is about 2,918.6 sq m.</p> <p>The site is zoned "Residential/Institution" with a plot ratio of 2.8 under the Singapore Master Plan 1998. It is within a designated urban design guideline area.</p>	<p>The development is erected on Lot 5450W of Mukim 25 with a land area of 902.1 sq m.</p> <p>The tenure is freehold being derived from Grant No. 60.</p> <p>The registered owner is Fragrance Investment Pte Ltd.</p> <p>The property is mortgaged to United Overseas Bank Limited.</p>	<p>S\$20,000,000</p>



APPENDIX "A3"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>20 Lorong 6 Geylang, Fragrance Hotel Emerald, Singapore</p>	<p>The property is an 8-storey building housing a total of 126 guest rooms. The hotel was completed sometime in June 1998. We were informed that the building was renovated in 2002. The renovation comprised the replacement of carpet flooring to ceramic tiled floor.</p> <p>Based on information provided to us, the gross floor area of the property is about 2,676.75 sq m reflecting a plot ratio of 2.797.</p> <p>The site is zoned "Residential/Institution" with a plot ratio of 2.8 under the Singapore Master Plan 1998. It is within a designated urban design guideline area.</p>	<p>The property is erected on Lot 5535M of Mukim 25 with a site area of 817.5 sq m.</p> <p>The tenure is freehold being derived from Indenture No. 9.</p> <p>The registered owner is Fragrance Capital Pte Ltd.</p> <p>The property is mortgaged to Hong Leong Singapore Finance Limited.</p>	<p>S\$16,000,000</p>



APPENDIX "A4"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>21 Lorong 14 Geylang, Fragrance Hotel Pearl, Singapore</p>	<p>The property is an 8-storey building housing a total of 129 guest rooms. The hotel was completed sometime in late 2001. Based on information provided to us, the gross floor area of the property is about 2,581.53 sq m. The site is zoned "Residential/Institution" with a plot ratio of 2.8 under the Singapore Master Plan 1998. It is within a designated urban design guideline area.</p>	<p>The property is erected on Lot 6181X with a land area of 843.1 sq m. The tenure is freehold being derived from Grant No. 35. The registered owner is Fragrance Capital Pte Ltd. The property is mortgaged to United Overseas Bank Limited.</p>	<p>S\$16,500,000</p>



APPENDIX "A5"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>50 Lorong 18 Geylang, Fragrance Hotel Crystal, Singapore</p>	<p>The property is a part 4-storey/part 8-storey hotel building accommodating a total of 125 guest rooms. The building which was completed circa 2002. Surface car parking lots are provided within the compound. A hot water dispenser is installed along the common corridor of 2nd to 8th storey</p> <p>Based on information provided to us, the gross floor area of the property is about 3,360.332 sq m.</p> <p>The site is zoned "Residential/Institution" with a plot ratio of 2.8 under the Singapore Master Plan 1998. It is within a designated urban design guideline area.</p>	<p>The property is erected on Lot 5438K of Mukim 25 with a certified land area of 1,051.1 sq m.</p> <p>The tenure is freehold being derived from Grant Nos. 1870, 30 and 1381.</p> <p>The registered owner is Fragrance Capital Pte Ltd.</p> <p>The property is mortgaged to Hong Leong Singapore Finance Limited.</p>	<p>S\$16,300,000</p>



APPENDIX "A6"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>3 Lorong 10 Geylang, Fragrance Hotel Sapphire, Singapore</p>	<p>The property is a 7-storey hotel building accommodating a total of 50 guest rooms. The building was completed circa 1990s.</p> <p>Based on the information provided, the building has a floor area of about 1,429 sq m excluding electrical sub-station, pump room, TAS closet, bin centre and lift well.</p> <p>The site is zoned "Residential/Institutional" with a plot ratio of 2.8. It is within a designated urban design guideline area.</p>	<p>The property is erected on Lot 4997W of Mukim 25 with a certified land area of 528.1 sq m.</p> <p>The tenure is freehold being derived from Grant No. 72.</p> <p>The registered owner is Fragrance Capital Pte Ltd.</p> <p>The property is mortgaged to United Overseas Bank Limited.</p>	<p>S\$6,500,000</p>



APPENDIX "A7"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>255 Balestier Road, Fragrance Hotel Balestier, Singapore</p>	<p>The 5-storey hotel was converted from a row of 4 units of 2-storey shop-houses. The re-construction was completed in late 2003.</p> <p>The hotel houses a total of 48 guest rooms and a small Business Centre on the 1st storey.</p> <p>Based on information provided to us, the gross floor area of the property is about 889.99 sq m reflecting a plot ratio of 2.802.</p> <p>The site is zoned "Hotel" with a plot ratio of 3.0 under the Singapore Master Plan 1998.</p>	<p>The property is erected on Lots 99476W, 99474C & 99473L of Town Subdivision 29 with a total land area of 315 sq m.</p> <p>The tenure is freehold being derived from Statutory Land Grant No. 2771 and Grant No. 365.</p> <p>The registered owner is Fragrance Capital Pte Ltd.</p> <p>The property is mortgaged to Sing Investments & Finance Limited.</p>	<p>S\$6,500,000</p>



APPENDIX "A8"

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>418 Balesier Road, Fragrance Hotel Classic, Singapore</p>	<p>The property has a total of 48 guest rooms and a shop housed within two units of 2-storey conservation shop-houses with a 6-storey rear extension. The re-construction of the hotel was completed in early 2004.</p> <p>As per the architect's floor plan, the building has a gross floor area of about 840.90 sq m reflecting a plot ratio of 2.9930. The shop unit has a floor area of about 21.37 sq m.</p> <p>The site is zoned "Commercial/Residential" with a plot ratio of 3.0 and is within a designated conservation area.</p>	<p>The property is erected on Lots 7164X and 7063N of Mukim 17 with a total area of 281.7 sq m.</p> <p>The tenure is freehold being derived from Grant No. 351.</p> <p>The registered owner is Fragrance Capital Pte Ltd.</p> <p>The property is mortgaged to Hong Leong Finance Limited.</p>	<p>S\$6,850,000</p>

**APPENDIX B
VALUERS' REPORTS**



APPENDIX "A9"

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004																								
177, 179, 181, 183, 185 & 187 Selegie Road, Singapore	<p>The composite development site comprises four units of 2-storey conserved shop-houses and a vacant plot of land which was formerly occupied by two units of 2-storey shophouses..</p> <p>We have been instructed to value the composite site as a development site assuming planning approval will be granted for the erection of a hotel with a plot ratio of 4.192. The proposed 128-room hotel with a restaurant and 4 shops will be housed within the front 2-storey block which incorporates the existing 2-storey conserved shop-houses and a new 10-storey rear extension.</p> <p>The proposed hotel will have a total gross floor area (GFA) of 2,128.088 sq m - of which 1,985.119 sq m will be the hotel guest rooms, hotel lobby and reception area; the balance will be the GFA of the 1st storey shops and 2nd storey restaurant covering 59.849 sq m and 83.120 sq m respectively.</p> <p>Development charge is payable for the composite site in respect of the change of use to "Hotel" at a plot ratio of 4.192 and the estimated development charge payable is about S\$452,795.</p> <p>The site is zoned 'Commercial & Residential' with a plot ratio of 4.2 under the Singapore Master Plan 2003 and it falls within the conservation belt along Selegie Road/Niven Road.</p>	<p>The legal description of each property are as follows:</p> <table border="1" data-bbox="534 678 981 1115"> <thead> <tr> <th>Property</th> <th>Lot No. (TS 19)</th> <th>Land Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>177 Selegie Road</td> <td>99578X</td> <td>90.9</td> </tr> <tr> <td>179 Selegie Road</td> <td>99577N</td> <td>85.8</td> </tr> <tr> <td>181 Selegie Road</td> <td>99589A</td> <td>81.4</td> </tr> <tr> <td>183 Selegie Road</td> <td>99579L</td> <td>78.9</td> </tr> <tr> <td>185 Selegie Road</td> <td>99580N</td> <td>84.3</td> </tr> <tr> <td>187 Selegie Road</td> <td>99581X</td> <td>86.5</td> </tr> <tr> <td>Total</td> <td></td> <td>507.8</td> </tr> </tbody> </table> <p>The tenure is freehold being derived from Grant No. 67.</p> <p>The registered owner of the properties is Fragrance Capital Pte Ltd.</p> <p>The properties are mortgaged to Sing Investments & Finance Limited.</p>	Property	Lot No. (TS 19)	Land Area (sq m)	177 Selegie Road	99578X	90.9	179 Selegie Road	99577N	85.8	181 Selegie Road	99589A	81.4	183 Selegie Road	99579L	78.9	185 Selegie Road	99580N	84.3	187 Selegie Road	99581X	86.5	Total		507.8	<p><u>Land Value</u></p> <p>S\$9,600,000</p> <p>(Development site value net of estimated development charge payable of about S\$452,795)</p> <p><u>Gross Development Value</u></p> <p>S\$19,000,000</p> <p>(Assuming satisfactory completion of the hotel)</p>
Property	Lot No. (TS 19)	Land Area (sq m)																									
177 Selegie Road	99578X	90.9																									
179 Selegie Road	99577N	85.8																									
181 Selegie Road	99589A	81.4																									
183 Selegie Road	99579L	78.9																									
185 Selegie Road	99580N	84.3																									
187 Selegie Road	99581X	86.5																									
Total		507.8																									



APPENDIX "A10"

VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>263 Balestier Road, Singapore</p>	<p>The property is a redevelopment site located along Balestier Road, near its junction with Ava Road.</p> <p>Written Permission has been granted for a proposed conservation of one unit of 2-storey shophouse with a 6-storey rear extension to form a part 2/part 6-storey hotel. The proposed hotel will accommodate a total of 68 guest rooms.</p> <p>As advised, the proposed gross floor area is about 1,179.175 sq m reflecting a plot ratio of 2.949. The property is currently under construction. We were advised that the development charge and car park deficiency charges have been paid.</p> <p>We were informed that the application for change of ownership for Lot 678T of Town Subdivision 29 to Fragrance Capital Pte Ltd is in progress.</p> <p>The site is zoned "Commercial" with a plot ratio of 3 under the Singapore Master Plan 2003. The property falls within the conservation belt along Balestier Road.</p>	<p>The property is legally known as Lots 677P and 678T of Town Subdivision 29 with a certified land area of 375.7 sq m and 24.2 sq m respectively. The total land area is 399.9 sq m.</p> <p>The tenure is freehold being derived from Grant No. 365.</p> <p>The registered owner of Lot 677P of Town Subdivision 29 is Fragrance Capital Pte Ltd.</p> <p>The registered owner of Lot 678T of Town Subdivision is Ava Development Pte Ltd.</p> <p>Lot 677P of Town Subdivision 29 is mortgaged to Overseas-Chinese Banking Corporation Limited.</p>	<p><u>Land Value</u> S\$5,000,000 (As a development site)</p> <p><u>Gross Development Value</u> S\$9,180,000 (Assuming satisfactory completion of the proposed development)</p>



VALUATION CERTIFICATE

Fragrance Capital Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>63 Dunlop Street, Singapore</p>	<p>The property is a vacant plot of land located along Dunlop Street, at its junction with Perak Road.</p> <p>The site is an almost rectangular shaped plot of land with a splayed corner. It has a frontage of about 17.5 sq m to Dunlop Street and an average depth of about 10 sq m. The site is generally flat and at the access road level.</p> <p>We have been advised that the proposed development will comprise a 2-storey backpackers hostel with attic and basement consisting 94 beds (15 rooms) and two shops on the 1st storey. The proposed gross floor area is 782.163, reflecting a plot ratio of 3.288.</p> <p>We have estimated that there will be no development charge payable.</p> <p>Under the Singapore Master Plan 2003, the site is zoned "Commercial" and is within a designated conservation area. The site is an envelop control site.</p>	<p>The property is legally known as Lot 99677W of Town Subdivision 16 with a certified land area of 237.5 sq m (subject to final survey).</p> <p>The tenure is freehold being derived from Grant No. 289.</p> <p>The registered owner is Zain Salman Abdul Shaikh Shamee @ Zain Salman Abdulla Shami (In Trust).</p> <p>A caveat has been lodged against the property by Fragrance Capital Pte Ltd on 22 September 2004.</p> <p>A caveat has been lodged against the property by Singapura Finance Ltd on 1 October 2004.</p>	<p><u>Land Value</u> S\$1,740,000 (As a development site)</p> <p><u>Gross Development Value</u> S\$3,530,000 (Assuming satisfactory completion of the proposed development)</p>

APPENDIX B
VALUERS' REPORTS



APPENDIX "A12"

**APPENDIX B
VALUERS' REPORTS**

VALUATION CERTIFICATE

Fragrance Properties Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>15 Rosyth Avenue, Singapore</p>	<p>The development site is located along Rosyth Avenue off Yio Chu Kang Road via Rosyth Road. It is approximately 9 km away from the city centre.</p> <p>The site is a rectangular shaped plot of land with a frontage of approximately 18 m along Rosyth Avenue and a depth of about 43.5 m. The land is generally flat and is at access road level. The site is demarcated by boundary brickwalls.</p> <p>Written Permission has been granted for a proposed development comprising a block of 5-storey residential building with roof terrace. The development will have a total of 12 apartments. As advised, the proposed total gross floor area and saleable floor area is 1,055.3 sq m and 1,248.8 sq m respectively.</p> <p>The property is currently under construction.</p> <p>We have been advised that development charge has been paid.</p> <p>The site is zoned "Residential" with a plot ratio of 1.4 under the Singapore Master Plan 2003.</p>	<p>The property is legally known as Lot 98991K of Mukim 22 with a certified land area of 754.3 sq m.</p> <p>The tenure is freehold being derived from Statutory Land Grant No. 31632.</p> <p>The registered owner is Fragrance Properties Pte Ltd.</p> <p>The property is mortgaged to Singapore Finance Limited.</p>	<p><u>Land Value</u> S\$3,200,000</p> <p>(As a development site)</p> <p><u>Gross Development Value</u> S\$6,600,000</p> <p>(Assuming satisfactory completion of the proposed development)</p>



APPENDIX "A13"

VALUATION CERTIFICATE

Fragrance Properties Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>17W Jalan Hock Chye, Singapore</p>	<p>The property is a development located along the cul-de-sac of Jalan Hock Chye, off Hougang Ave 1.</p> <p>Currently standing on site is a fairly new double-storey detached house.</p> <p>We have been instructed to ignore the building and improvements on site and to value the property as a residential redevelopment site.</p> <p>We have been advised that the proposed development will comprise 3 units of 3-storey terrace houses with roof terrace. The proposed gross floor area is about 702.80 sq m reflecting a plot ratio of 1.22.</p> <p>As advised by our clients the development charge payable is about S\$100,000.</p> <p>Under the Singapore Master Plan 2003, the site is zoned "Residential" and is within a designated "3-storey Mixed Landed" housing area.</p>	<p>The property is legally known as Lot 4383A of Mukim 22 with a certified land area of 575.5 sq m.</p> <p>The tenure is freehold being derived from Statutory Land Grant No. 37521.</p> <p>The registered owner is Goh Heng Chuan.</p> <p>The property is mortgaged to Oversea-Chinese Banking Corporation Limited.</p> <p>A caveat was lodged against the property by Fragrance Properties Pte Ltd on 20 August 2004.</p>	<p><u>Land Value</u> S\$2,080,000</p> <p>(As a development site, net of development charge payable)</p> <p><u>Gross Development Value</u> S\$3,970,000</p> <p>(Assuming satisfactory completion of the proposed development)</p>



APPENDIX "A14"

VALUATION CERTIFICATE

Fragrance Properties Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004																																																																
<p>37 Lorong 20 Geylang, Crown Building, Singapore</p>	<p>Crown Building is an 8-storey association building located along Lorong 20 Geylang, near its T-junction with Westerhout Road. The property is accessible from Guillemard Road to the south or Geylang Road via Lorong 18/Westerhout Road to the north.</p> <p>The property accommodates a total of 14 strata units on the 2nd to 8th storeys. Vertical access is via a passenger lift and two set of reinforced concrete staircase. Surface car park lots are provided within the compound. We were informed that the Temporary Occupation Permit was issued circa mid 2001.</p> <p>Under the Singapore Master Plan 2003, the site is zoned "Residential/Institution" with a plot ratio of 2.8.</p>	<p>The legal description of each strata unit is as follows:</p> <table border="1" data-bbox="501 696 954 1227"> <thead> <tr> <th>Unit No.</th> <th>Lot No. (Mk 26)</th> <th>Strata Floor Area (sq m)</th> <th>Shares in Common Property</th> </tr> </thead> <tbody> <tr><td>#02-01</td><td>U17041T</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#02-02</td><td>U17045X</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#03-01</td><td>U17042A</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#03-02</td><td>U17046L</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#04-01</td><td>U17043K</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#04-02</td><td>U17047C</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#05-01</td><td>U17044N</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#05-02</td><td>U17048M</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#06-01</td><td>U17049W</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#06-02</td><td>U17052W</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#07-01</td><td>U17050C</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#07-02</td><td>U17053V</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>#08-01</td><td>U17051M</td><td>104.0</td><td>104/1,477</td></tr> <tr><td>#08-02</td><td>U17054P</td><td>107.0</td><td>107/1,477</td></tr> <tr><td>Total</td><td></td><td>1,477.0</td><td></td></tr> </tbody> </table> <p>The tenure of the properties is freehold being derived from Grant In Fee Simple 2574.</p> <p>The registered owner of each strata unit is Fragrance Properties Pte Ltd.</p> <p>Units #02-01 to #04-02 are mortgaged to United Overseas Bank Limited whilst Units #05-01 to #08-02 are mortgaged to Standard Chartered Bank.</p>	Unit No.	Lot No. (Mk 26)	Strata Floor Area (sq m)	Shares in Common Property	#02-01	U17041T	104.0	104/1,477	#02-02	U17045X	107.0	107/1,477	#03-01	U17042A	104.0	104/1,477	#03-02	U17046L	107.0	107/1,477	#04-01	U17043K	104.0	104/1,477	#04-02	U17047C	107.0	107/1,477	#05-01	U17044N	104.0	104/1,477	#05-02	U17048M	107.0	107/1,477	#06-01	U17049W	104.0	104/1,477	#06-02	U17052W	107.0	107/1,477	#07-01	U17050C	104.0	104/1,477	#07-02	U17053V	107.0	107/1,477	#08-01	U17051M	104.0	104/1,477	#08-02	U17054P	107.0	107/1,477	Total		1,477.0		<p>S\$6,006,000 (unit-by-unit basis)</p>
Unit No.	Lot No. (Mk 26)	Strata Floor Area (sq m)	Shares in Common Property																																																																
#02-01	U17041T	104.0	104/1,477																																																																
#02-02	U17045X	107.0	107/1,477																																																																
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#07-01	U17050C	104.0	104/1,477																																																																
#07-02	U17053V	107.0	107/1,477																																																																
#08-01	U17051M	104.0	104/1,477																																																																
#08-02	U17054P	107.0	107/1,477																																																																
Total		1,477.0																																																																	



APPENDIX "A15"

VALUATION CERTIFICATE

Fragrance Properties Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
<p>5 & 5A Eden Grove, Singapore</p>	<p>The property is a redevelopment site located along Eden Grove, off Serangoon Avenue 1 to the north and Bartley Road to the south.</p> <p>The property has a trapezoidal configuration with a frontage of about 33 m and an average depth of about 33.5 m. The land is sloping downward towards the eastern flank and is slightly below the access road level.</p> <p>Currently standing on site is an old two-storey detached house. We have been instructed to ignore the building and improvements on site and to value the property as a residential redevelopment site.</p> <p>As advised by the client, the proposed development will comprise a block of 5-storey residential development with roof terrace, carparks and swimming pool accommodating a total of 18 units. The proposed development will have a gross floor area of about 1,563.33 sq m reflecting a proposed plot ratio of 1.3988. We have been advised that the total saleable floor area is 1,750.85 sq m.</p> <p>We were informed that there will be no development charge payable.</p> <p>The site is zoned "Residential" with a plot ratio of 1.4 under the Singapore Master Plan 2003.</p>	<p>The property is legally known as Lot 99190N of Mukim 24 with a certified land area of 1,117.6 sq m.</p> <p>The tenure is freehold being derived from Grant No. 10.</p> <p>The registered owners are Tan Anna @ Anna Tuan, Huang Yu Ping and Huang Yu Ying as tenants in common in 1/2, 1/4 and 1/4 shares respectively.</p> <p>A caveat was lodged against the property by Fragrance Properties Pte Ltd on 20 August 2004.</p>	<p><u>Land Value</u> S\$5,200,000</p> <p>(As a development site)</p> <p><u>Gross Development Value</u> S\$9,900,000</p> <p>(Assuming satisfactory completion of the proposed development)</p>



APPENDIX "A16"

VALUATION CERTIFICATE

Fragrance Properties Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004
6 Lorong L Telok Kurau, Singapore	<p>The property is a plot of land located along Lorong L Telok Kurau, at its junction with Still Road.</p> <p>The site is parallelogram shaped with a frontage of about 25 m and an average depth of about 24 m. The land is generally flat and is at level with the access road.</p> <p>Currently standing on site is a single-storey detached house with side sheds. We have been instructed to ignore the building and improvements on site and to value the property as a residential redevelopment site.</p> <p>We were advised that a proposed 4-storey residential development with attic levels with a gross floor area of 771.512 sq m, reflecting a plot ratio of 1.3462 will be built on the site. The proposed development will accommodate a total of 10 apartment units. We have been advised that the total saleable floor area is approximately 763.646 sq m.</p> <p>The site is zoned "Residential" with a plot ratio of 1.4 under the Singapore Master Plan 2003.</p>	<p>The property is legally known as Lot 1933K of Mukim 26 with a certified land area of 573.1 sq m.</p> <p>The tenure is freehold being derived from Grant No. 1.</p> <p>The registered owner is Soh Aik Chong.</p> <p>A caveat was lodged against the property by Fragrance Properties Pte Ltd on 26 July 2004.</p> <p>A caveat was lodged against the property by Hong Leong Finance Limited on 17 September 2004.</p>	<p><u>Land Value</u> S\$2,280,000</p> <p>(As a development site)</p> <p><u>Gross Development Value</u> S\$4,440,000</p> <p>(Assuming satisfactory completion of the proposed development)</p>



VALUATION CERTIFICATE

Fragrance Properties Pte Ltd & Fragrance Land Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004																									
Lots 95948C, 06512T, 06513A, 06514K, 06515N, 06516X and 06517L Mukim 26 at Lorong 106 Changi Road and Lorong 107 Changi Road Singapore	<p>The redevelopment site is located along Lorong 106 Changi Road and Lorong 107 Changi Road, off Changi Road to the north.</p> <p>The site comprises 7 contiguous land plots forming a rectangular shaped composite site having frontages of about 30 m each to Lorong 106 Changi Road and Lorong 107 Changi Road and depth of about 56 m.</p> <p>Currently there are 4 units of 2-storey terrace houses standing on the land plots fronting Lorong 106 Changi Road whilst the site fronting Lorong 107 Changi Road accommodates 3 units of 2-storey terrace houses. We have been instructed to ignore the properties on site and to value the property as a residential redevelopment site.</p> <p>As advised by the clients, a planning application will be made for a proposed 5-storey residential development with roof terraces and a swimming pool accommodating a total of 26 residential units. The proposed development will have a gross floor area of about 2,577,581 sq m reflecting a proposed plot ratio of 1.4417. The estimated total saleable floor area is about 2,577,581 sq m.</p> <p>The development charge payable is estimated to be about S\$168,186.</p> <p>The site is zoned "Residential" with a plot ratio of 1.4 under the Singapore Master Plan 2003.</p>	<p>The legal description of the property is as follows:</p> <table border="1"> <thead> <tr> <th>Lot No. (Mukim 26)</th> <th>Land Area (sq m)</th> <th>Registered Owner</th> </tr> </thead> <tbody> <tr> <td>Lot 95948C</td> <td>837.6</td> <td>Abdul Rahman Bin Abdul Razak (In Trust)</td> </tr> <tr> <td>Lot 6512T</td> <td>248.8</td> <td>Abdul Rahman Bin Abdul Razak, Abdul Rahim Bin Abdul Razak and Abdul Majeed Bin Abdul Razak as tenants in common in 1/4, 1/4 and 2/4 shares respectively.</td> </tr> <tr> <td>Lot 6513A</td> <td>165.8</td> <td rowspan="3">Abdul Rahman Bin Abdul Razak</td> </tr> <tr> <td>Lot 6514K</td> <td>165.8</td> </tr> <tr> <td>Lot 6515N</td> <td>248.9</td> </tr> <tr> <td>Lot 6517L</td> <td>65.3</td> <td></td> </tr> <tr> <td>Lot 6516X</td> <td>55.7</td> <td></td> </tr> <tr> <td>Total</td> <td>1,787.9</td> <td></td> </tr> </tbody> </table> <p>The tenure is freehold being derived from Grant No. 2.</p> <p>Lots 95948C, 6512T, 6513A, 6514K and 6515N of Mukim 26 are mortgaged to United Overseas Bank Limited.</p> <p>A caveat was lodged against Lots 6512T, 6513A, 6514K, 6515N and 6517L of Mukim 26 by Fragrance Properties Pte Ltd on 24 September 2004.</p> <p>A caveat was lodged against Lot 95948C of Mukim 26 by Fragrance Land Pte Ltd on 6 October 2004.</p>	Lot No. (Mukim 26)	Land Area (sq m)	Registered Owner	Lot 95948C	837.6	Abdul Rahman Bin Abdul Razak (In Trust)	Lot 6512T	248.8	Abdul Rahman Bin Abdul Razak, Abdul Rahim Bin Abdul Razak and Abdul Majeed Bin Abdul Razak as tenants in common in 1/4, 1/4 and 2/4 shares respectively.	Lot 6513A	165.8	Abdul Rahman Bin Abdul Razak	Lot 6514K	165.8	Lot 6515N	248.9	Lot 6517L	65.3		Lot 6516X	55.7		Total	1,787.9		<p><u>Land Value</u> S\$7,870,000</p> <p>(As a development site, net of development charge payable)</p> <p><u>Gross Development Value</u> S\$15,950,000</p> <p>(Assuming satisfactory completion of the proposed development)</p>
Lot No. (Mukim 26)	Land Area (sq m)	Registered Owner																										
Lot 95948C	837.6	Abdul Rahman Bin Abdul Razak (In Trust)																										
Lot 6512T	248.8	Abdul Rahman Bin Abdul Razak, Abdul Rahim Bin Abdul Razak and Abdul Majeed Bin Abdul Razak as tenants in common in 1/4, 1/4 and 2/4 shares respectively.																										
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Lot 6515N	248.9																											
Lot 6517L	65.3																											
Lot 6516X	55.7																											
Total	1,787.9																											



APPENDIX "A18"

VALUATION CERTIFICATE

Fragrance Group Pte Ltd

Property	Description	Tenure/ Registered Owner	Open Market Value As At 30 September 2004																																				
<p>101 Joo Chiat Road, Fragrance Centre, Singapore</p>	<p>Fragrance Centre is a 4-storey shop cum office development located along Joo Chiat Road, near its junction with Joo Chiat Terrace and Tembeling Road.</p> <p>The property accommodates a total of 7 strata units; one shop unit on the 1st storey and two office units from the 2nd to 4th storeys. Vertical access is via a passenger lift and a set of reinforced concrete staircase. We were informed that the Temporary Occupation Permit was issued circa mid 2001.</p> <p>Under the Singapore Master Plan 2003, the site is zoned "Commercial" with a plot ratio of 3.0 and is within a designated conservation area.</p>	<p>The legal description of each strata unit is as follows:</p> <table border="1" data-bbox="544 685 906 1216"> <thead> <tr> <th>Unit No.</th> <th>Lot No. (Mk 26)</th> <th>Strata Floor Area (sq m)</th> <th>Shares in Common Property</th> </tr> </thead> <tbody> <tr> <td>#01-01</td> <td>U18720V</td> <td>72.0</td> <td>178/1,000</td> </tr> <tr> <td>#02-01</td> <td>U18721P</td> <td>38.0</td> <td>94/1,000</td> </tr> <tr> <td>#02-02</td> <td>U18724K</td> <td>73.0</td> <td>180/1,000</td> </tr> <tr> <td>#03-01</td> <td>U18722T</td> <td>38.0</td> <td>94/1,000</td> </tr> <tr> <td>#03-02</td> <td>U18725N</td> <td>73.0</td> <td>180/1,000</td> </tr> <tr> <td>#04-01</td> <td>U18723A</td> <td>38.0</td> <td>94/1,000</td> </tr> <tr> <td>#04-02</td> <td>U18726X</td> <td>73.0</td> <td>180/1,000</td> </tr> <tr> <td>Total</td> <td></td> <td>405.0</td> <td></td> </tr> </tbody> </table> <p>The tenure of the strata units is freehold being derived from Grant No. 2.</p> <p>The registered owner of all the strata units is Fragrance Group Pte Ltd.</p> <p>Each strata unit is mortgaged to United Overseas Bank Limited.</p>	Unit No.	Lot No. (Mk 26)	Strata Floor Area (sq m)	Shares in Common Property	#01-01	U18720V	72.0	178/1,000	#02-01	U18721P	38.0	94/1,000	#02-02	U18724K	73.0	180/1,000	#03-01	U18722T	38.0	94/1,000	#03-02	U18725N	73.0	180/1,000	#04-01	U18723A	38.0	94/1,000	#04-02	U18726X	73.0	180/1,000	Total		405.0		<p>S\$2,701,000 (On a unit-by-unit basis)</p>
Unit No.	Lot No. (Mk 26)	Strata Floor Area (sq m)	Shares in Common Property																																				
#01-01	U18720V	72.0	178/1,000																																				
#02-01	U18721P	38.0	94/1,000																																				
#02-02	U18724K	73.0	180/1,000																																				
#03-01	U18722T	38.0	94/1,000																																				
#03-02	U18725N	73.0	180/1,000																																				
#04-01	U18723A	38.0	94/1,000																																				
#04-02	U18726X	73.0	180/1,000																																				
Total		405.0																																					



**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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Jones Lang LaSalle Property Consultants Pte Ltd
Jones Lang LaSalle Property Management Pte Ltd
9 Raffles Place #39-00 Republic Plaza Singapore 048619
tel +65 6220 3888 fax +65 6438 3360
Company Reg No. 198004794D
Company Reg No. 197600508N



Valuation (Land & Building)

Your Ref : -
Our Ref : TKC:JY:ycl:VWC:040997-041004,
041032-041039 & 041044-041045

The Fragrance Group Pte Ltd
101 Joo Chiat Road
#01-01 Fragrance Centre
Singapore 427395

By Mail

Attention: Mr Aravind

October 19, 2004

Dear Sirs,

**VALUATION OF 18 PROPERTIES HELD BY THE FRAGRANCE GROUP
OF COMPANIES**

Further to your instructions to value the above-mentioned properties, we confirm the open market value as at September 30, 2004 of the 18 properties as in attached summary.

The valuation shall be use for an Initial Public Offer and we hereby give consent for their inclusion in the Preliminary Prospectus/Prospectus.

Faithfully,

Tan Keng Chiam
National Director
JONES LANG LASALLE

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION SUMMARY OF THE FRAGRANCE GROUP PTE LTD PROPERTIES

S/No	Property	Open Market Value as at September 30, 2004	Gross Development Value as at September 30, 2004
1	15 Rosyth Avenue Singapore 546242	S\$2,900,000/-	S\$6,750,000/-
2	5/A Eden Grove Singapore 539057/8	S\$4,600,000/-	S\$9,900,000/-
3	17W Jalan Hock Chye Singapore 538210	S\$2,100,000/-	S\$4,010,000/-
4	63 Dunlop Street Singapore 209391	S\$1,650,000/-	S\$4,000,000/-
5	6 Lorong L Telok Kurau Singapore	S\$2,200,000/-	S\$4,600,000/-
6	7, 7A, 9, 9A and Lot 6517L Mukim 26 Lorong 106 Changi Road and 26,28,30 and Lot 6516X Mukim 26 Lorong 107 Changi Road Singapore	S\$7,600,000/-	S\$16,000,000/-
7	177,179,181,183,185 and 187 Selegie Road Singapore	S\$9,700,000/-	S\$20,000,000/-
8	263 Balestier Road Singapore 329715	S\$4,900,000/-	S\$10,000,000/-
9	Retained 14 association units at 37 Lorong 20 Geylang Crown Building Singapore 398753	S\$6,000,000/-	NA
10	101 Joo Chiat Road Singapore 427395	S\$2,600,000/-	NA
11	50 Lorong 18 Geylang Fragrance Hotel - Crystal Singapore	S\$15,000,000/-	NA
12	21 Lorong 14 Geylang Fragrance Hotel - Pearl Singapore	S\$15,500,000/-	NA
13	10 Lorong 20 Geylang Fragrance Hotel - Ruby Singapore	S\$20,000,000/-	NA
14	3 Lorong 10 Geylang Fragrance Hotel - Sapphire Singapore	S\$6,500,000/-	NA
15	20 Lorong 6 Geylang Fragrance Hotel - Emerald Singapore	S\$16,000,000/-	NA
16	255 Balestier Road Fragrance Hotel - Balestier Singapore	S\$7,400,000/-	NA
17	418 Balestier Road Fragrance Hotel - Classic Singapore	S\$7,600,000/-	NA
18	219 Joo Chiat Road The Fragrance Hotel Singapore	S\$13,000,000/-	NA

**APPENDIX B
VALUERS' REPORTS**



VALUATION CERTIFICATE

Property	:	15 Rosyth Avenue Singapore 546242
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 98991K Mukim 22
Tenure	:	Freehold
Registered Owner	:	Fragrance Properties Pte Ltd
Mortgagee	:	Singapura Finance Ltd
Brief Description of Property	:	The property is a plot of residential land for the proposed erection of a residential development of up to 5-storey with a swimming pool located along Rosyth Avenue. It is about 600 m from Yio Chu Kang Road and approximately 10.5 km away from the city centre at Collyer Quay.
Site Area	:	754.3 sq.m.
Gross Floor Area	:	Approximately 1,055.3 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential' with a plot ratio of 1.4 and developments up to 4-storeys is permissible.
Open Market Value (Land) as at September 30, 2004	:	S\$2,900,000/- Singapore Dollars Two Million And Nine Hundred Thousand
Gross Development Value	:	S\$6,750,000/- Singapore Dollars Six Million, Seven Hundred And Fifty Thousand

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	5/5A Eden Grove Singapore 539057/8
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 99190N Mukim 24
Tenure	:	Freehold
Caveator	:	Fragrance Properties Pte Ltd
Brief Description of Property	:	The property is a plot of residential land for the proposed erection of a residential development of up to 5-storey with facilities. It is approximately 9 km away from the city centre at Collyer Quay.
Site Area	:	1,117.6 sq.m.
Proposed Gross Floor Area	:	Approximately 1,563.33 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential' with a plot ratio of 1.4.
Open Market Value (Land) as at September 30, 2004	:	S\$4,600,000/- Singapore Dollars Four Million And Six Hundred Thousand
Gross Development Value	:	S\$9,900,000/- Singapore Dollars Nine Million And Nine Hundred Thousand

*TKC:JY:ycl:041038
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	17W Jalan Hock Chye Singapore 538210			
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.			
Legal Description	:	Lot 4383A Mukim 22			
Tenure	:	Freehold			
Caveators	:	Fragrance Properties Pte Ltd and Singapura Finance Limited.			
Brief Description of Property	:	The property is a plot of residential land located along Jalan Hock Chye, off Hougang Avenue 1. It is approximately 10 km away from the city centre at Collyer Quay.			
		The proposed development will comprises 3 units of 3-storey terrace houses each with a roof garden.			
Site Area (whole development)	:	575.5 sq.m.			
Proposed Site Area and Gross Floor Area (approximate)	:	<u>Plot</u>	<u>1</u>	<u>2</u>	<u>3</u>
		Site Area	207.28 sq.m.	162.68 sq.m.	205.54 sq.m.
		Gross Floor Area	232.3 sq.m.	232.3 sq.m.	232.3 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential' and designated for 3-storey mixed landed housing development.			
Open Market Value (Land) as at September 30, 2004	:	S\$2,100,000/-	Singapore Dollars Two Million And One Hundred Thousand.		
Gross Development Value	:	S\$4,010,000/-	Singapore Dollars Four Million And Ten Thousand		

TKC:JY:ycl:041037
October 11, 2004

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	63 Dunlop Street Singapore 209391
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 99677W Town Subdivision 16
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	Singapura Finance Limited.
Brief Description of Property	:	The property is a plot of land located along Dunlop Street, at its junction with Perak Road and approximately 3 km away from the city centre at Collyer Quay. The property is redevelopment site for the proposed erection of a 2-storey back packers hostel with attic and basement with a total of 15 guest rooms for 94 beds.
Site Area	:	237.50 sq.m.
Proposed Gross Floor Area	:	Approximately 782.163 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial' with a plot ratio of 2.8.
Open Market Value (Land) as at September 30, 2004	:	S\$1,650,000/- Singapore Dollars One Million, Six Hundred And Fifty Thousand.
Gross Development Value	:	S\$4,000,000/- Singapore Dollars Four Million

*TKC:JY:ycl:041034
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	6 Lorong L Telok Kurau Singapore 425421
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 1933K Mukim 26
Tenure	:	Freehold
Registered Owner	:	Fragrance Properties Pte Ltd
Mortgagee	:	Hong Leong Finance Limited.
Brief Description of Property	:	The property is a plot of residential land located along Lorong L Telok Kurau and approximately 15 km away from the city centre at Collyer Quay.
Site Area	:	573.1 sq.m.
Proposed Gross Floor Area	:	Approximately 771.393 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential' with a plot ratio of 1.4.
Open Market Value (Land) as at September 30, 2004	:	S\$2,200,000/- Singapore Dollars Two Million And Two Hundred Thousand
Gross Development Value	:	S\$4,600,000/- Singapore Dollars Four Million And Six Hundred Thousand

*TKC:JY:ycl:041044
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	7, 7A, 9, 9A And Lot 6517L Mukim 26 at Lorong 106 Changi and 26, 28, 30 and Lot 6516X Mukim 26 Lorong 107 Changi Singapore	
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.	
Legal Descriptions	:	Lots 6512T, 6513A, 6514K, 6515N, 6517L, 95948C and 6516X Mukim 26.	
Tenure	:	Freehold	
Caveators	:	Fragrance Properties Pte Ltd and Fragrance Land Pte Ltd	
Brief Description of Property	:	The property comprises 7 plots of residential land located along Lorong 106 Changi and Lorong 107 Changi. It is approximately 12 km away from the city centre at Collyer Quay.	
Site Area (whole development)	:	Lot 6512T Mukim 26	248.8 sq.m.
		Lot 6513A Mukim 26	165.8 sq.m.
		Lot 6514K Mukim 26	165.8 sq.m.
		Lot 6515N Mukim 26	248.9 sq.m.
		Lot 6517L Mukim 26	65.3 sq.m.
		Lot 95948C Mukim 26	837.6 sq.m.
		Lot 6516X Mukim 26	55.7 sq.m.
		Total	<u><u>1,787.9 sq.m.</u></u>
Proposed Gross Floor Area	:	Approximately 2,577.58 sq.m.	
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential' with a plot ratio of 1.4.	
Open Market Value (Land) as at September 30, 2004	:	S\$7,600,000/-	Singapore Dollars Seven Million And Six Hundred Thousand
Gross Development Value	:	S\$16,000,000/-	Singapore Dollars Sixteen Million

TKC:JY:ycl:041045
October 11, 2004

APPENDIX B VALUERS' REPORTS



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VALUATION CERTIFICATE

Property	:	177, 179, 181, 183, 185 & 187 Selegie Road Singapore 188326, 188327, 188328, 188329, 188330 & 188331
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Descriptions	:	Lots 99578X, 99577N, 99589A, 99579L, 99580N and 99581X Town Subdivision 19
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	Sing Investments & Finance Limited.
Brief Description of Property	:	The property is a proposed hotel located along Selegie Road and approximately 6 km away from the city centre at Collyer Quay. The property is a proposed 128 guestrooms hotel within a 2- storey conserved shophouses with a 10-storey rear extension with a swimming pool on the roof level.
Site Area (whole development)	:	507.7 sq.m.
Gross Floor Area	:	Approximately 2,128.088 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial/Residential' with a plot ratio of 4.2.
Open Market Value (Land) as at September 30, 2004	:	S\$9,700,000/- Singapore Dollars Nine Million And Seven Hundred Thousand.
Gross Development Value	:	S\$20,000,000/- Singapore Dollars Twenty Million.

TKC:JY:ycl:041032
October 11, 2004

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	263 Balestier Road Singapore 329715	
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.	
Legal Description	:	LotS 677P and 678T Town Subdivision 29	
Tenure	:	Freehold	
Registered Owner	:	Fragrance Capital Pte Ltd	
Mortgagee	:	Oversea-Chinese Banking Corporation Limited.	
Brief Description of Property	:	The property is a proposed hotel located along Balestier Road and approximately 15 km away from the city centre at Collyer Quay. The property is a proposed 68 guestrooms hotel within a part conserved 2-storey shophouse with a 6-storey rear extension. It will be completed in December 2004.	
Site Area	:	Lot 677P Town Subdivision	375.7 sq.m.
		Lot 678T Town Subdivision	24.2 sq.m.
		Total	<u>399.9 sq.m.</u>
Gross Floor Area	:	Approximately 1,184 sq.m.	
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial' with a plot ratio of 3.0.	
Open Market Value (Land) as at September 30, 2004	:	S\$4,900,000/-	Singapore Dollars Four Million And Nine Hundred Thousand
Gross Development Value	:	S\$10,000,000/-	Singapore Dollars Ten Million.

TKC:JY:ycl:041033
October 11, 2004

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property : 37 Lorong 20 Geylang
Crown Building
Singapore 398753

Purpose of Valuation : These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.

<u>Legal Description</u>	<u>Unit No.</u>	<u>Legal Description (Mukim 25)</u>	<u>Strata Floor Area (sq.m.)</u>
	#02-01	Lot U17041T	104
	#02-02	Lot U17045X	107
	#03-01	Lot U17042A	104
	#03-02	Lot U17046L	107
	#04-01	Lot U17043K	104
	#04-02	Lot U17047C	107
	#05-01	Lot U17044N	104
	#05-02	Lot U17048M	107
	#06-01	Lot U17049W	104
	#06-02	Lot U17052W	107
	#07-01	Lot U17050C	104
	#07-02	Lot U17053V	107
	#08-01	Lot U17051M	104
	#08-02	Lot U17054P	107
	Total :		<u>1,477</u>

Tenure : Freehold.

Registered Owner : Fragrance Properties Pte Ltd

Brief Description of Property : The property comprises 14 use units located within an 8-storey association building known as Crown Building located along Lorong 20 Geylang and approximately 6 km away from the city centre at Collyer Quay.

Master Plan Zoning (2003 Edition) : The site is zoned 'Residential/Institution' with a plot ratio of 2.8.

Open Market Value as at September 30, 2004 : S\$6,000,000/- Singapore Dollars Six Million.

TKC:JY:ycl:041036
October 11, 2004

APPENDIX B VALUERS' REPORTS



**JONES LANG
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VALUATION CERTIFICATE

Property	:	101 Joo Chiat Road Singapore 427395		
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.		
Legal Description / Strata Area	:	<u>Unit No.</u>	<u>Legal Description Mukim 26</u>	<u>Strata Area (sq.m.)</u>
		#01-01	Lot U187220V	72
		#02-01	Lot U18721P	38
		#02-02	Lot U18724K	73
		#03-01	Lot U18722T	38
		#03-02	Lot U18725N	73
		#04-01	Lot U18723A	38
		#04-02	Lot U18726X	73
Tenure	:	Freehold		
Registered Owner	:	Fragrance Group Pte Ltd		
Mortgagee	:	United Overseas Bank Limited		
Brief Description of Property	:	The property is a 4-storey commercial building with a passenger lift and a roof terrace located along Joo Chiat Road, its junction with Joo Chiat Terrace and Tembeling Road and approximately 7.5 km away from the city centre at Collyer Quay.		
Site Area (for whole development)	:	149.0 sq.m.		
Total Strata Area	:	405 sq.m.		
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial' with a plot ratio of 3.0 and is within a designated conservation area.		
Open Market Value as at September 30, 2004	:	S\$2,600,000/-	Singapore Dollars Two Million And Six Hundred Thousand	

TKC:JY:ycl:041035
October 11, 2004

**APPENDIX B
VALUERS' REPORTS**



VALUATION CERTIFICATE

Property	:	50 Lorong 18 Geylang Fragrance Hotel - Crystal Singapore 398824
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 5438K Mukim 25
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	Hong Leong Singapore Finance Limited
Brief Description of Property	:	The property is a hotel located along Lorong 18 Geylang, at its junction with Westerhout Road and approximately 6 km away from the city centre at Collyer Quay. The property is a part 4-storey and part 8-storey hotel with a total of 125 guest rooms completed in 2002.
Site Area	:	1,051.1 sq.m.
Gross Floor Area	:	Approximately 3,360.332 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential/Institution' with a plot ratio of 2.8.
Open Market Value as at September 30, 2004	:	S\$15,000,000/- Singapore Dollars Fifteen Million

*TKC:JY:ycl:040997
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	21 Lorong 14 Geylang Fragrance Hotel - Pearl Singapore 398961
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 6181X Mukim 25
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	United Overseas Bank Limited
Brief Description of Property	:	The property is a hotel located along Lorong 14 Geylang and approximately 6 km away from the city centre at Collyer Quay. The property is a 8-storey hotel with a total of 129 guest rooms completed in the 4th Quarter of 2001.
Site Area	:	843.1 sq.m.
Gross Floor Area	:	Approximately 2,580.478 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential/Institution' with a plot ratio of 2.8.
Open Market Value as at September 30, 2004	:	SS\$15,500,000/- Singapore Dollars Fifteen Million And Five Hundred Thousand

*TKC:JY:yel:040998
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	10 Lorong 20 Geylang Fragrance Hotel - Ruby Singapore 398730
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 5450W Mukim 25
Tenure	:	Freehold.
Registered Owner	:	Fragrance Investment Pte Ltd
Mortgagee	:	United Overseas Bank Limited
Brief Description of Property	:	The property is a hotel located along Lorong 20 Geylang, off Geylang Road and Guillemard Road and approximately 6 km away from the city centre at Collyer Quay. The property is a 8-storey hotel with a total of 168 guest rooms completed in December 1997.
Site Area	:	902.1 sq.m.
Gross Floor Area	:	Approximately 2,918.6 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential/Institution' with a plot ratio of 2.8.
Open Market Value as at September 30, 2004	:	S\$20,000,000/- Singapore Dollars Twenty Million.

*TKC:JY:ycl:040999
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	3 Lorong 10 Geylang Fragrance Hotel - Sapphire Singapore 399037
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 4997W Mukim 25
Tenure	:	Freehold.
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	United Overseas Bank Limited
Brief Description of Property	:	The property is a hotel located along Lorong 10 Geylang, Off Geylang Road and approximately 6 km away from the city centre at Collyer Quay. The property is a 7-storey hotel with a total of 50 guest rooms completed in 1996.
Site Area	:	528.1 sq.m.
Gross Floor Area	:	Approximately 1,568 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Residential/Institution' with a plot ratio of 2.8.
Open Market Value as at September 30, 2004	:	S\$6,500,000/- Singapore Dollars Six Million And Five Hundred Thousand

*TKC:JY:ycl:041000
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



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VALUATION CERTIFICATE

Property	:	255 Balestier Road Fragrance Hotel - Balestier Singapore 329710
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 99476W, 99474C and 99473L Town Subdivision 29
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	Sing Investments & Finance Limited.
Brief Description of Property	:	The property is a hotel located along Balestier Road and approximately 15 km away from the city centre at Collyer Quay. The property is a 5-storey hotel with a total of 48 guest rooms completed in 2003.
Site Area (whole development)	:	315 sq.m.
Gross Floor Area	:	Approximately 889.99 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial/Residential' with a plot ratio of 3.0 and within a designated conservation area.
Open Market Value as at September 30, 2004	:	S\$7,400,000/- Singapore Dollars Seven Million And Four Hundred Thousand

*TKC:JY:ycl:041002
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	418 Balestier Road Fragrance Hotel - Classic Singapore 329808
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 7063N and Lot 7164X Mukim 17
Tenure	:	Freehold
Registered Owner	:	Fragrance Capital Pte Ltd
Mortgagee	:	Hong Leong Finance Limited
Brief Description of Property	:	<p>The property is a hotel located along Balestier Road and approximately 15 km away from the city centre at Collyer Quay.</p> <p>The property is a 48 guestroom hotel within 2 units of 2-storey conservation shophouses with a 6-storey rear-extension. It was completed in early 2004.</p>
Site Area	:	Lot 7063N Mukim 17 - 143.2 sq.m. Lot 7164X Mukim 17 - 138.5 sq.m.
		<u>Total</u> <u>281.7 sq.m.</u>
Gross Floor Area	:	Approximately 840.90 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial/Residential' with a plot ratio of 3.0 and within a designated conservation area.
Open Market Value as at September 30, 2004	:	S\$7,600,000/- Singapore Dollars Seven Million And Six Hundred Thousand

*TKC:JY:yel:041003
October 11, 2004*

**APPENDIX B
VALUERS' REPORTS**



**JONES LANG
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VALUATION CERTIFICATE

Property	:	219 Joo Chiat Road The Fragrance Hotel Singapore 427485
Purpose of Valuation	:	These Valuation Certificate have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the initial public offer by Fragrance Group Pte Ltd.
Legal Description	:	Lot 9276L Mukim 26
Tenure	:	Freehold
Registered Owner	:	Fragrance Ventures Pte Ltd
Mortgagee	:	Hong Leong Finance Limited.
Brief Description of Property	:	The property is a hotel located along Joo Chiat Road, near its junction with Joo Chiat Lane and approximately 12 km away from the city centre at Collyer Quay. The property is a 4-storey hotel with an attic level with a total of 82 guest rooms completed in late 2001.
Site Area	:	672.1 sq.m.
Gross Floor Area	:	Approximately 2,104.54 sq.m.
Master Plan Zoning (2003 Edition)	:	The site is zoned 'Commercial' with a plot ratio of 3.0 and is within a designated conservation area.
Open Market Value as at September 30, 2004	:	S\$13,000,000/- Singapore Dollars Thirteen Million.

*TKC:JY:ycl:041004
October 11, 2004*

APPENDIX C

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of shareholders conferred by the laws of Singapore and the Articles of Association (the "Articles") of our Company. These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of the shareholders of our Company. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to such approval) to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to such approval), to be issued other than on a pro rata basis to our shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued and all new Shares are under the control of the Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the Shares, are recognised as shareholders of our Company. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share. We may close the register of shareholders for any time or times if we provide the SGX-ST at least 10 clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which our Company is listed. The Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which our Company is listed. The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that the Board of Directors may require.

APPENDIX C

DESCRIPTION OF ORDINARY SHARES

General Meeting of Shareholders

We are required to hold an annual general meeting every year. The Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by the Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and the Articles, a change of the corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. Our Company must give at least 14 days' notice in writing for every general meeting convened for the purpose of passing an ordinary resolution. Special resolutions generally require at least 21 days' notice in writing. The notice must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting in person or by proxy. Proxies need not be a shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in the Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or any two shareholders present in person or by proxy and entitled to vote.

Dividends

Our Company may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits; however, we may capitalise our share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to our shareholders. See "Bonus and Rights Issue". Our Board of Directors may also declare an interim dividend without the approval of our shareholders. All dividends are paid pro rata among our shareholders in proportion to the amount paid up on each shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

Bonus and Rights Issues

The Board of Directors may, with approval of our shareholders at a general meeting, capitalise any reserves or profits (including profit or moneys carried and standing to any reserve or to the share premium account) and distribute the same as bonus shares credited as paid-up to our shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

APPENDIX C

DESCRIPTION OF ORDINARY SHARES

Takeovers

From 1 January 2002, a revised Singapore Code on Take-overs and Mergers (“Revised Take-over Code”) issued by the MAS pursuant to Section 321 of the Securities and Futures Act has come into effect. Under the Revised Take-over Code, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30% or more of our voting shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Revised Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with persons acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six-month period.

Under the Revised Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv); and
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client’s equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);

APPENDIX C

DESCRIPTION OF ORDINARY SHARES

- (iv) any person who is accustomed to act in accordance with the instructions of (i); and
- (v) companies controlled by any of (i), (ii), (iii), or (iv).

Under the Revised Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with the offeror within the preceding 6 months.

Liquidation or Other Return of Capital

If our Company liquidates or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, the Articles provide that, subject to the Act, the Board of Directors and officers shall be entitled to be indemnified by our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify directors and officers against any liability which by law otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by the Articles on the rights of non-resident shareholders to hold or vote Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations:

- (a) the affairs of our Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders;
- (b) our Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant. Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, Singapore courts may:
 - (i) direct or prohibit any act or cancel or vary any transaction or resolution; or
 - (ii) regulate the conduct of the affairs of our Company in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority shareholder's Shares by the other shareholders or by our Company and, in the case of a purchase of Shares by our Company, a corresponding reduction of our share capital;
- (e) provide that the Memorandum of Association or the Articles be amended; or
- (f) provide that our Company be wound up.

APPENDIX D

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

You are invited to subscribe for the New Shares at the Issue Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for the Offer Shares may be made by way of printed Offer Shares Application Forms or by way of applications through ATMs of the Participating Banks ("ATM Electronic Applications") or through Internet Banking websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your application for the Placement Shares may only be made by way of printed Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares. If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.**

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of an Application Form or through an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

Conversely, if you have made an application for Offer Shares either by way of an Application Form or through an Electronic Application, you should not make any application for Placement Shares. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

Joint applications shall be rejected. Multiple applications for New Shares will be liable to be rejected at our discretion. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers.

APPENDIX D
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.**
9. **We reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. We further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
10. We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application without assigning any reason therefor, and no enquiry and/or correspondence on our decision with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment which shall be at our discretion, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

APPENDIX D

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you. This will be the only acknowledgement of application moneys received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
12. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST if required.

In all of the above instances, the basis of allotment of the New Shares as may be decided upon by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and through a paid advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to us, the Lead Manager, the Lead Underwriter and the Lead Placement Agent and, any other parties so authorised by the forgoing persons.
14. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares.
15. By completing and delivering an Application Form or by making and completing an Electronic Application (in the case of an ATM Electronic Application) by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;
 - (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and whether to allocate any New Shares to you;

APPENDIX D

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

- (c) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Prospectus shall prevail;
 - (d) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company upon application; and
 - (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Lead Manager, Lead Underwriter and Lead Placement Agent will infringe any such laws as a result of the acceptance of your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, us being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the New Shares on the Official List of the SGX-ST;
 - (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section “General and Statutory Information” have become unconditional and have not been terminated; and
 - (c) the MAS has not served a Stop Order which directs that no further shares to which this Prospectus relates be allotted and/or allocated.
17. We will not hold any application in reserve.
18. We will not allot any Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.
19. Additional terms and conditions for applications by way of Application Forms are set out in the section “Additional Terms and Conditions for Applications Using Application Forms” on pages D-4 to D-6 of this Prospectus.
20. Additional terms and conditions for applications by way of Electronic Applications are set out in the section “Additional Terms and Conditions for Electronic Applications” on pages D-8 to D-12 of this Prospectus.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section “Terms, Conditions And Procedures For Applications”, as well as the Memorandum and Articles of Association of the Company.

1. Your application must be made using the **WHITE** Application Forms for Offer Shares and **WHITE** official envelopes “A” and “B” or the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

APPENDIX D

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, except those under the heading "FOR OFFICIAL USE ONLY", must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. We reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, the applicants must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.
7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore made out in favour of "**FRAGRANCE SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address of the applicant written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by us or the Lead Manager for applications and application moneys received.

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8. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that your remittance accompanying your application has been presented for payment or other processes have been honoured and the application moneys received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application moneys received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by MAS, the application moneys received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
10. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 1 February 2005** or such other time or date as our Directors may, in consultation with the Lead Manager, decide:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any application moneys returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Lead Manager, Lead Underwriter and Lead Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained;
 - (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Lead Manager, Lead Underwriter and Lead Placement Agent or other authorised operators; and
 - (g) you irrevocably agree to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allocated to you in respect of your application. In the event that our Company decides to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

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Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with your correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** official envelope "A" provided;
 - (b) in the appropriate spaces on **WHITE** official envelope "A":
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for; and
 - (iii) affix adequate Singapore postage;
 - (c) SEAL THE **WHITE** OFFICIAL ENVELOPE "A";
 - (d) write, in the special box provided on the larger **WHITE** official envelope "B" addressed to **Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope "A" into **WHITE** official envelope "B", seal **WHITE** official envelope "B" and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk, to **Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424** to arrive by **12.00 noon on 1 February 2005 or such other date or time as our Directors may, in consultation with the Lead Manager, decide. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement of receipt will be issued for any application or remittance received.**
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of Placement Shares applied for in accordance with the terms and conditions of this Prospectus, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND**, at your own risk, to **Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424** to arrive by **12.00 noon on 1 February 2005 or such other date or time as our Directors may, in consultation with the Lead Manager, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS are the only participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out, respectively, in the “Steps for an ATM Electronic Application through the ATMs of UOB Group” and the “Steps for an Internet Electronic Application through the IB website of UOB Group” (collectively, the “Steps”) appearing on pages D-13 to D-17 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in the “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification (“User ID”) and a Personal Identification Number/Password (“PIN”) given by a relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, through the IB website of UOB Group, there will be an on-screen confirmation (“Confirmation Screen”) of the application which can be printed out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the purpose of the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section “Terms, Conditions And Procedures For Applications” as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
 - (a) **that you have received a copy of this Prospectus (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**

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- (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF investment account number (if applicable) and application details (the “Relevant Particulars”) maintained with the relevant Participating Bank to the Share Registrar, CDP, CPF, SCCS, SGX-ST, our Company, the Lead Manager, the Lead Underwriter or the Lead Placement Agent or other authorised operator (the “Relevant Parties”); and
- (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM or on the IB website unless you press the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you signify your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47 of the Banking Act, Chapter 19 of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE FOR ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR NEW SHARES WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

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5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application moneys will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, at your own risk, within 24 hours of balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application moneys have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you, at your own risk, by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application moneys have been received in the designated share issue account.

Responsibility for timely refund of application moneys from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank on the status of your Electronic Application and/or the refund of any moneys to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you, if any, before trading the Offer Shares on SGX-ST. Neither SGX-ST, the CDP, the SCCS, the Participating Banks, our Company nor the Lead Manager, the Lead Underwriter or Lead Placement Agent assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make an ATM Electronic Application through the ATM or IB website of the following Participating Banks, you may check the results of your Electronic Application as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service Expected from
UOB Group	1 800 222 2121	ATM (Other Transactions — “IPO Enquiry”) ⁽¹⁾ http://www.uobgroup.com ⁽¹⁾⁽²⁾	ATM/Phone Banking 24 hours a day Internet Banking 24 hours a day	Evening of the balloting day Evening of the balloting day
DBS	1 800 339 6666 (for POSB Account holders) 1 800 111 1111 (for DBS Account holders)	Internet Banking http://www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
OCBC Bank	1 800 363 3333	ATM	ATM/Phone Banking 24 hours a day	Evening of the balloting day

Note:

- (1) If you have made your Electronic Application through the IB website of DBS or UOB Group, you may check your results through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of DBS or UOB Group.
- (2) If you have made your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB PhoneBanking Services.

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7. Electronic Applications shall close at **12.00 noon on 1 February 2005** or such other date and time as our Company may, in consultation with the Lead Manager, decide. Subject to paragraph 9 below, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.
8. You are deemed to have irrevocably requested and authorised us to:
 - (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application moneys in Singapore currency, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount, at your own risk, within 24 hours of balloting; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application moneys in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank, at your own risk, with the relevant amount within 14 days after the close of the Application List.
9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Lead Manager and if, in any such event, our Company, the Lead Manager and/or the relevant Participating Bank does not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Lead Manager, Lead Underwriter and Lead Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name and without qualification. We will reject any application by any person acting as nominee, except those made by approved nominee companies only.
11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of us making available the Electronic Application facility, through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):
 - (i) your Electronic Application is irrevocable; and

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- (ii) your Electronic Application, the acceptance by us and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (b) neither our Company, the Lead Manager nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above of this Prospectus or to any cause beyond their respective controls;
- (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither the Company, the Lead Manager, Lead Underwriter and Lead Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

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STEPS FOR ELECTRONIC APPLICATIONS THROUGH THE ATMS AND IB WEBSITE OF UOB GROUP

The instructions for Electronic Applications will appear on the ATM screens and IB website screens of the relevant Participating Banks. For illustration purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the Participating Banks other than UOB Group, may differ from those represented below.

Due to space constraints on UOB Group's ATM screen, the following terms will appear in abbreviated form:

"&"	:	And
"A/C" and "A/CS"	:	Account and Accounts, respectively
"ADDR"	:	Address
"AMT"	:	Amount
"APPLN"	:	Application
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	Central Provident Fund
"CPFINVT A/C"	:	CPF Investment Account
"ESA"	:	Electronic Share Application
"IC/PSSPT"	:	NRIC or Passport Number
"NO" or "NO."	:	Number
"PERSONAL NO"	:	Personal Identification Number
"REGISTRARS"	:	Share Registrars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"UOB/ICB CPFIS"	:	UOB or ICB CPF Investment Scheme
"YR"	:	Your

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Steps for an ATM Electronic Application through ATMs of UOB Group

- 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
- 2 : Select "CASHCARD/OTHER TRANSACTIONS".
- 3 : Select "SECURITIES APPLICATION".
- 4 : Select the share counter you wish to apply for.
- 5 : Read and understand the following statements which will appear on the screen:
 - **THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**
(Press "ENTER" to continue)
 - **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**
 - **WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**
(Press "ENTER" to confirm that you have read and understood the above statements)
- 6 : Read and understand the following terms which will appear on the screen:
 - **YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENT/SUPPLEMENTARY DOCUMENT AND THIS ELECTRONIC APPLICATION**
 - **YOU CONSENT TO DISCLOSE YR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO AND CDP A/C NO FROM YR A/CS TO CDP, CPF, SCCS, REGISTRARS AND ISSUER/VENDOR(S)**
 - **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME AND AT YR RISK**
(Press "ENTER" to continue")
- 7 : Screen will display:
NRIC/Passport No. XXXXXXXXXXXX
IF YOUR NRIC/PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
(Press "CANCEL" or "CONFIRM")
- 8 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash Account type to debit (i.e. "CURRENT ACCOUNT/I-ACCOUNT", "CAMPUS" OR "SAVINGS ACCOUNT/TX-ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked A/cs Numbers will be displayed for you to select.

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9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change. (This screen with your CDP Securities Account number will be shown for applicants whose CDP Securities Account number is already stored in the UOB Group's ATM system). For an applicant who is using UOB Group's ATM to apply for IPO for the first time, the CDP Securities Account number will not be stored in UOB Group's ATM system, hence the screen below will be displayed to you for your input of CDP Securities Account number.

Read and understand the following terms which will appear on the screen:

- **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
- **PLEASE USE YOUR OWN ATM CARD**
- **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
- **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**
- **PRESS ENTER KEY**

10 : Key in your CDP Securities Account number (12-digits) and press the "ENTER" key

11 : Select your nationality status

12 : Key in the number of Shares you wish to apply for and press the "ENTER" key

13 : Check the details of your Electronic Application on the screen and press the "ENTER" key to confirm your Electronic Application.

14 : Select "NO" if you do not wish to make further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Owing to space constraints on UOB Group's IB website screen, the following terms will appear in abbreviated form:

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or "\$"	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX"	:	Singapore Exchange Securities Trading Limited

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Steps for an Internet Electronic Application through the IB website of UOB

- Step 1 : Connect to UOB website at <http://www.uobgroup.com>
- 2 : Locate the Login icon on the left hand side next to "Internet Banking"
- 3 : Click on Login and at the drop list select "UOB Personal Internet Banking"
- 4 : Enter your Username and Password and click "Submit"
- 5 : Select "Investment Services" ("IPO" should be the default transaction that appears, click "Application")
- 6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions
- 7 : Click "Continue"
- 8 : Select your country of residence (you must be residing in Singapore to apply) and click "Continue"
- 9 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click "Continue"
- 10 : (a) Check the share counter
(b) Select the mode of payment and account number to debit
(c) Click "Continue"
- 11 : Read the IMPORTANT instructions and click "Continue" to confirm that:
1. You have read, understood and agreed to all terms and conditions of the application and Prospectus/Document or Supplementary Document;
 2. You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, CDP, SGX, SCCS, CPF Board, issuer/vendor(s)
 3. This application is made in your own name for your own account and at your own risk.
 4. For Fixed/MAX price share application, this is your only application. For Tender price share application, this is your only application for this share at the selected tender price.
 5. For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. The different prevailing board rates at the time of the application and at the time of refund of applications monies may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S\$ at the same exchange rate.
 6. For 1st-come-1st serve securities, the number of securities applied for may be reduced, subject to the availability at the point of application.

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- 12 : Check your personal details, details of the share counter you wish to apply for and account to debit
Select:
(a) your "Nationality"
Enter:
(b) your CDP securities account number; and
(c) the number of shares applied for
- 13 : Check your personal particulars (name, NRIC/Passport number and nationality), details of the share counter you wish to apply for, CDP securities account number, account to debit and number of shares applied for
- 14 : Click "Submit", "Clear" or "Cancel"
- 15 : Print the Confirmation Screen (optional) for your own reference and retention

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FRAGRANCE CHAIN OF HOTELS



Fragrance Hotel - Balestier
255 Balestier Road
Singapore 329710



Fragrance Hotel - Classic
418 Balestier Road
Singapore 329808



Fragrance Hotel - Crystal
50 Lorong 18 Geylang
Singapore 398824



Fragrance Hotel - Emerald
20 Lorong 6 Geylang
Singapore 399174



Fragrance Hotel - Pearl
21 Lorong 14 Geylang
Singapore 398961



Fragrance Hotel - Ruby
10 Lorong 20 Geylang
Singapore 398730



Fragrance Hotel - Sapphire
3 Lorong 10 Geylang
Singapore 399037



The Fragrance Hotel
219 Joo Chiat Road
Singapore 427485