



**FRAGRANCE GROUP LIMITED**  
Company Registration No.: 200006656M

---

**FRAGRANCE GROUP LIMITED**  
(Registration No. 200006656M)

**UNAUDITED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**PERIOD FROM 1 JANUARY 2021  
TO 30 JUNE 2021**

**FRAGRANCE GROUP LIMITED**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**C O N T E N T S**

	<u>PAGE</u>
Unaudited condensed interim statements of financial position	1
Unaudited condensed interim consolidated statement of comprehensive income	2
Unaudited condensed interim statements of changes in equity	3 - 4
Unaudited condensed interim consolidated statement of cash flows	5 - 6
Selected notes to the unaudited condensed interim financial statements	7 - 20
Other information required by the Listing Rule Appendix 7.2	21 - 28
Deloitte & Touche LLP report on unaudited condensed financial statements of the Group for the half year ended 30 June 2020	29 - 30
Ernst & Young Corporate Finance Pte Ltd report on unaudited condensed financial statements of the Group for the half year ended 30 June 2020	31

# FRAGRANCE GROUP LIMITED

## UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION 30 June 2021

Note	Group		Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
		(Audited)		(Audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	19,377	12,822	415	705
Trade and other receivables	7 68,722	44,487	595,941	406,631
Inventories	156	69	-	-
Financial assets at fair value through profit or loss ("FVTPL")	633	493	633	493
Properties under/held for development	8 374,376	794,554	-	-
Properties held for sale	9 401,803	199,692	30,521	31,157
Total current assets	865,067	1,052,117	627,510	438,986
<b>Non-current assets</b>				
Subsidiaries	-	-	426,421	693,649
Other receivables and prepayment	7 1,384	1,149	37	229
Investment properties	10 1,857,351	1,910,991	-	-
Property, plant and equipment	11 481,527	346,459	-	-
Total non-current assets	2,340,262	2,258,599	426,458	693,878
<b>Total assets</b>	<b>3,205,329</b>	<b>3,310,716</b>	<b>1,053,968</b>	<b>1,132,864</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	83,575	59,637	79,418	51,779
Notes payable	12 155,245	268,858	155,245	268,858
Term loans	13 331,552	403,224	22,623	22,623
Income tax payable	23,582	9,498	7,954	8,390
Total current liabilities	593,954	741,217	265,240	351,650
<b>Non-current liabilities</b>				
Trade and other payables	4	-	5,034	3,245
Term loans	13 1,288,080	1,258,633	-	-
Deferred tax liabilities	14 10,498	13,953	1,517	640
Total non-current liabilities	1,298,582	1,272,586	6,551	3,885
<b>Capital and reserves</b>				
Share capital	15 150,000	150,000	150,000	150,000
Treasury shares	(885)	(885)	(885)	(885)
Performance share reserve	325	325	325	325
Foreign currency translation reserve	(30,085)	(31,585)	-	-
Accumulated profits	1,185,639	1,171,209	632,737	627,889
Equity attributable to owners of the company	1,304,994	1,289,064	782,177	777,329
Non-controlling interests	7,799	7,849	-	-
Total equity	1,312,793	1,296,913	782,177	777,329
<b>Total liabilities and equity</b>	<b>3,205,329</b>	<b>3,310,716</b>	<b>1,053,968</b>	<b>1,132,864</b>

See accompanying notes to the unaudited condensed interim financial statements.

**FRAGRANCE GROUP LIMITED**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Period from 1 January 2021 to 30 June 2021**

	Note	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
<b>Revenue</b>	17	286,821	60,606
Cost of sales		(178,406)	(43,726)
<b>Gross profit</b>		108,415	16,880
Other operating (losses) income		(28,754)	4,843
Selling and distribution costs		(18,812)	(2,538)
Administrative expenses		(22,415)	(14,969)
Finance costs		(11,202)	(17,307)
<b>Profit (Loss) before income tax</b>		27,232	(13,091)
Income tax (expense) credit	16	(12,852)	269
<b>Profit (Loss) for the period</b>	18	14,380	(12,822)
<b>Other comprehensive income, net of tax:</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations		1,500	5,911
<b>Total comprehensive income (loss) for the period</b>		15,880	(6,911)
<b>Profit (Loss) attributable to:</b>			
- Owners of the company		14,430	(12,727)
- Non-controlling interests		(50)	(95)
		14,380	(12,822)
<b>Total comprehensive income (loss) attributable to:</b>			
- Owners of the company		15,930	(6,816)
- Non-controlling interests		(50)	(95)
		15,880	(6,911)
		¢	¢
<b>Earnings (Loss) per share:</b>			
- Basic and Diluted	19	0.21	(0.19)

See accompanying notes to the unaudited condensed interim financial statements.

# FRAGRANCE GROUP LIMITED

## UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Period from 1 January 2021 to 30 June 2021

	Share capital	Treasury shares	Performance share reserve	Revaluation reserve	Foreign currency translation reserve	Investment revaluation reserve	Accumulated profits	Attributable to equity holders of the company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	150,000	(885)	325	40	(73,896)	2	1,307,361	1,382,947	8,387	1,391,334
<i>Total comprehensive loss for the year</i>										
Loss for the period	-	-	-	-	-	-	(12,727)	(12,727)	(95)	(12,822)
Other comprehensive income for the period	-	-	-	-	5,911	-	-	5,911	-	5,911
Total	-	-	-	-	5,911	-	(12,727)	(6,816)	(95)	(6,911)
<i>Transactions with owners, recognised directly in equity</i>										
Dividends paid*	-	-	-	-	-	-	(137,908)	(137,908)	-	(137,908)
At 30 June 2020	150,000	(885)	325	40	(67,985)	2	1,156,726	1,238,223	8,292	1,246,515
At 1 January 2021	150,000	(885)	325	-	(31,585)	-	1,171,209	1,289,064	7,849	1,296,913
<i>Total comprehensive income for the year</i>										
Profit for the period	-	-	-	-	-	-	14,430	14,430	(50)	14,380
Other comprehensive income for the period	-	-	-	-	1,500	-	-	1,500	-	1,500
Total	-	-	-	-	1,500	-	14,430	15,930	(50)	15,880
At 30 June 2021	150,000	(885)	325	-	(30,085)	-	1,185,639	1,304,994	7,799	1,312,793

\*comprises \$23.5 million in cash for one-tier exempt dividend of \$0.0035 per share and \$114.4 million distribution in specie of AF Global shares representing \$0.0017 per share

See accompanying notes to the unaudited condensed interim financial statements.

**FRAGRANCE GROUP LIMITED**

**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (cont'd)**  
**Period from 1 January 2021 to 30 June 2021**

	Share capital \$'000	Treasury shares \$'000	Performance share reserve \$'000	Accumulated profits \$'000	Total \$'000
<u>Company</u>					
At 1 January 2020	150,000	(885)	325	761,158	910,598
Profit for the period, representing total comprehensive income for the period	-	-	-	9,171	9,171
Dividend paid, representing transactions with owners, recognised directly in equity	-	-	-	(127,268)	(127,268)
At 30 June 2020	150,000	(885)	325	643,061	792,501
At 1 January 2021	150,000	(885)	325	627,889	777,329
Profit for the period, representing total comprehensive income for the period	-	-	-	4,848	4,848
At 30 June 2021	150,000	(885)	325	632,737	782,177

See accompanying notes to the unaudited condensed interim financial statements.

# FRAGRANCE GROUP LIMITED

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS Period from 1 January 2021 to 30 June 2021

	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
<b>Operating activities</b>		
Profit (Loss) before income tax	27,232	(13,091)
Adjustments for:		
Depreciation of property, plant and equipment	2,217	1,830
Amortisation of rental incentives granted	132	80
Amortisation of processing fee on debt note issued	214	1,060
Gain on disposal of financial assets at FVTPL	-	(8)
Change in fair value of financial assets at FVTPL	(140)	663
Change in fair value of investment properties	21,600	1,192
Change in fair value of derivative financial instruments	-	(4,887)
Property, plant and equipment written off	63	-
Dividend income	(9)	(43)
Interest income	(60)	(160)
Interest expense	11,202	17,307
Impairment loss on properties held for sale	7,593	423
Unrealised foreign exchange gain	(199)	(332)
Bad debts written off	-	1
Change in fair value of financial liabilities at FVTPL	-	36
Gain on settlement of financial liabilities	(9)	(18)
Operating cash flows before movements in working capital	69,836	4,053
Trade and other receivables	(24,747)	(934)
Inventories	(87)	48
Development properties and properties held for sale	144,957	(10,752)
Trade and other payables	21,997	(31,702)
Cash from (used in) operations	211,956	(39,287)
Interest paid	(16,956)	(5,842)
Income tax paid	(1,487)	(54)
Net cash generated from (used in) operating activities	193,513	(45,183)
<b>Investing activities</b>		
Interest received	7	150
Dividends received	9	43
Purchase of financial assets at FVTPL	-	(564)
Proceeds from disposal of financial assets at FVTPL	-	291
Purchase of investment property	(3,577)	(142,131)
Receipt from derivative financial instruments	-	3,027
Purchase of property, plant and equipment	(26,758)	(5,798)
Net cash used in investing activities	(30,319)	(144,982)

**FRAGRANCE GROUP LIMITED**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**Period from 1 January 2021 to 30 June 2021**

	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
<b>Financing activities</b>		
Proceeds from borrowings	189,260	195,329
Repayment of borrowings	(231,572)	(32,099)
Redemption of medium term note issued	(115,000)	-
Dividends paid	-	(23,498)
Proceeds from non-controlling interests	-	240
Net cash (used in) from financing activities	(157,312)	139,972
Net increase (decrease) in cash and cash equivalents	5,882	(50,193)
Cash and cash equivalents at beginning of period	12,822	69,452
Effect of exchange rate change on balances of cash held in foreign currencies	673	(314)
<b>Cash and cash equivalents at end of period</b>	<b>19,377</b>	<b>18,945</b>

See accompanying notes to the unaudited condensed interim financial statements.



## **FRAGRANCE GROUP LIMITED**

### **SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021**

#### **1 GENERAL**

The company (Registration No. 200006656M) is incorporated in Singapore and listed on the Mainboard of Singapore Exchange Securities Trading Limited. The company's principal place of business and registered office is at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962.

The principal activities of the group and company are those relating to development, dealing and trading in properties, investment holding, investing in properties, hotel owner, hotel operations, long-term investment in hotel properties, development properties and provision of management services.

#### **2 BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the six months ended 30 June 2021 have been prepared in the historical basis and in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance of the group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies and methods of computation adopted in the preparation of the unaudited condensed interim financial statements as of and for the six months ended 30 June 2021 are consistent with those of the previous financial year as at 31 December 2020 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3 below. The unaudited condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

The unaudited condensed interim financial statements have been prepared on a going concern basis.

#### **3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP**

A number of amendments to the Standards have become applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adoption those standards.

#### **4 USE OF JUDGEMENTS AND ESTIMATES**

In preparing the unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements as follows:

#### 4.1 Classification of development properties, properties held for sale, investment properties and property, plant and equipment (Notes 8, 9, 10 and 11)

The group has a number of properties in Singapore, Australia and United Kingdom ("UK") which are intended for development into residential or mixed-use properties or hotels. These on-going classifications reflect management's intent based on current circumstances and may be subject to potential changes depending on eventual components of mixed developments, macroeconomic factors that evolve over time and operating models for any hotel component.

In UK, management's directive is to operate all existing hotels and future hotels, including those under hotel properties development, as owner-managed hotels.

Some commercial units in Singapore have been rented out on 2 to 3 year-lease terms. These remain classified as properties held for sale as management's original intention to sell these units remains unchanged. The lease terms permit the group to sell these leased units without concurrence from the lessees as long as it is economically beneficial for the group.

#### 4.2 Valuation of investment properties (Note 10)

The fair values of the group's investment properties as at 30 June 2021 were estimated by:

- a. an independent professional valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of investment properties, representing approximately 90% of the Group's investment properties balance.

The fair values of the investment properties were determined by adopting the direct comparison approach making reference to recent transactions of comparable properties and making adjustments for differences relating to the properties and/or residual value method to establish value of the land with development potential. The valuation methods conform to International Valuation Standards. There has been no change to the valuation techniques during the year.

The most significant input into the direct comparison approach is the price per square meter for commercial investment and value per room of comparable properties for hotel of \$5,767 to \$55,640 (31 December 2020: \$5,767 to \$58,601) and \$967,118 to \$1,232,692 (31 December 2020: \$983,559 to \$1,270,012) respectively.

Any significant isolated increase/decrease of price per square meter and value per room will result in a significantly higher/lower fair value measurement respectively.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

- b. management based on significant assumptions based on comparable properties and the overall property market sentiment in Singapore (representing approximately 10% of the total investment properties balance). On the basis of assumptions made by management, it was assessed that there were no significant changes to fair values of these investment properties since 31 December 2020.

The fair value of these investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy.

#### 4.3 Deferred taxation on investment properties (Note 14)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, management has reviewed the group's investment property portfolios and concluded that the group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

#### 4.4 Recoverable amounts of trade and other receivables (Note 7)

When measuring ECL, a considerable amount of judgement and accounting estimates such as supportable forward-looking information is required in assessing the ultimate realisation of trade and other receivables.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Should any buyer of properties under development default on payment obligations, collections to date are forfeitable to the extent necessary to make good those obligations, after deducting the net values realisable from resale of the property.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 4.5 Recoverable amounts of properties under/held for development and properties held for sale (Notes 8 and 9)

Properties held for sale and Properties under/held for development are stated at the lower of cost and net realisable value ("NRV").

For properties in Singapore, management considers the expected recoverable amount based on prices achieved from recent sales for the same development and made reference to market prices at the reporting date for similar properties in the respective markets, where applicable, and the cost to completion as described in Note 4.7.

Recoverable amounts of majority of the group's development properties in Australia are assessed based on management's best estimates of GDV appraised by professional external valuers based on future property market and economic conditions in each respective market, with the assumption that the aforementioned development permits will be obtained, less estimated costs to completion.

In evaluating the recoverable amounts of these properties, management considered trends in land prices and macroeconomic factors for properties in the preliminary stage of planning.

For other properties: (a) significant assumptions are made by management regarding the types and physical attributes of development; (b) significant estimates are made regarding projected GDV and development cost upon completion of development.

Future market values which can be realised and future cost to be incurred may be significantly different from current estimates due to changes in types and physical attributes of development that are eventually built and macroeconomic changes impacting demand and supply.

On the basis of assumptions made regarding the type of development, gross development values and development cost, management expects cost to be recoverable.

#### 4.6 Valuation of investment properties (Note 10)

Majority of the investment properties are stated at fair values based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 4.2.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and the estimates are reflective of current market conditions at the end of each reporting period.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 4.7 Revenue and costs from properties under development/properties held for sale (Notes 8, 9 and 17)

Revenue associated with sold units of Singapore properties under development are recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

Total estimated cost depends on the total budgeted cost and the appropriate allocation of land and development cost between the commercial and hotel components. The allocation of land cost to residential and hotel components within the same development is based on relative estimated sales value of the finished commercial and hotel components. Development cost have been allocated between the two components based on floor area and in Australia, quantity surveyors' allocations were used.

Significant assumptions are also required to estimate the total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period. In making these estimates, management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management's estimates of the costs to be incurred taking into consideration historical trends of its project costs or by reference to the survey of work performed by external architects.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery.

In respect to the Group's contracts with customers in Australia for residential properties, revenue is recognised only when performance obligation is satisfied which has been defined when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sale contracts. As at 30 June 2021, the development project for Premier Towers has been completed and notices have been sent to the buyers of the project to finalise the sale and purchase ("S&P") agreements and the handover of units to the buyers. Considering the restrictions arising from the COVID-19 pandemic, the Group had extended the time for the buyers to complete the S&P agreements. Deposits of \$32 million collected from these units have been recorded as deferred income and will be recognised as revenue upon the fulfilment of the performance obligations.

#### 4.8 Income tax

Significant estimate is involved in determining the provision for income taxes. The basis on which land and land related cost are allocated between different components of a mixed development on a common plot of land as determined by the company may differ from the basis that the tax authorities eventually assess. Tax assessments in respect of back years have yet to be finalised. The group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# FRAGRANCE GROUP LIMITED

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

### 5 SEGMENT AND REVENUE INFORMATION

As at 31 December 2020, the group's business segments are property development, commercial investment, hotel operations and hospitality investment. As at 1 January 2021, the operator agreements for four tenanted hotels operated under the hospitality investment segment have been terminated and these four hotels are owner-managed and the hospitality investment segment will be subsumed into Hotel operations segment. Therefore, from 1 January 2021, the group's activities comprise of the following reportable segments which is the focus of the group's chief decision maker for purposes of the resource allocation and assessment of segment performance.

- i) Property development – Involved in development and sale of residential and commercial properties
- ii) Commercial investment – Involved in investing in properties for rental yield and capital appreciation
- iii) Hotel operations – Relate to hotel managed by appointed operators with the group retaining variability in operating results.

<u>Group</u>	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Total \$'000
<u>30 June 2021</u>				
<b>REVENUE</b>	10,289	255,912	20,620	286,821
<b>RESULT</b>				
Segment result	10,289	84,284	13,842	108,415
Other operating (losses) income	(21,549)	(7,485)	280	(28,754)
Selling and distribution costs	(236)	(18,497)	(79)	(18,812)
Administrative expenses	(2,535)	(8,518)	(11,362)	(22,415)
Finance costs	(4,562)	(2,490)	(4,150)	(11,202)
Profit before income tax				27,232
Income tax				(12,852)
Profit after income tax				<u>14,380</u>

<u>Group</u>	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Hospitality investment \$'000	Total \$'000
<u>30 June 2020</u>					
<b>REVENUE</b>	7,974	42,775	8,867	990	60,606
<b>RESULT</b>					
Segment result	7,974	3,405	4,511	990	16,880
Other operating (losses) income	(278)	4,737	369	15	4,843
Selling and distribution costs	(299)	(1,955)	(278)	(6)	(2,538)
Administrative expenses	(4,142)	(4,852)	(5,501)	(474)	(14,969)
Finance costs	(8,284)	(8,579)	(444)	–	(17,307)
Loss before income tax					(13,091)
Income tax					269
Loss after income tax					<u>(12,822)</u>

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

<u>Group</u>	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Total \$'000
<u>30 June 2021</u>				
Segment assets	1,812,401	967,163	425,765	3,205,329
Segment liabilities	(1,225,163)	(643,005)	(24,368)	(1,892,536)
<b>OTHER INFORMATION</b>				
Fair value loss on investment properties	(21,600)	-	-	(21,600)
Addition of non-current assets	6	-	26,752	26,758
Impairment loss on properties held for sale	-	(7,593)	-	(7,593)
Depreciation expense	(38)	(1,253)	(926)	(2,217)

<u>Group</u>	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Hospitality investment \$'000	Total \$'000
<u>30 June 2020</u>					
Segment assets	1,726,380	930,586	357,879	152,591	3,167,436
Segment liabilities	(1,173,679)	(625,270)	(3,385)	(118,587)	(1,920,921)
<b>OTHER INFORMATION</b>					
Fair value loss on investment properties	(1,192)	-	-	-	(1,192)
Addition of non-current assets	122	3,437	2,187	52	5,798
Depreciation expense	(35)	(27)	(1,758)	(10)	(1,830)

#### Geographical information

Segment revenue: Segment revenue is analysed based on the location of properties.

Segment non-current assets: Segment non-current assets are analysed based on the locations of those assets.

	Revenue		Non-current assets	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Singapore	48,104	11,766	1,859,051	1,843,573
Australia	235,735	46,547	266,180	188,034
United Kingdom	2,982	2,293	215,031	169,377
Total	286,821	60,606	2,340,262	2,200,984

#### Information about major customers

There is no customer who accounts for 10% or more of the group's revenue in 30 June 2021 and 30 June 2020.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the group as at 30 June 2021 and 31 December 2020

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial asset at amortised cost	32,233	26,140	596,351	407,292
Financial asset measured at FVTPL	633	493	633	493
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	1,857,325	1,989,744	249,359	340,510
Financial guarantee contracts	-	-	7,886	5,994

#### 7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Rental debtors - external parties	5,313	5,459	18	36
Goods and services tax receivables	3,784	2,121	1	32
Contract assets:				
- Unbilled revenue on properties under/held for development <sup>(1)</sup>	32,590	6,653	-	-
Deposits	707	562	27	30
Prepayments (current)	5,763	3,311	4	12
Subsidiaries	-	-	594,944	406,260
Advances to non-controlling interests	2,820	2,960	-	-
Deferred expenses	13,729	19,084	-	-
Others	4,016	4,337	947	261
	68,722	44,487	595,941	406,631
Prepayments (non-current)	1,384	1,149	37	229
	70,106	45,636	595,978	406,860

The amount due from subsidiaries to the company and the amounts due from non-controlling interests to the group are unsecured, interest-free and repayable on demand.

- <sup>(1)</sup> The balance are contract assets arising from revenue earned from property under development but remained unbilled to customers. Upon billing of invoice, the amounts recognised as contract assets will be reclassified to trade receivables. The contract assets are largely arising from residential development projects, Urban Treasures and Jervois Treasures, in Singapore.



# FRAGRANCE GROUP LIMITED

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

### 8 PROPERTY UNDER/HELD FOR DEVELOPMENT

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
Land and other related costs	378,209	396,078
Development costs	431,604	482,566
Interest, property tax and other costs	29,682	45,243
	839,495	923,887
Less: Transfer to cost of sales	(43,433)	(11,769)
Cost of properties transferred to property, plant and equipment (Note 11)	(66,358)	-
Cost of properties transferred to properties held for sale (Note 9)	(353,650)	(149,715)
Currency alignment	(1,678)	32,151
	<u>374,376</u>	<u>794,554</u>

Interest expenses capitalised in property under/held for development during the period was \$5,897,000 (31 December 2020: \$6,114,000) for the group. Interest rates ranged from 1.39% to 6.13% (31 December 2020: 2.15% to 6.13%) per annum for the group.

All properties in Singapore, two completed projects and one development project in Australia are mortgaged to the banks and finance companies to secure credit facilities of the subsidiaries (Note 13).

### 9 PROPERTIES HELD FOR SALE

	Group	Company
	\$'000	\$'000
Balance as at 1 January 2020	89,971	31,847
Add: Additions during the year	370	-
Add: Transferred from properties under/held for development (Note 8)	149,715	-
Less: Transfer to cost of sales	(47,390)	(690)
Less: Impairment loss	(423)	-
Currency alignment	7,449	-
Balance as at 31 December 2020	199,692	31,157
Add: Transferred from properties under/held for development (Note 8)	353,650	-
Less: Transfer to cost of sales	(141,017)	(608)
Less: Impairment loss	(7,593)	(28)
Currency alignment	(2,929)	-
Balance as at 30 June 2021	<u>401,803</u>	<u>30,521</u>

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 10 INVESTMENT PROPERTIES

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
At fair value:		
At beginning of period / year	1,910,991	1,823,976
Additions	8,204	161,386
Transferred to property plant and equipment (Note 11)	(40,244)	(88,656)
Change in fair value of investment properties	(21,600)	14,285
At end of period / year	<u>1,857,351</u>	<u>1,910,991</u>

#### 11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the group acquired assets amounting to \$26,758,000 (30 June 2020: \$5,798,000) and written-off assets with carrying amount of \$63,000 (30 June 2020: \$Nil).

Upon completion of construction, hotel properties amounting to \$66,358,000 (31 December 2020: \$Nil) was transferred from properties under/held for development to property, plant and equipment (Note 8) as the hotel property is operated by owner.

Management has reassessed its portfolio of hotel properties and existing business model at the beginning of the year. Amidst the findings, the tenanted hotel operations returns were lower than owner-managed hotel operations and the hotels were not properly maintained. Further, for hotel industry in UK, most hotel properties are operated by owners. During the period, properties amounting to \$40,244,000 (31 December 2020: \$88,656,000) was transferred from investment properties to property, plant and equipment (Note 10).

#### 12 NOTES PAYABLE

During the period ended 30 June 2021, the company fully redeemed its notes amounting to \$125,000,000 issued in 26 April 2018 under a \$1 billion multi-currency debt programme at a fixed coupon rate of 6.125% per annum.

The notes are listed and the fair values above are classified at level 1 of the fair value hierarchy. The notes are unsecured but carry financial covenants which the company has complied with.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 13 TERM LOANS

During the period ended 30 June 2021, the group drew down additional term loans amounting to \$189,260,000 and repaid an amount of \$231,572,000.

Term loans bear floating interest rates and their carrying amounts approximate fair value.

The term loans from banks and finance companies bear effective interest rates from 1.24% to 2.12% (31 December 2020: 1.67% to 3.14%) per annum for the group and at 1.77% (31 December 2020: 2.39%) per annum for the company. The variable interest rates are referenced to market benchmarks.

The term loans are secured against the properties of the group with carrying amounts of \$2,786,119,000 (31 December 2020: \$2,966,567,000) (Notes 8, 9, 10 and 11); and covered by corporate guarantees by the company and assignment of developer's rights and benefits in the sale and purchase agreements.

The group and the company are in compliance with financial covenants associated with external borrowings.

#### 14 DEFERRED TAX

Deferred tax is recognised for timing differences between profits (a) recognised on a percentage completion method; and (b) profit subject to current taxation only on completion of development and up to the amount of entitlement to residual instalments of purchase prices after completion of development.

#### 15 SHARE CAPITAL

	Group and Company			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Number of ordinary shares ('000)			\$'000	\$'000
Issued and paid up:				
At beginning and end of the period /year	6,720,000	6,720,000	150,000	150,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

# FRAGRANCE GROUP LIMITED

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

### 16 INCOME TAX (EXPENSE) CREDIT

The group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are:

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Current tax	(15,571)	(40)
Deferred tax	3,522	1,962
Withholding tax	(803)	(1,653)
	<u>(12,852)</u>	<u>269</u>

### 17 REVENUE

The group derives its revenue from the transfer of services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment in Note 5.

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
<b>Segment revenue</b>		
Commercial investment recognised over time	10,289	7,974
Property development	255,912	42,775
- recognised over time for properties under development	37,013	2,878
- recognised over time for completed properties	609	716
- recognised at a point in time	218,290	39,181
Hotel operations recognised at a point in time	20,620	8,867
Hospitality investment recognised over time	-	990
	<u>286,821</u>	<u>60,606</u>

The group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**FRAGRANCE GROUP LIMITED**

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 June 2021**

18 PROFIT (LOSS) FOR THE PERIOD

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Depreciation	2,217	1,830
Interest on borrowings	11,202	17,307
Foreign exchange loss (gain), net	199	(306)

Significant transactions with the related parties include:

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Rental income received from related parties in which directors have interest	225	265
Service fee paid to related parties in which directors have interest	(178)	(191)
Interest on notes paid/payable to directors	1,517	1,515

19 EARNINGS (LOSS) PER SHARE

The calculation of the earnings per share attributable to the ordinary equity holders of the group is based on the following data:

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Net profit (loss) attributable to equity holders of the group	14,430	(12,727)
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	6,713,600	6,713,600

There are no dilutive ordinary shares for 30 June 2021 and 30 June 2020.

## FRAGRANCE GROUP LIMITED

### SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 June 2021

#### 20 NET ASSET VALUE PER SHARE

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Net asset value per share based on existing issued share capital as at the respective dates (cents)	19.4	19.2	11.7	11.6

Net asset value per share for both periods is computed based on the number of shares in issue of 6,713,600,000 (excluding treasury shares).

#### 21 FAIR VALUE MANAGEMENT

The group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

The carrying amounts of cash and bank balances, trade and other current receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of term loans with floating interest rate repriced based on market benchmarks are considered representative of fair value. The fair values of quoted notes payable are disclosed in Note 12.

#### 22 SUBSEQUENT EVENT

Subsequent to the reporting period on 9 July 2021, a voluntary unconditional cash offer was made by JK Global Treasures Pte Ltd ("JKGT"), a company incorporated in Singapore for all the issued ordinary shares in the capital of the company for \$0.138 per ordinary share. A director of company is the sole shareholder and director of JKGT.

## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

#### 1. Review by Deloitte & Touche LLP

The condensed consolidated statement of financial position of Fragrance Group Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have been reviewed by Deloitte & Touche LLP in Singapore in accordance with the Singapore Standard on Review Engagement 2410 – *Review of Interim Financial information Performed by the Independent Auditor of the Entity*.

#### 2. Review of performance of the Group

The Group posted stronger revenue of \$286.8 million in 1H 2021, representing a growth of 373.3% against the \$60.6 million achieved in 1H 2020. Revenue from the Property Development and Hotel Operations business segments grew by 498.3% and 132.5% respectively.

The gross profit margin improved from 27.9% to 37.8% for the six-month period this year compared to last year. The completion of Premier Tower in H1 2021 and fulfilment of the sales on the units sold was the main contributor to the gross profit of \$108.4 million. Correspondingly the operating expenses registered an increase arising from the recognition of the selling and distribution expenses relating to these sales.

In 1H 2021, the Group also recorded fair value loss of \$21.6 million (1H 2020: \$1.2 million) on its investment properties and impairment losses of \$7.6 million (1H 2020: \$Nil) on its properties held for sale.

Overall, the Group recorded a net profit before tax of \$27.2 million (2020: loss of \$13.1 million) for the period ended 30 June 2021.

#### **Revenue**

##### *Property development*

Revenue from the Group's ongoing projects in Australia can only be recognised on a completed contract method upon its completion while ongoing projects in Singapore are recognised on a percentage-of-completion basis.

The Group has recorded \$193.2 million (A\$188.0 million equivalent) revenue (1H 2020: Nil) out of a total contracted sale of \$481.3 million (A\$468.2 million equivalent) from sales of Premier Tower, Melbourne Australia since its completion.

The transaction for the property held for sale in Tasmania, Australia as of 31 December 2020 was also completed and settled for A\$8.7 million in 1H 2021 and that contributed to the overall improvement in Group's revenue.

In Singapore, two development projects Urban Treasures and Jervois Treasures which were launched to the market last year contributed revenue of \$37.0 million based on new sales and the increase in the projects' revenue due to corresponding increase in percentage of completion on the development.

## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

#### *Commercial investment*

The Group's commercial investment properties have recorded an improvement due to higher occupancy rates, maintained at consistent average rental rates, attributable by the Group's continuous enhancement to its properties, targeted marketing efforts and proactive lease management. This accounted for \$2.3 million or 29.0% increase in rental income for H1 2021.

#### *Hotel operations*

Revenue from the Group's hotels in Australia showed significant improvement after conversion to a government-designated accommodation for returning residents from Q2'2020 onwards as these hotels were recording occupancy rate of 70% - 100% since the conversion at a flat rate that helps in improvement of the profit margins as well.

The hotels in United Kingdom are still showing lacklustre results in 1H 2021 as the country was in lockdown arising from the pandemic till May 2021, and the Group is expecting room bookings and restaurants dining in the hotels to improve once the country eases out of the lockdown.

#### *Hospitality investment*

As aforementioned in Note 5 Segment and revenue information of the interim condensed financial statements, hospitality investment is now subsumed into hotel operations following the termination of the lease agreement with the Group's former lessee, hence there is no revenue recorded in 1H 2021 for comparison.

#### **Gross profit**

Overall the Group posted an improvement in the gross profit in all its 3 business segments by 542.3% or \$91.5 million, with the largest contribution recorded in Property Development as the Group increases its focus in the property development segment with the completion of Premier Tower in February 2021. Given that Premier Tower is one of the most iconic and prestigious projects by the Group, which took the Group 4 years in development and the revenue recognition standard to recognise upon settlement, the settlement sales following the completion boosted the Group's revenue and margins.

Gross profit from the other business segments, Hotel operations and Commercial investment contributed 12.8% or \$13.8 million and 9.5% or \$10.3 million respectively.

#### **Other operating (losses) income**

In 1H 2021, the Group recorded fair value loss of \$21.6 million (1H 2020: \$1.2 million) on its investment properties and impairment losses of \$7.6 million (1H 2020: \$Nil) on its properties held for sale. Other operating income of \$4.8 million in 1H 2020 was attributed to the gain on forward foreign exchange contracts, and such forward foreign exchange contracts were settled as at Q4 2020 with no further contracts hence accounting for the fluctuation in 1H 2021.



## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

#### **Selling and distribution costs**

Selling and distribution costs for 1H 2021 increased by \$16.3 million mainly due to \$15.0 million increase in commission expenses arising from recognition of these deferred expenses, following the settlement of sold properties, which is also in line with the increase in sales.

#### **Administrative expenses**

Administrative expenses increased by \$7.4 million mainly due to the following factors:

- Legal and professional fees increased from \$0.6 million in 1H 2020 to \$6.0 million in 1H 2021, in tandem with the increase in sold properties as aforementioned; and
- Repair and maintenance cost has increased from \$0.8 million in 1H 2020 to \$2.1 million in 1H 2021 due to extensive works being carried out in the UK hotel properties to gear up for the increased demand for hotel rooms and restaurants dining once the country eases out of the lockdown in May 2021;
- Hotel management fees increased from \$0.9 million in 1H 2020 to \$1.8 million in 1H 2021 as the Group is operating 9 hotels (1H 2020: 3 hotels) in 1H 2021, which is also in line with the improvement in hotel operations' revenue and results.

#### **Finance costs**

Finance costs decreased by \$6.1 million in 1H 2021 due to (i) lower weighted average borrowing rate; and (ii) reduction in total borrowings as the Group settled its \$125.0 million MTN at 6.125% p.a on 26 April 2021, offset by reduced capitalisation of interest into development costs.

#### **Taxation**

Taxation for 1H 2021 increased by \$13.1 million mostly due to the increase in taxable profits arising from the Group's improved financial performance following the higher volume of sold properties in Australia in 1H 2021 as compared to 1H 2020.

#### **Statements of financial position & Statement of cash flows**

**Non-current assets** mainly comprise of 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 30 June 2021 was \$2.3 billion (2020: \$2.3 billion), increased due to the capitalisation of the hotel in Mövenpick Hotel Melbourne on Spencer, which started its commercial operation on 29 June 2021, coupled by additional costs incurred for the hotel properties under development in the UK.

The \$53.6 million decline in the Group's investment properties is due to the reclassification of 4 of the UK hotel properties previously used for hospitality investment to property, plant and equipment following the termination of the lease agreement and conversion to owner-operated hotels and fair value on investment properties of \$21.6 million.

**Current assets** as at 30 June 2021 decreased by 17.8% or \$0.2 billion as a result of the sales of Premier Tower units and NV Apartments units, thereby reducing the properties held for sale balance.

## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

Increase in trade and other receivables by \$24.2 million to \$68.7 million (2020: \$44.5 million) is due to an increase in revenue earned from Singapore's residential property under development but remained unbilled to customers. The overall increase is offset by a \$5.4 million decrease in deferred commission as these deferred commission are being expensed in 1H 2021 following the settlement of those sold projects as aforementioned in the variance analysis of Selling and distribution costs.

Development properties include land costs, development costs, interest capitalised, and other related costs and these accounted for \$374.4 million or 43.7% of total current assets as at 30 June 2021. The net decrease of \$420.2 million compared to the balance as at 31 December 2020 was mainly due to transfer of the completed project, Premier Towers to properties held for sale and Mövenpick Hotel Melbourne on Spencer to property, plant and equipment. The decrease was partly offset by the additional costs incurred for Australia, United Kingdom and Singapore projects.

Under **Liabilities**, trade and other payables, which mainly comprise trade creditors, deposits received amount due to non-controlling interests and accruals for ongoing development projects cost increased by \$23.9 million as compared to 31 December 2020 due to increase in deposits received from Premier Tower's sold units.

Total borrowings decreased by \$155.8 million, mainly due to the settlement of the Group's \$125.0 million MTN on 26 April 2021, coupled by partial settlement of the construction loan for Premier Tower using the sales proceeds from the settlement.

During the period ended 30 June 2021, the net cash generated from operating activities amounted to \$193.5 million (30 June 2020: net cash used of \$45.2 million) and the increase in inflow is mainly due to the sale of the projects classified as properties held for sale. Cash used in investing activities amounted to \$30.3 million (30 June 2020: \$145.0 million) and the decrease in cash outlay is due to less additions to the Group's investment properties. Net cash used in financing activities amounted to \$157.3 million (30 June 2020: net cash inflow of \$140.0 million) and the decline is mainly contributed by the repayment of the \$125.0 million MTN and certain borrowings, partially offset by drawdown of certain credit facilities. Cash and cash equivalents stood at \$19.4 million as at 30 June 2021 compared to \$18.9 million as at the end of 30 June 2020.

**3. 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 fourth quarter 2020 results announcement.

## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

4. **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.**

#### **Singapore**

##### *Residential*

According to the real estate statistics for Q2 2021 published by Urban Redevelopment Authority (URA) and commentary by Colliers, the local market for private residential properties grew by 0.8% in Q2 2021 following a growth of 3.3% in Q1 2021. Market sentiments and demand is expected to push the growth rate further in 2021<sup>1</sup>. Moreover, public housing in Singapore, specifically Built-To-Order (BTO), are facing delay due to slowdown in construction progress arising from the shortage of labour during the Covid-19 pandemic which steered young couples to seek private residential properties as an attractive alternative and that is expected to contribute to the prices of such properties<sup>2</sup>.

##### *Hotel*

Local hotels are experiencing a V-shaped recovery since the massive dip in 2020 as the country moves from Covid-19 pandemic to endemic with the mass vaccination program and possible vaccination travel ID with partnered countries. In a recent Collier's report, Singapore hotels remain attractive to investors with a positive outlook and firm pricing despite the pandemic<sup>3</sup>. In fact, experienced hoteliers are taking this lull time to open new hotels<sup>4</sup> to ensure sufficient runway for these new hotels to ramp up their operations while sooth teething issues and be in an improved position to meet the surge in demand once travel restrictions ease.

##### *Office space*

Overall office space vacancy from URA's Q2 2021 statistics observed an increase in vacancy from 11.9% in Q1 2021 to 12.6% in Q2 2021 but that is attributable to an increase in the nation's net supply of office spaces<sup>1</sup>. JLL has commented that whilst the trend of hybrid work arrangement could drive tenants to rationalise their real estate requirements, the space reduction from their rationalisation is not expected to drive demand lower as companies still require the space area for meetings and collaboration and de-densify offices in response to the change effected by this pandemic<sup>5</sup>.

##### *Retail*

Occupancy rate for retail spaces remained unchanged in Q2 2021. Though it is expected to decline in Q3 2021 following the resumption of Phase 2 (Heightened Alert) from 22 July to 18 August 2021, occupancy rates and average rent is expected to hold following the nation's high vaccination rates. Suburban areas, where most of the Group's retail spaces are located at, are expected to perform well as there are well-defined population pool to tap on<sup>1</sup>.

## **FRAGRANCE GROUP LIMITED**

### **OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021**

#### **Australia**

The Group has completed the development of Premier Tower in Melbourne, Australia in 3 phases – Phase 1 of 401 residential units from Level 9 to 45 in February 2021, Phase 2A of 394 residential units from level 46 to 83 in March 2021 and lastly, Phase 2B of a 172-rooms Mövenpick Hotel from ground floor to Level 6 in April 2021.

Whilst demand for private apartments remained slow in Melbourne due to the lack of international students arising from the travel restrictions during the pandemic coupled by increased supply, demand is expected to recover in a sustained boom once the vaccine program matures and travel restrictions are eased. Most major Australian banks have also forecasted an increment in property prices in 2021 and 2022<sup>6</sup>.

Hotel demand in Melbourne remains soft because of the numerous snap lockdowns. However, Melbourne is the one of the largest markets in Australia for travellers<sup>7</sup> with an under-supply of high-end hotel rooms.

The other two hotels in operation in Australia, Novotel Murray Street Perth and Ibis Styles Hotel were converted to government-designated accommodation for returning residents from Q2 2020 which helps in its contribution to the Group's revenue performance, and this arrangement is expected to last till Q4 2021.

#### **United Kingdom**

The Group currently has 6 operating hotels in UK located, namely The Crown Hotel, Lyndene Hotel, St Chads Hotel, The Imperial Hotel, The Townhouse Hotel and Duke of Cornwall.

These hotels were not generating positive results for most part of 1H 2021 as UK was under a lockdown and restrictions were eased from May 2021 onwards. In a Colliers<sup>8</sup> and PwC<sup>9</sup>'s commentary, experts are expecting budget hotels and those reliant on the domestic market located at UK coast and country properties to recover first as domestic travel demand swell from the lockdown. Most of the hotels operated by the Group in UK are well received by the domestic market and located in coastal areas of Devon and Blackpool.

The Group has obtained planning permission for five of its hotel projects, namely, i) refurbishment of existing Municipal buildings in Liverpool (Grade II\* listed) into a luxury hotel; redevelopment of ii) former Park Hotel in Paignton; iii) former Lighthouse in Paignton; iv) former Corbyn Head Hotel; and v) former Palace Hotel in Torquay all of which are to be operated as international brand hotels. Construction works were commenced on former Park Hotel and Lighthouse in Paignton. The Group has submitted the plans for planning permission for the former Royal National hospital site in Bath city into a hotel.

The former Park Hotel and former Lighthouse hotels that are strategically located in coastal areas to capture the demands of the domestic travellers are expected to open in 2022.

## FRAGRANCE GROUP LIMITED

### OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 30 June 2021

#### **Summary**

The Group has two development projects namely Jervois Treasures and Urban Treasures in Singapore which are in the midpoint of its development. The Group's key development projects are in Australia whose revenue will only be recognised upon completion and successful settlement of sale contracts. Revenue from Premier Tower and NV apartments will be recognised when the units are sold.

In addition, the Group's results will be dependent on i) the sales and progress of Singapore development projects; ii) fair value changes in the investment properties; iii) performance of the hotel properties; iv) sales of the 2 completed Australia development projects and v) the prevailing exchange rates of AUD and GBP against SGD.

#### *Footnotes:*

1. <https://www.colliers.com/en-sg/news/2021-07-23-ura-real-estate-statistics-q2-2021>.
2. <https://www.channelnewsasia.com/news/singapore/big-read-rising-property-prices-building-delays-young-couples-14725468>
3. <https://www.colliers.com/en-sg/news/civas-singapore-hotels-v-shaped-recovery>
4. <https://www.channelnewsasia.com/news/singapore/new-hotels-still-opening-singapore-amid-covid-19-tourism-14633372>
5. <https://www.jll.com.sg/en/newsroom/singapore-office-rents-turn-the-corner>
6. <https://www.theurbandeveloper.com/articles/melbourne-housing-market-update>
7. [https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2021/06/Australian-Hotel-Market-Update\\_June2021.pdf](https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2021/06/Australian-Hotel-Market-Update_June2021.pdf)
8. <https://www.colliers.com/en-gb/news/08-01-21-hotel-market-summary-2020-and-2021-forecast-blog>
9. <https://image.uk.info.pwc.com/lib/fe31117075640475701c74/m/2/d42ecf35-6761-4eed-af39-fdd734c4e9d4.pdf>

#### **5. Dividend information**

- (a) Any dividend declared for the current financial period? No
- (b) Any dividend declared for the previous corresponding period? No
- (c) Date payable : Not Applicable
- (d) Record date : Not Applicable

No dividend has been declared/recommended in view of the results of the Group.

#### **6. 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").

**FRAGRANCE GROUP LIMITED**

**OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**  
**30 June 2021**

**7. 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.

**8. Negative confirmation pursuant to Rule 705(5)**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements for the half year ended 30 June 2021 to be false or misleading, in any material respect.

BY ORDER OF THE BOARD

**KOH WEE MENG**  
Executive Chairman and CEO

**PERIAKARUPPAN ARAVINDAN**  
Deputy CEO and Executive Director

13 August 2021

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF FRAGRANCE GROUP LIMITED

### Introduction

We have reviewed the accompanying unaudited condensed interim financial statements of Fragrance Group Limited (the "company") and its subsidiaries (the "group") which comprise the unaudited condensed interim consolidated statement of financial position of the group and unaudited condensed interim statement of financial position of the company as at 30 June 2021, the unaudited condensed interim consolidated statement of comprehensive income, unaudited condensed interim consolidated statement of changes in equity and unaudited condensed interim consolidated statement of cash flows of the group and unaudited condensed interim statement of changes in equity of the company for the financial period from 1 January 2021 to 30 June 2021, and selected explanatory information, as set out on pages 1 to 20.

Management is responsible for the preparation and presentation of these unaudited condensed interim financial statements in accordance with Singapore Financial Reporting Standard (International) 1-34 Interim Financial Reporting ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on this unaudited condensed interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements (SSRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of unaudited condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited condensed interim financial statements is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

### Other Matter

We have not carried out an audit or review in accordance with Singapore Standards on Auditing on the financial information for the six-month period ended 30 June 2020 included as comparative in the interim financial information for the six-month period ended 30 June 2020 and, accordingly, we do not express any assurance on the comparative financial information.



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF  
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF FRAGRANCE GROUP LIMITED

Restriction on Distribution and Use

The unaudited condensed interim financial statements are prepared for the Company to meet the requirements of Appendix 7.2, paragraph 3 of the Singapore Exchange Limited Listing Manual and for no other purpose. As a result, the unaudited condensed interim financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors and should not be used by parties other than the Board of Directors.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

13 August 2021





**Building a better  
working world**

Ernst & Young Corporate Finance Pte Ltd  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Mailing Address: ey.com  
Robinson Road  
PO Box 384  
Singapore 900734

The Board of Directors  
**Fragrance Group Limited**  
456 Alexandra Road  
#26-01 Fragrance Empire Building  
Singapore 119962

13 August 2021

Dear Sir/Madam:

**VOLUNTARY UNCONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF JK GLOBAL TREASURES PTE. LTD. (THE “OFFEROR”), FOR ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF FRAGRANCE GROUP LIMITED (THE “COMPANY”) (THE “OFFER”)**

On 30 July 2021, DBS Bank Ltd, for and on behalf of the Offeror, despatched the offer document to the shareholders of the Company, in respect of the Offer.

This letter is prepared pursuant to Rule 25 of the Singapore Code on Take-overs and Mergers (the “**Code**”) and for inclusion in the announcement of the Interim Results (as defined below) and in the circular to the shareholders of the Company in relation to the Offer.

We have examined the unaudited condensed financial statements for the half year ended 30 June 2021 to be announced by the Company on 13 August 2021 (the “**Interim Results**”) and have discussed the same with the directors of the Company (the “**Directors**”) and certain senior management of the Company to whom the responsibility of preparing the Interim Results has been delegated. We have also considered the report dated 13 August 2021 issued to the Company by Deloitte & Touche LLP, the independent auditors of the Company, entitled “Independent Auditor’s Report on Review of Unaudited Condensed Interim Financial Statements” in relation to the Interim Results.

We have relied upon the accuracy and completeness of all financial and other information provided to and/or discussed with us by the senior management of the Company and have assumed such accuracy and completeness for the purpose of rendering this letter. We have not assumed any responsibility for independently verifying such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Company. The Interim Results are solely the responsibility of the Company’s Directors. Save as provided in this letter, we do not express any other opinion or view on the Interim Results.

Based on, and subject to the foregoing, we are of the view that the Interim Results have been prepared and made after due and careful enquiry.

We have provided this letter to the Directors solely for the purposes of your compliance with Rule 25 of the Singapore Code on Take-overs and Mergers, and for no other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection, with this letter.

We have given and have not withdrawn our consent to the release of the Interim Results with the inclusion therein of our name and this letter, and all references thereto, in the form and context in which they appear in the Interim Results.

Yours faithfully,  
For and on behalf of  
**Ernst & Young Corporate Finance Pte Ltd**

Mah Kah Loon  
Chief Executive Officer