



**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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# **FRAGRANCE GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FULL YEAR  
ENDED 31 DECEMBER 2020**

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**FRAGRANCE GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR**  
**FULL YEAR ENDED 31 DECEMBER 2020**

1(a)(i) **Consolidated Statement of Profit and Loss and Other Comprehensive Income**

	<b>Group</b>		
	<b>FY 2020</b>	<b>FY 2019</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	111,305	58,156	91.4
Cost of sales	(68,413)	(15,771)	333.8
<b>Gross profit</b>	<b>42,892</b>	<b>42,385</b>	<b>1.2</b>
Other operating income	23,769	99,007	(76.0)
Other operating expenses	(34,564)	(29,578)	16.9
Finance costs	(27,218)	(31,549)	(13.7)
Share of results of a joint venture <sup>1</sup>	(5)	7,371	N.M
<b>Profit before income tax</b>	<b>4,874</b>	<b>87,636</b>	<b>(94.4)</b>
Taxation	(3,698)	(8,150)	(54.6)
<b>Profit for the year</b>	<b>1,176</b>	<b>79,486</b>	<b>(98.5)</b>
Profit attributable to:			
Equity holders of the Company	1,714	79,852	(97.9)
Non-controlling interests	(538)	(366)	47.0
<b>Other comprehensive income/(loss)</b>			
Exchange difference on translation of foreign operations	42,311	(11,216)	N.M
<b>Share of other comprehensive income of a joint venture</b>			
Exchange difference on translation of foreign operations	-	3,783	N.M
Fair value gain on investment securities	-	3	N.M
Revaluation of land and buildings	-	262	N.M
Income tax effect	-	45	N.M
<b>Net other comprehensive income/(loss)</b>	<b>42,311</b>	<b>(7,123)</b>	<b>N.M</b>
<b>Total comprehensive income</b>	<b>43,487</b>	<b>72,363</b>	<b>(39.9)</b>
Total comprehensive income attributable to:			
Equity holders of the Company	44,025	72,729	(39.5)
Non-controlling interests	(538)	(366)	47.0

N.M – Not Meaningful

Notes:

1. The share of results of a joint venture arising from AF Corporation Pte Ltd.

**FRAGRANCE GROUP LIMITED**  
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**FULL YEAR ENDED 31 DECEMBER 2020**

1(a)(ii) **Notes to Statement of Comprehensive income:-**

	<b>Group</b>		
	<b>FY 2020</b>	<b>FY 2019</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b><u>Profit before income tax is determined after charging:-</u></b>			
Allowance for doubtful debts	(227)	-	N.M
Bad debts written off	(5)	(5)	0.0
Amortisation and depreciation	(4,145)	(3,101)	33.7
Impairment loss on properties held for sale	(423)	-	N.M
Loss on disposal of joint venture	(56)	-	N.M
Property, plant and equipment written off	(6)	-	N.M
Finance costs	(27,218)	(31,549)	(13.7)
<b><u>Components of tax expenses recognised in profit and loss include:-</u></b>			
Over provision of income tax in prior years	2,473	7,321	(66.2)
<b><u>Other operating income</u></b>			
Net foreign exchange gain	1,229	1,734	(29.1)
Interest income	234	1,621	(85.6)
Gain on disposal of financial assets at fair value through profit or loss	7	167	(95.8)
Gain on settlement of financial liabilities	72	1,020	(92.9)
Change in fair value of financial assets at fair value through profit or loss	(892)	52	N.M
Change in fair value of financial liabilities at fair value through profit or loss	(36)	36	N.M
Fair value gain on investment properties, net <sup>1</sup>	14,285	100,861	(85.8)
Gain/(loss) on forward foreign exchange contracts	6,636	(7,302)	N.M
Grant income	1,514	-	N.M
Others	720	818	(12.0)
<b>Total</b>	<b>23,769</b>	<b>99,007</b>	<b>(76.0)</b>

N.M – Not Meaningful

Note:

1. Please refer to Section 8 A review of the Group's performance on Other Operating Income for details.

**FRAGRANCE GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR**  
**FULL YEAR ENDED 31 DECEMBER 2020**

1(b)(i) Statements of Financial Position as at 31 Dec 2020 vs 31 Dec 2019

	Group		Company	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
<b><u>Non-current assets</u></b>				
Property, plant and equipment	346,459	205,233	-	-
Other receivables and prepayment	1,149	28,791	229	743
Investment properties	1,910,991	1,823,976	-	-
Subsidiaries	-	-	693,649	663,848
Investment in a joint venture	-	67	-	76
<b>Total non-current assets</b>	<b>2,258,599</b>	<b>2,058,067</b>	<b>693,878</b>	<b>664,667</b>
<b><u>Current assets</u></b>				
Cash and cash equivalents <sup>1</sup>	12,822	69,452	705	32,848
Trade and other receivables	44,487	25,703	406,631	399,658
Development properties	801,251	788,282	-	-
Financial assets at fair value through profit or loss	493	4,018	493	4,018
Properties held for sale	192,995	89,971	31,157	31,847
Assets held for distribution <sup>2</sup>	-	115,539	-	104,900
Derivative financial instruments	-	4,183	-	2,157
Inventories	69	119	-	-
<b>Total current assets</b>	<b>1,052,117</b>	<b>1,097,267</b>	<b>438,986</b>	<b>575,428</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	59,637	48,699	51,779	16,060
Notes interest payable	2,835	2,821	2,835	2,821
Notes payable due in next 12 months <sup>3</sup>	266,023	172,362	266,023	-
Term loans	403,224	8,813	22,623	22,623
Income tax payable	9,498	-	8,390	8,760
<b>Total current liabilities</b>	<b>741,217</b>	<b>232,695</b>	<b>351,650</b>	<b>50,264</b>
<b>Net current assets</b>	<b>310,900</b>	<b>864,572</b>	<b>87,336</b>	<b>525,164</b>
<b><u>Non-current liabilities</u></b>				
Trade and other payables	-	17	3,245	4,646
Notes payable	-	274,587	-	274,587
Term loans	1,258,633	1,245,541	-	-
Deferred tax liabilities	13,953	11,160	640	-
<b>Total non-current liabilities</b>	<b>1,272,586</b>	<b>1,531,305</b>	<b>3,885</b>	<b>279,233</b>
<b>Net assets</b>	<b>1,296,913</b>	<b>1,391,334</b>	<b>777,329</b>	<b>910,598</b>

**FRAGRANCE GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR**  
**FULL YEAR ENDED 31 DECEMBER 2020**

1(b)(i) **Statements of Financial Position as at 31 Dec 2020 vs 31 Dec 2019 – Continued**

	Group		Company	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
<b>Capital and reserves</b>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(885)	(885)	(885)	(885)
Performance share reserve	325	325	325	325
Revaluation reserve	40	40	-	-
Foreign currency translation reserve	(31,585)	(73,896)	-	-
Investment revaluation reserve	2	2	-	-
Retained earnings	1,171,167	1,307,361	627,889	761,158
<b>Equity attributable to the owners of the Company</b>	<b>1,289,064</b>	<b>1,382,947</b>	<b>777,329</b>	<b>910,598</b>
Non-controlling interests	7,849	8,387	-	-
<b>Total equity</b>	<b>1,296,913</b>	<b>1,391,334</b>	<b>777,329</b>	<b>910,598</b>

Notes:

- As at 31 December 2020, cash deposits of A\$51.5 million held in escrow for the sale and purchase agreement (“S&P”) executed by the Premier Tower buyers, were not recorded in the books. This is in accordance with the same accounting standard as highlighted under note 8.
- Investment in AF Global Limited have been distributed as dividend-in-specie on 17 March 2020.
- The notes payable is expected to be repaid using the proceeds from the settlement of Premier Tower (whose certificate of completion for Phase I was received on 22 December 2020), available cash balances, unutilized bank facilities and new bank facilities. The breakdown of the notes payable is as follows:

Maturity Date	Coupon rate	Outstanding Principal Amount (\$ million)
26 April 2021	6.125%	115.0
23 August 2021	3.25%	81.0
23 November 2021	4.75%	70.0

- \$133.6 million out of the term loans classified as current liabilities amounting \$403.2 million will be repaid using the proceeds from settlement of Premier Tower (whose certificate of completion was received on 22 December 2020 for Phase I). The Group is in the progress of refinancing the remaining \$269.6 million and is confident of securing it.

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31 Dec 2020		As at 31 Dec 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	403,224	268,858	172,362	2,821
Amount repayable after one year	1,258,633	-	1,245,541	274,587

Details of collaterals

The credit facilities for the Group are secured by the following:

- i) the legal mortgage of company's office premises, investment and development properties and properties held for sale;
- ii) assignment of sale and rental proceeds, construction contracts and performance bonds; and
- iii) corporate guarantees by Fragrance Group Limited.

**FRAGRANCE GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR**  
**FULL YEAR ENDED 31 DECEMBER 2020**

1(c) **Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>FY 2020 S\$'000</b>	<b>FY 2019 S\$'000</b>
<b><u>Operating activities</u></b>		
Profit before income tax	4,874	87,636
<i>Adjustments for:</i>		
Amortisation and depreciation	3,888	1,784
Amortisation of land lease	-	780
Amortisation of rental incentive granted	1	451
Amortisation of processing fee on debt notes issued	257	537
Property, plant and equipment written off	6	-
Fair value on derivative financial instrument	(6,636)	7,302
Dividend income	(63)	-
Interest income	(234)	(1,621)
Interest expense	27,218	31,549
Impairment loss on property held for sale	423	-
Change in fair value of investment properties	(14,285)	(100,861)
Net unrealised foreign exchange difference	171	(1,717)
Allowance for doubtful debts	227	-
Bad debts written off	5	5
Share of results of a joint venture	5	(7,371)
Change in fair value of financial assets at fair value through profit or loss	892	(52)
Gain on disposal of financial assets at fair value through profit or loss	(7)	(167)
Change in fair value of financial liabilities at fair value through profit or loss	36	(36)
Gain on settlement of financial liabilities	(72)	(1,020)
Loss on disposal of joint venture	56	-
<b>Operating cash flow before movements in working capital</b>	<b>16,762</b>	<b>17,199</b>
Inventories	50	(22)
Trade and other receivables	(14,747)	34,833
Development properties and properties held for sale	(40,442)	(199,860)
Trade and other payables	(14,063)	(42,270)
<b>Net cash used in operations</b>	<b>(52,440)</b>	<b>(190,120)</b>
Interest paid	(48,856)	(47,111)
Income tax refunded/(paid)	3,235	(12,622)
<b>Net cash used in operating activities</b>	<b>(98,061)</b>	<b>(249,853)</b>

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**FULL YEAR ENDED 31 DECEMBER 2020**

1(c) **Consolidated Statement of Cash Flows – Continued**

	<b>Group</b>	
	<b>FY 2020 S\$'000</b>	<b>FY 2019 S\$'000</b>
<b><u>Investing activities</u></b>		
Additional capital contribution in a joint venture	-	(10,580)
Capital redemption from a joint venture	-	19,881
Receipt from/(Payment for) derivative financial instrument	10,836	(19,026)
Interest received	185	1,500
Dividend received	63	-
Purchase of financial assets at fair value through profit or loss	(562)	-
Purchase of property, plant and equipment	(37,806)	(139)
Additions to investment properties	(126,925)	(139,057)
Proceeds from disposal of financial assets at fair value through profit or loss	313	1,638
Proceeds from disposal of investment property	-	28,800
Proceeds from disposal of joint venture	5	-
<b>Net cash used in investing activities</b>	<b>(153,891)</b>	<b>(116,983)</b>
<b><u>Financing activities</u></b>		
(Advances to)/proceeds from non-controlling interests	(1,760)	520
Dividend paid	(23,498)	-
Proceeds from borrowings	265,689	756,533
Purchase of medium term note issued	(6,000)	(32,962)
Repayment of borrowings	(35,972)	(421,902)
<b>Net cash from financing activities</b>	<b>198,459</b>	<b>302,189</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(53,493)</b>	<b>(64,647)</b>
Cash and cash equivalents at beginning of year	69,452	136,129
Effects of exchange rate on foreign currency balances	(3,137)	(2,030)
<b>Cash and cash equivalents at end of year</b>	<b>12,822</b>	<b>69,452</b>



**FRAGRANCE GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FULL YEAR ENDED 31 DECEMBER 2020**

1(d)(i) **Statements of Changes in Equity**

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 Jan 2019</b>	<b>150,000</b>	<b>1,178,476</b>	<b>(945)</b>	<b>325</b>	<b>51,550</b>	<b>(68,668)</b>	<b>(580)</b>	<b>1,310,158</b>	<b>8,753</b>	<b>1,318,911</b>
Award performance shares	-	-	60	-	-	-	-	60	-	60
Transfer of revaluation reserve as a result of disposal of investment property	-	24,165	-	-	(24,165)	-	-	-	-	-
Transfer of reserves as a result of distribution-in-specie of a joint venture	-	24,868	-	-	(27,652)	2,205	579	-	-	-
Total comprehensive income for the year	-	79,852	-	-	307	(7,433)	3	<b>72,729</b>	<b>(366)</b>	<b>72,363</b>
<b>Balance as at 31 Dec 2019</b>	<b>150,000</b>	<b>1,307,361</b>	<b>(885)</b>	<b>325</b>	<b>40</b>	<b>(73,896)</b>	<b>2</b>	<b>1,382,947</b>	<b>8,387</b>	<b>1,391,334</b>

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 Jan 2020</b>	<b>150,000</b>	<b>1,307,361</b>	<b>(885)</b>	<b>325</b>	<b>40</b>	<b>(73,896)</b>	<b>2</b>	<b>1,382,947</b>	<b>8,387</b>	<b>1,391,334</b>
Dividend paid	-	(137,908)	-	-	-	-	-	<b>(137,908)</b>	-	<b>(137,908)</b>
Total comprehensive income for the year	-	1,714	-	-	-	42,311	-	<b>44,025</b>	<b>(538)</b>	<b>43,487</b>
<b>Balance as at 31 Dec 2020</b>	<b>150,000</b>	<b>1,171,167</b>	<b>(885)</b>	<b>325</b>	<b>40</b>	<b>(31,585)</b>	<b>2</b>	<b>1,289,064</b>	<b>7,849</b>	<b>1,296,913</b>

**FRAGRANCE GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**  
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1(d)(i) **Statements of Changes in Equity**

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	712,329	(945)	325	861,709
Award performance shares	-	-	60	-	60
Total comprehensive income for the year	-	48,829	-	-	48,829
Balance as at 31 Dec 2019	150,000	761,158	(885)	325	910,598

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2020	150,000	761,158	(885)	325	910,598
Dividend paid	-	(129,724)	-	-	(129,724)
Total comprehensive loss for the year	-	(3,545)	-	-	(3,545)
Balance as at 31 Dec 2020	150,000	627,889	(885)	325	777,329

1(d)(ii) **Details of any changes in the company's share capital**

There was no movement in the issued and paid-up capital of the Company since 31 December 2019.

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 Dec 2020	As at 31 Dec 2019
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(6,400,000)	(6,400,000)
<b>Total number of issued shares excluding treasury shares</b>	<b>6,713,600,000</b>	<b>6,713,600,000</b>

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	No. of shares
Balance as at 1 January 2020	6,400,000
Less: Sales, transfers, disposals or cancellation	-
Balance as at 31 December 2020	6,400,000

1(d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**  
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3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.  
 (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as that of the audited financial statements for the year ended 31 December 2019, except for the adoption of new or amended SFRS(I) applicable for the financial year beginning 1 January 2020 which did not have any significant impact on the financial statements of the Group.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

6. **Earnings per ordinary share (EPS) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

In computing the EPS, the weighted average number of shares (excluding treasury shares) as at the end of the year is used for the computation. The diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the year.

Weighted average number of shares in issue

**Earnings per share**

- (a) Based on weighted average number of shares in issue  
 (b) Based on fully diluted basis

Number of shares in issue at end of year

<b>Group</b>	
<b>FY 2020</b>	<b>FY 2019</b>
6,713,600,000	6,713,511,999
<b>Cents</b>	<b>Cents</b>
0.026	1.189
0.026	1.189
6,713,600,000	6,713,600,000

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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31 Dec 2020 Cents	31 Dec 2019 Cents	31 Dec 2020 Cents	31 Dec 2019 Cents
Net asset value ("NAV") per ordinary share	19.2	20.6	11.6	13.6

The NAV per ordinary share as at 31 December 2020 and 31 December 2019 was calculated based on 6,713,600,000 and 6,713,600,000 issued shares (excluding treasury shares) respectively.

8. **A review of the Group's performance**

Revenue for FY 2020 increased 91.4% or \$58.2 million to \$111.3 million. The increase was largely attributable to the property development segment sales in both Singapore and Australia.

The change in the revenue mix from the Group's four operating segments from commercial and hospitality investments that draws a higher margin, to predominantly the property development and hotel operations segments that draws a lower margin, has changed the overall gross profit margin from 72.9% to 38.5%. However gross profit increased by 1.2% to \$42.9 million (2019: \$42.4 million).

In 2020, the Group recorded a lower net gain on investment properties of \$14.3M (2019: \$100.9M). Furthermore, operating expenses increased due to the commencement of a new hotel in Perth, Australia.

Overall, the Group recorded a net profit after tax of \$1.2 million (2019: \$79.5 million) for the full year FY 2020.

More details are elaborated below on the financial performance:

**Revenue**

The 91.4% or \$58.2 million increase in revenue to \$111.3 million for FY 2020 was largely attributable to the **property development segment** in both Singapore and Australia. NV Apartments in Australia was the main revenue contributor of our property development segment whereupon title was passed to buyers, commencing from February 2020 and contributed revenue of \$44.5 million in FY 2020. In Singapore, two development projects Urban Treasures and Jervois Treasures which were launched to the market last year contributed revenue of \$13.1 million.

No revenue was recognized for Premier Tower in FY 2020. This is in accordance with the revenue recognition guideline stipulated in the International Financial Reporting Standards ("IFRS"), whereupon revenue is recognized when performance obligation is satisfied and that is defined at a point when title of the asset is passed. Title is deemed passed when the keys to the property are handed over to the buyers. Phase I of Premier Tower was certified completed before year end but as keys were not handed to the buyers prior to year end, no revenue has been recognized in FY 2020.

Except for the closure of 15 Hoe Chiang Road for redevelopment in February 2020 and the disposal of Fragrance Building property @ 168 Changi Road in December 2019 that together account for \$4.0 million drop in rental income from the Group's **commercial investment** properties, the remaining tenanted units of the remaining properties saw an increase in occupancy. However, this increase is partially offset by the Group's extension of Additional Rental Relief as mandated by the government. As a result, the Group's commercial investment revenue decreased by 16.4% to \$18.2 million.

Revenue from **hotel operations** increased by 13.6% from \$24.5 million to \$27.9 million in FY 2020 mainly due to the brand-new Novotel Perth Hotel that commenced operations since mid-December 2019 and the conversion of a leased hotel under **hospitality investment** to owner-managed operations with effect from 1 September 2020.

**Hospitality investment** segment suffered economic hardship from lack of tourism and reduced travel resulting in a decrease in segmental revenue by 74.7% or \$3.2 million. Rental waivers extended to a hotel operator to provide relief to the tenant during lockdowns when operations came to a standstill were the main cause for the drop.

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**FOR FULL YEAR ENDED 31 DECEMBER 2020**

In summary, the revenue contributions and results by the segments are presented below and in note 16:

	Group		
	FY 2020 S\$'000	FY 2019 S\$'000	Change %
<b><u>REVENUE</u></b>			
Property development	64,135	7,506	754.4
Commercial investment	18,205	21,767	(16.4)
Hotel operations	27,863	24,532	13.6
Hospitality investment	1,102	4,351	(74.7)
<b>Total</b>	<b>111,305</b>	<b>58,156</b>	<b>91.4</b>
<b><u>GROSS PROFIT</u></b>			
Property development	7,039	2,629	167.7
Commercial investment	18,205	21,767	(16.4)
Hotel operations	16,546	13,638	21.3
Hospitality investment	1,102	4,351	(74.7)
<b>Total</b>	<b>42,892</b>	<b>42,385</b>	<b>1.2</b>

	Group	
	FY 2020 %	FY 2019 %
<b><u>GROSS PROFIT MARGIN</u></b>		
Property development	11.0	35.0
Commercial investment	100.0	100.0
Hotel operations	59.4	55.6
Hospitality investment	100.0	100.0
<b>Consolidated total</b>	<b>38.5</b>	<b>72.9</b>

**Gross Profit**

The shift in the revenue mix within the Group's four operating segments from the commercial and hospitality investments that draws a higher margin, to predominantly the property development and hotel operations segments in FY 2020 that draws a lower margin, has changed the overall gross profit margin from 72.9% to 38.5%. However, gross profit has increased by 1.2% to \$42.9 million (2019: \$42.4 million).

**Other Operating Income**

Other operating income for FY 2020 decreased 76.0% from \$99.0 million to \$23.8 million. The decrease is largely due to a decrease in net fair value gain on investment properties from \$100.9 million in FY 2019 to \$14.3 million in FY 2020. The net fair value gain on investment properties in FY 2020 arises from a \$21.0 million gain on the recently acquired plot of land at Waterloo Street that is adjacent to an existing land held by the Group for hotel development which permit re-zoning on the total site as a hotel. The fair value gain was mainly attributed to a more efficient and comprehensive hotel development over the combined plot. The total fair value gain is being partially offset by a net fair value loss on the other investment properties held by the Group.

The decrease was offset by the foreign exchange gain of \$7.9 million (2019: loss of \$5.6 million) from the strengthening of AUD against SGD in FY 2020 and the governmental relief income \$2.5 million including grant income \$1.5 million and other reliefs in FY 2020 (2019: nil).

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**Other Operating Expenses**

Other operating expenses for FY 2020 increased by 16.9%, from \$29.6 million to \$34.6 million. The full-year operation of a new hotel in Australia in FY 2020 and the increase in commission and marketing expenses arising from the sale of development properties contributed majority to the increase. The grant expenses arising from property tax rebate accounted for another \$0.8 million increase.

**Finance Costs**

Finance costs decreased by \$4.3 million or 13.7% to \$27.2 million in FY 2020 due to lower interest rates on the borrowings in FY 2020.

**Taxation**

Tax expense primarily comprised \$1.2 million of income tax, \$2.4 million of deferred tax and \$3.3 million of withholding tax, offset by a tax credit of \$3.4 million, arising from temporary cash flow measures announced by Australian Tax Office from refunds of corporate tax paid from prior years to cover the tax losses incurred in FY 2020

**STATEMENTS OF FINANCIAL POSITION AND CASH FLOWS**

**Non-current Assets**

Non-current assets mainly comprises i) land and building of our investment properties and ii) hotel properties which are accounted as property, plant and equipment. The Group's non-current assets as at 31 December 2020 was \$2.3 billion (2019: \$2.1 billion), increased mainly due to acquisition of an adjacent plot of existing land held by the Group for hotel development at Waterloo Street.

Property, plant and equipment which primarily comprise land and building of our hotel properties totaled \$346.5 million as at 31 December 2020. The increase was attributed to the conversion of the operation model of several hotels from tenancy to owner-managed operations. There were six (6) properties under development and one (1) formerly-leased hotel, with a view to owner-managed hotels, being reclassified from investment properties to property, plant and equipment. Accordingly, these properties are held at cost under property, plant and equipment. The reclassification from investment properties to property, plant and equipment amounted to \$123.3 million.

**Current Assets**

As per the announcement made on 17 March 2020, the Group has completed the distribution in specie in AF Global Limited ("AF Global") to the entitled shareholders. The Group now holds a direct interest of 0.41% in AF Global and classified this direct holding of AF Global as financial assets at fair value through profit or loss. This has reduced the current asset balance as at 31 December 2020 by \$115.5 million.

Development properties include land costs, development costs, interest capitalised and other related costs. The net increase of \$13.0 million in development properties compared to the balance as at 31 December 2019 was mainly due to the additional costs incurred for Australia, United Kingdom and Singapore projects, offset by the transfer of cost for sold units to cost of sales as well as the costs of the completed project, NV Apartments, to the properties held for sale upon its completion in February 2020.

**Current and Non-current Liabilities**

As noted in para 1 b(i) footnote 3, the notes payable are payable within the next 12 months and hence reclassified to current.

Total borrowings increased by \$235.4 million, or 13.9% was mainly due to the drawdown of \$265.7 million loans during the year for the acquisition of land and construction costs, which were partially offset by repayment of certain borrowings during the year.

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**Cash Flows**

During the year ended 31 December 2020, the net cash outflow from operating activities amounted to \$98.1 million. Net cash used in investing activities amounted to \$153.9 million which was mainly due to additions of investment properties and construction of hotel classified under property, plant and equipment. Net cash inflow from financing activities amounted to \$198.5 million which mainly due to drawdown of additional loans, partially offset by repayment of certain borrowings. Cash and cash equivalents stood at \$12.8 million as at 31 December 2020 compared to \$69.5 million as at the end of 31 December 2019.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current announced results are in line with the general prospect commentary as disclosed to shareholders in the first half 2020 results announcement.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**COVID-19**

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus in multiple regions, including Australia and United Kingdom, pose concerns for the outlook. Consequently, the outlook for the Group's various businesses will continue to remain challenging in the months ahead and may have an impact on the Group's business performance and inevitably, revenue and earnings. As the situation is still evolving and affected by uncertainties, the full impact of the COVID-19 pandemic cannot be ascertained at this stage.

The Group continues to focus on the safety and well-being of its customers, tenants, employees and the communities it operates in by keeping various safe distancing and safety measures at the Group's properties.

To better weather the COVID-19 crisis, capital and liquidity management remain top priorities for the Group. Management continues to pay close attention to cash flow management and initiatives to better manage operation. The Group also ensures that major development projects commence only when funding of the projects is available.

**Singapore**

The Singapore economy contracted by 2.4% on a year-on-year ("y-o-y") basis in the fourth quarter of 2020 ("4Q 2020"), an improvement from the 5.8% y-o-y contraction in the previous quarter, according to the Ministry of Trade and Industry ("MTI"). MTI announced on 15 February 2021 that it expects a Gross Domestic Product ("GDP") growth of 4.0% to 6.0% for 2021.<sup>1</sup>

According to the real estate statistics for second half of 2020 released by the Urban Redevelopment Authority ("URA"), the prices of private residential properties increased by 2.1% in 4Q 2020, compared with the 0.8% increase in the previous quarter. Notwithstanding the increase in prices, sales of private residential properties has decreased to 2,603 units in 4Q 2020 from 3,517 units in the previous quarter.<sup>1</sup> For 2021, property analysts expect the URA's benchmark index for overall private home price to post growth ranging from 0% to 4% in 2021.<sup>2</sup>

The Group expects the overall market sentiment for the residential properties to be muted due to expected delays in development projects under construction with safe distancing and inoculation measures still in place to prevent possible spread of the virus. The Group has two residential projects in Singapore, namely, Jervois Treasures and Urban Treasures.

The Group continues to work on the redevelopment of two hotel projects, namely on Hoe Chiang Road and Waterloo Street. Both projects have commenced the demolition works.

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## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FULL YEAR ENDED 31 DECEMBER 2020

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Rentals of office space decreased by 3.5% in 4Q 2020, compared with the 4.5% decrease in the previous quarter.<sup>1</sup> Nonetheless, the island-wide vacancy rate of office space decreased to 11.8% as at the end of 4Q 2020, from 12% as at the end of the previous quarter.<sup>1</sup> Contrary to the general market trend, our portfolio has achieved a higher average occupancy rate of 71.6% in 4Q 2020, compared to 65.5% in the previous quarter.

The Group will continue its marketing efforts to increase the occupancy of its investment properties through proactive lease management.

### **Australia**

According to Australia Bureau of Statistics, Australia's GDP rose 3.3% in 3Q 2020 on a seasonally adjusted basis from the previous quarter, due to the easing of Covid-19 related restrictions. While there was an improvement in GDP 3Q 2020, the level of activity in the economy remains lower than prior to the pandemic, reflected in a 3.8% decline through the past 12 months from September 2020.<sup>3</sup> While Australia's GDP is expected to recover at a faster pace than expected over the coming quarters, the Reserve Bank of Australia ("RBA") anticipates that the pandemic will have long-lasting effects on the Australian economy, with GDP unlikely to return to pre-pandemic levels until end-2021.<sup>4</sup> RBA to ensure that Australia is well placed for the recovery, reaffirmed targets for cash rate and uphold the yield on 3-year Australian government bonds at 0.1%. This target had been effective in lowering short-term interest rates, which matter most for private borrowing and lending decisions.<sup>5</sup>

Premier Tower in Melbourne, Australia will be expecting the settlements of its 84.4% of sold units in 2021. The Group will continue to market the remaining units in Premier Tower in Melbourne and NV Apartments in Perth. Revenue will be recognised once the settlement takes place.

For most countries, the hospitality sector continues to face significant headwinds and would expect to see occupancies and Revenue per Available Room ("RevPAR") remain at historical lows as strict travel restrictions remain in place for most countries due to the continuing spread of COVID-19.

In FY 2020, lean and essential workforce are employed to minimise cost which can be scaled up when occupancy improves. To mitigate the impact of lower occupancies, the Group is also actively marketing its hospitality properties and using its rooms for the hosting of visitors on stay home notices.

### **United Kingdom**

The Office for National Statistics<sup>6</sup> noted that UK gross domestic product (GDP) in 4Q 2020 is estimated to have grown by 1.0%, following revised 16.1% growth in 3Q 2020. Despite two consecutive quarters of growth, the level of GDP in the UK is 7.8% below its 4Q 2019 level.

UK's third national lockdown in January 2021 is likely to hinder the hotel occupancies further in 1Q 2021. Nonetheless, it is expected that with the mass rollout of two approved vaccines, with a third on its way, the pandemic will be better managed. With that, inbound visitor numbers are expected to pick up through the year, to reach 16.9 million by year-end, with the vast majority (c.80.5%) generated by short-haul trips from Europe.<sup>6</sup>

The Group expects hotel revenue from the two owner-managed hotels to be soft with the current lockdown measures. As our hotels are located around the coastal destinations in UK, the outlook is expectantly to out-perform<sup>7</sup> hotels in city centres. Resurgence is probable with restrictions in international travel and holiday makers are encouraged to stay closer to home. Hence domestic travel, specifically to coastal regions, are looked upon favourably. The Group will tap onto the government support schemes, where available, to maximise the value of the support.

This crisis has also placed the operator of the four tenanted hotel investment properties in UK in financial distress and incapable to continue to operate our hotels. Subsequent to balance sheet date, the Group has officially taken over and operate these hotels in FY2021. A wholly owned subsidiary, Fragrance UK-Hotel Management Limited, held through Fragrance UK Investment Limited was newly incorporated in Britain on 12 February 2021, for purposes of operating the hotels. Similar conservative management approach will be observed on these hotel operations.



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**Summary**

The economic outlook remains challenging for the year ahead with the prolonged COVID-19 pandemic.

The Group's key development projects are in Australia whose revenue will only be recognised upon completion and successful settlement of sale contracts. No revenue from Premier Tower is recognised in FY 2020 as settlement takes place in FY2021. A significant portion of the settlement from the A\$460 million of sold units are expected to be realised in FY2021. A new hotel in Melbourne (part of Premier Tower) is expected to receive its certificate of completion and commence operations in FY2021.

The Group has two development projects namely Jervois Treasures and Urban Treasures in Singapore which are in early stage of development. Depending on the sales and progress of construction, revenue from these projects are expected in FY2021 and beyond.

The Group's results will continue to be dependent on i) the sales and progress of Singapore and Australia development projects; ii) fair value changes in the investment properties; iii) performance of the investment and hotel properties; iv) the prevailing exchange rates of AUD and GBP against SGD.

*Footnotes:*

1. Ministry of Trade and Industry, Feb 15, 2021 – MTI Maintains 2021 GDP Growth Forecast at 4.0 to 6.0 Per Cent
2. Urban Redevelopment Authority 4Q 2020 real estate statistics, 22 January 2021
3. Australian Bureau of Statistics, Dec 2, 2020 – Australian National Accounts: National Income, Expenditure and Product, Sep 2020
4. Reserve Bank of Australia, Nov, 2020 – Statement on Monetary Policy November 2020, Table 6.1: Output Growth and Inflation Baseline Forecasts
5. Reserve Bank of Australia, Feb 2, 2020 – Minutes of the Monetary Policy Meeting of the Reserve Bank Board
6. Savills Hotel Market Insights: Travel & Tourism Outlook, 22 January 2021
7. Christie & Co Review. Realign. Recover Business-Outlook-2021-Report.pdf

**11. Dividend**

- (a) Any dividend declared for the current financial year? No
- (b) Any dividend declared for the previous corresponding year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	\$0.0035 per share
No of shares in issue (excluding treasury shares)	6,713,600,000
Total Dividend Amount	S\$23,497,600/-
Tax Rate	Tax-exempt (one-tier tax) dividend
Record date	10 March 2020
Date of payment	17 March 2020

Name of Dividend	Interim
Dividend Type <sup>(1)</sup>	Dividend-in-Specie
Dividend Amount per share <sup>(1)</sup>	\$0.01704152 per share
No of shares in issue (excluding treasury shares)	6,713,600,000
Total Dividend Amount <sup>(1)</sup>	S\$114,409,962/-
Tax Rate	Tax-exempt (one-tier tax) dividend
Record date	10 March 2020
Distribution date (subject to shareholders approval)	17 March 2020

Note 1: Proposed Dividend-in-Specie of 436,384,000 shares in AF Global Limited as per the Circular to Shareholders dated 14 February 2020. Dividend amount per share and total dividend amount are based on the book value of the AF Global Limited's shares in the books of the Company as at 31 December 2019. For more details, please refer to the Circular.

- (c) *Date payable* : *Not applicable*
- (d) *Record date* : *Not applicable*

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12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended to conserve cash and to take advantage of any future business opportunities.

13. **If the Group has obtained a general mandate from Shareholders for IPT, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from Shareholders for Interested Person Transactions ("IPT").

14. **Negative confirmation pursuant to Rule 705(5).** (Not required for announcement on full year results)

Not applicable

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

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16. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(a) *Business Segments*

<b>Group</b>	<b>Property Development S\$'000</b>	<b>Commercial Investment S\$'000</b>	<b>Hotel Operations S\$'000</b>	<b>Hospitality Investment S\$'000</b>	<b>Total S\$'000</b>
<b><u>FY 2020</u></b>					
<b>Revenue</b>	<b>64,135</b>	<b>18,205</b>	<b>27,863</b>	<b>1,102</b>	<b>111,305</b>
<b>Result</b>					
Segment result	7,039	18,205	16,546	1,102	42,892
Other operating income/ (loss),net	7,619	21,797	752	(6,399)	23,769
Other operating expenses	(13,189)	(7,113)	(14,003)	(259)	(34,564)
Profit from operations	<b>1,469</b>	<b>32,889</b>	<b>3,295</b>	<b>(5,556)</b>	<b>32,097</b>
Finance costs	(13,154)	(13,235)	(829)	-	(27,218)
Share of results of a joint venture	(5)	-	-	-	(5)
Profit/(loss) before income tax	<b>(11,690)</b>	<b>19,654</b>	<b>2,466</b>	<b>(5,556)</b>	<b>4,874</b>
Taxation	(1,842)	(1,221)	(221)	(414)	(3,698)
<b>Profit/(loss) after tax for the year</b>	<b>(13,532)</b>	<b>18,433</b>	<b>2,245</b>	<b>(5,970)</b>	<b>1,176</b>
<b><u>FY 2019</u></b>					
<b>Revenue</b>	<b>7,506</b>	<b>21,767</b>	<b>24,532</b>	<b>4,351</b>	<b>58,156</b>
<b>Result</b>					
Segment result	2,629	21,767	13,638	4,351	42,385
Other operating (loss)/ income,net	(5,065)	109,837	260	(6,025)	99,007
Other operating expenses	(9,551)	(10,575)	(8,009)	(1,443)	(29,578)
Profit from operations	<b>(11,987)</b>	<b>121,029</b>	<b>5,889</b>	<b>(3,117)</b>	<b>111,814</b>
Finance costs	(7,597)	(22,850)	(1,102)	-	(31,549)
Share of results of a joint venture	7,371	-	-	-	7,371
(Loss)/profit before income tax	<b>(12,213)</b>	<b>98,179</b>	<b>4,787</b>	<b>(3,117)</b>	<b>87,636</b>
Taxation	(8,054)	(42)	429	(483)	(8,150)
<b>Profit/(loss) after tax for the year</b>	<b>(20,267)</b>	<b>98,137</b>	<b>5,216</b>	<b>(3,600)</b>	<b>79,486</b>

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16. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. - Continued**

(b) *Geographical information*

Summary By Country Group	Revenue		Non-Current Assets	
	FY 2020 S\$'000	FY 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
Singapore	37,237	28,372	1,873,354	1,712,258
Australia	68,690	15,790	197,805	184,604
United Kingdom	5,378	13,994	187,440	161,205
<b>Total</b>	<b>111,305</b>	<b>58,156</b>	<b>2,258,599</b>	<b>2,058,067</b>

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 and 10.

18. **A breakdown of sales**

Group	FY 2020 S\$'000	FY 2019 S\$'000	% Increase/ (Decrease)
(a) Sales reported for first half year	60,606	27,600	119.6
(b) Operating loss after tax reported for first half year	(12,822)	(4,020)	219.0
(c) Sales reported for the second half year	50,699	30,556	65.9
(d) Operating profit after tax reported for second half year	13,998	83,506	(83.2)

19. **A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Please refer to paragraph 11.

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20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Wan Mee	Sibling of Lim Wan Looi, Executive Director and substantial shareholder	Head of Human Resources since 2019	Not applicable

BY ORDER OF THE BOARD

**KOH WEE MENG**  
Executive Chairman and CEO

**PERIAKARUPPAN ARAVINDAN**  
Executive Director and Deputy CEO

24 February 2021