



ANNOUNCEMENT

UPDATE ON PROPOSED DISTRIBUTION *IN SPECIE* OF SHARES IN AF GLOBAL LIMITED BY AF CORPORATION PTE. LTD.

1. INTRODUCTION

The Board of Directors ("**Board**") of Fragrance Group Limited ("**FGL**" or the "**Company**") refers to the announcement made on 22 August 2019 (the "**22 August 2019 Announcement**") relating to, among others, the proposed distribution *in specie* (the "**AFC Distribution**") by AF Corporation Pte. Ltd. ("**AFC**"), a private limited company jointly controlled by the Company and Aspial Corporation Limited ("**Aspial**"), of substantially all of the 881,383,569 ordinary shares (the "**AF Global Shares**") in the capital of AF Global Limited ("**AF Global**") held by AFC to the Company and Aspial in proportion to their shareholdings in AFC.

Capitalised terms used but not defined herein shall have the meanings ascribed to them in the 22 August 2019 Announcement.

2. UPDATE ON AFC RESTRUCTURING EXERCISE

As announced on the 22 August 2019 Announcement, AFC will undertake the AFC Restructuring Exercise to effect the AFC Distribution. The Board wishes to update the shareholders of the Company (the "**Shareholders**") that to facilitate the AFC Distribution, AFC, the Company and Aspial have agreed to undertake the AFC Restructuring Exercise on the terms which involve, *inter alia*, the following:

- (i) AFC capitalising approximately S\$47,928,452 of its total reserve by allotting and issuing 47,928,452 new ordinary shares in the capital of AFC, credited as fully paid, to the Company and Aspial on a pro-rata basis (the "**AFC Capitalisation of Reserve**");
- (ii) subsequent to the AFC Capitalisation of Reserve, AFC reducing its share capital by the sum of S\$57,793,916, and such reduction will be effected by AFC distributing an aggregate of 242,796,136 AF Global Shares held by it to the Company and Aspial in proportion to their shareholdings in AFC (the "**AFC Capital Reduction**");
- (iii) prior to the AFC Capital Reduction taking effect, the Company and Aspial extending a further interest-free shareholders' loan (the "**Further Shareholders' Loan**") in an aggregate amount of S\$20,000,000 to AFC in equal proportion to allow AFC to settle its external indebtedness. Subsequent to the Further Shareholders' Loan, taking into account the existing interest-free shareholders' loan extended by the Company and Aspial to AFC which remains outstanding as at the date hereof, AFC will owe an aggregate shareholders' loan of S\$152,005,996 (the "**Aggregate Shareholders' Loan**") to the Company and Aspial in equal proportion; and
- (iv) on or about the date on which the AFC Capital Reduction takes effect, AFC repaying the Aggregate Shareholders' Loan by transferring 638,587,432 AF Global Shares, free



of encumbrances and together with all rights attaching thereto on and from the date of transfer, to the Company and Aspial in equal proportion.

3. INTERESTED PERSON TRANSACTION AND AUDIT COMMITTEE'S OPINION

3.1 Interested Person Transaction. Mr Koh Wee Meng is an Executive Director and a controlling shareholder of the Company. Mr Koh Wee Seng is the Chief Executive Officer and a Director and controlling shareholder of Aspial, and his sisters, Ms Ko Lee Meng and Ms Koh Lee Hwee, are Directors and controlling shareholders of Aspial. Mr Koh Wee Meng is the brother of Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee.

AFC, a company in which Mr Koh Wee Meng, Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee have an interest of 30 per cent. or more, is an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, transactions with AFC constitute interested person transactions under Chapter 9 of the Listing Manual.

The aggregate value of the AFC Capitalisation of Reserve and the Further Shareholders' Loan represents approximately 2.6 per cent. of FGL group's latest audited net tangible assets of approximately S\$1,313,530,000 as at 31 December 2018 (the "**FGL Group NTA**").

3.2 Rationale for and Benefit of the AFC Restructuring Exercise. The AFC Restructuring Exercise is undertaken to facilitate the AFC Distribution.

3.3 Audit Committee. The Audit Committee of the Company, having considered and reviewed the terms of the AFC Restructuring Exercise and the rationale for and benefit of the AFC Restructuring Exercise, is of the view that the risks and rewards of the AFC Restructuring Exercise remain in proportion to the equity of each of the Company and Aspial in AFC, and the terms of the AFC Restructuring Exercise are not prejudicial to the interests of the Company and its minority shareholders.

Accordingly, the AFC Restructuring Exercise satisfies the conditions set out in Rule 916(2) and Rule 916(3) of the Listing Manual and the Company is exempted from the requirement to obtain shareholders' approval for the AFC Restructuring Exercise.

3.4 Value of Interested Person Transactions. Other than the AFC Capitalisation of Reserve and the Further Shareholders' Loan and transactions of less than S\$100,000:

- (i) for the current financial year commencing on 1 January 2019 up to the date of this Announcement, the aggregate value of all interested person transactions entered into between FGL group and Mr Koh Wee Meng and his associates is approximately S\$6,677,000, representing approximately 0.51 per cent. of the FGL Group NTA; and
- (ii) the aggregate value of all interested person transactions entered into by the FGL group for the current financial year commencing 1 January 2019 up to the date of this Announcement is approximately S\$6,677,000, representing approximately 0.51 per cent. of the FGL Group NTA.



4. EXPECTED COMPLETION OF THE AFC RESTRUCTURING EXERCISE

The AFC Distribution is subject to the completion of the AFC Restructuring Exercise. The AFC Restructuring Exercise is expected to be completed in December 2019. The Company will provide an update as and when the AFC Restructuring Exercise and the AFC Distribution is completed.

In the meantime, Shareholders are advised to exercise caution when dealing in the shares in the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests.

By Order of the Board

Periakaruppan Aravindan
Executive Director and Deputy CEO
15 November 2019