CIRCULAR DATED 13 AUGUST 2021

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ERNST & YOUNG CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Fragrance Group Limited (the "**Company**"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Fragrance Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.

FRAGRANCE GROUP LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 200006656M

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

DBS BANK LTD.

(Incorporated in the Republic of Singapore)
Company Registration No.: 196800306E

for and on behalf of

JK GLOBAL TREASURES PTE. LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 201734224G

for all the issued ordinary shares in the capital of Fragrance Group Limited

Independent Financial Adviser to the Independent Directors of the Company

ERNST & YOUNG CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199702967E

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 27 AUGUST 2021 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

GENERAL

"**Announcement Date**"	:	9 July 2021, being the date of the Offer Announcement
"**Board**"	:	The board of Directors of the Company as at the Latest Practicable Date
"**Business Day**"	:	A day other than Saturday, Sunday or a public holiday on which commercial banks are open for business in Singapore
"**Circular**"	:	This circular to Shareholders in relation to the Offer enclosing, *inter alia*, the recommendation of the Independent Directors and the IFA Letter
"**Closing Date**"	:	5:30 p.m. on 27 August 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Constitution**"	:	The constitution of the Company
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**Deferred Consideration Shares**"	:	Shall have the meaning ascribed to it in Section 8.1.1 of the Letter to Shareholders in the Offer Document and described in Section 4 of this Circular
"**Derivatives**"	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date

"**Dissemination Date**"	:	30 July 2021, being the date of despatch of the Offer Document Notification, the FAA and the FAT, and the electronic dissemination of the Offer Document and any related documents
"**Encumbrances**"	:	Shall have the meaning ascribed to it in Section 2.3 of the Letter to Shareholders in the Offer Document and described in Section 2.1 of this Circular
"**FAA**"	:	Form of Acceptance and Authorisation for Fragrance Shares in respect of the Offer, applicable to Shareholders whose Fragrance Shares are deposited with CDP
"**FAT**"	:	Form of Acceptance and Transfer for Fragrance Shares in respect of the Offer, applicable to Shareholders whose Fragrance Shares are registered in their own names in the Register and are not deposited with CDP
"**Fragrance Securities**"	:	(i) Fragrance Shares; or (ii) convertible securities, warrants, options or derivatives in respect of Fragrance Shares or other securities which carry voting rights in the Company
"**Fragrance Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**Free Float Requirement**"	:	Shall have the meaning ascribed to it in Section 11.1 of the Letter to Shareholders in the Offer Document and described in Section 6 of this Circular
"**FY**"	:	The financial year ended or ending, as the case may be, on 31 December of the relevant year
"**IFA Letter**"	:	The letter dated 13 August 2021 from Ernst & Young Corporate Finance to the Independent Directors in relation to the Offer as set out in Appendix I to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purposes of making recommendations to the Shareholders in respect of the Offer, namely Mr. Leow Chung Chong Yam Soon, Mr. Lo Kim Seng, and Mr. Tham Chee Soon
"**Interested Person**"	:	As defined in the Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an Interested Person, in relation to a company, is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;

		(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Interim Results**"	:	Unaudited condensed financial statements of the Group for the half year ended 30 June 2021
"**Interim Results Valuations**"	:	The desktop valuation from the Valuers in respect of the following properties of the Group: (a) 456 Alexandra Road, Fragrance Empire Building, Singapore 119962; (b) 15 Hoe Chiang Road, Singapore 089316; and (c) 62 and 64 Waterloo Street, Singapore 187958 & 187959
"**Irrevocable Undertakings**"	:	Shall have the meaning ascribed to it in Section 8.2.1 of the Letter to Shareholders in the Offer Document and described in Section 4 of this Circular
"**KWM**"	:	Mr. Koh Wee Meng
"**KWM Irrevocable Undertaking**"	:	Shall have the meaning ascribed to it in Section 8.1.1 of the Letter to Shareholders in the Offer Document and described in Section 4 of this Circular
"**Latest Practicable Date**"	:	6 August 2021, being the latest practicable date prior to the dissemination of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
"**LWL**"	:	Ms. Lim Wan Looi

"LWL Irrevocable Undertaking"	:	Shall have the meaning ascribed to it in Section 8.2.1 of the Letter to Shareholders in the Offer Document and described in Section 4 of this Circular
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Non-Independent Directors"	:	KWM, LWL and PA collectively
"Offer"	:	The voluntary conditional cash offer made by DBS Bank, for and on behalf of the Offeror, to acquire all the Fragrance Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"Offer Announcement"	:	The announcement relating to the Offer released by DBS Bank, for and on behalf of the Offeror, on the Announcement Date
"Offer Document"	:	The offer document dated 30 July 2021, including the FAA and FAT, and any other document which may be issued by DBS Bank, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
"Offer Document Notification"	:	Notification of electronic dissemination of the Offer Document and its related documents dated 30 July 2021
"Offer Price"	:	S$0.138 in cash for each Fragrance Share
"Offer Threshold"	:	Shall have the meaning ascribed to it in Section 2.5 of the Letter to Shareholders in the Offer and described in Section 2.1 of this Circular
"Offer Unconditional Announcement"	:	The announcement dated 12 July 2021 made by DBS Bank, for and on behalf of the Offeror, announcing that, *inter alia*, the Offer has become unconditional in all respects
"Offeror Securities"	:	(a) shares of the Offeror; (b) securities which carry substantially the same rights as any shares of the Offeror; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b)
"Options"	:	Options to subscribe for or purchase new shares or existing shares
"Overseas Shareholders"	:	Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP

"**PA**"	:	Mr. Periakaruppan Aravindan
"**Register**"	:	The register of holders of Fragrance Shares, as maintained by the Registrar
"**Relevant Acceptance Forms**"	:	FAA and/or FAT
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"**SFA**"	:	Securities and Futures Act (Chapter 289 of Singapore)
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Shareholders**"	:	Holders of Fragrance Shares (other than CDP) as indicated on the Register and Depositors who have Fragrance Shares entered against their names in the Depository Register
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under SRS
"**SRS Investors**"	:	Investors who have purchased Fragrance Shares pursuant to SRS
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**Subject Property**"	:	205 & 207 Jalan Eunos, Urban Treasures, Singapore 419535 & Singapore 415799
"**Valuation Document**"	:	The desktop valuation in respect of the Subject Property from the Valuers as set out in Appendix IV to this Circular
"**VWAP**"	:	Volume weighted average price
"**Warrants**"	:	Rights to subscribe for or purchase new shares or existing shares
"**%**" or "**per cent.**"	:	Per centum or percentage

COMPANIES/ORGANISATIONS

"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Auditors"** or "**Deloitte**"	:	Deloitte & Touche LLP
"**CDP**"	:	The Central Depository (Pte) Limited
"**Company**" or "**Fragrance**"	:	Fragrance Group Limited
"**CPF**"	:	The Central Provident Fund
"**DBS Bank**"	:	DBS Bank Ltd.
"**Ernst & Young Corporate Finance**" or "**IFA**"	:	Ernst & Young Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors in relation to the Offer
"**Group**"	:	The Company and its subsidiaries
"**Offeror**"	:	JK Global Treasures Pte. Ltd.
"**Registrar**" or "**Tricor**"	:	Tricor Barbinder Share Registration Services
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SIC**"	:	Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**Valuer**"	:	Savills Valuation and Professional Services (S) Pte Ltd

Unless otherwise defined, the term "**acting in concert**" shall have the meaning ascribed to it in the Code.

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one (1) gender shall include the other gender. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

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

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics. Capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, any reference to the total number of Fragrance Shares is a reference to 6,713,600,000 Fragrance Shares (excluding 6,400,000 treasury shares) as at the Latest Practicable Date (based on the business profile of the Company extracted from ACRA on the Latest Practicable Date), unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 6,713,600,000 Fragrance Shares (excluding 6,400,000 treasury shares) in issue as at the Latest Practicable Date (based on the business profile of the Company extracted from ACRA on the Latest Practicable Date).

Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of despatch of Offer Document	:	30 July 2021
Closing Date	:	5.30 p.m. (Singapore time) on 27 August 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Settlement of consideration for Fragrance Shares acquired by the Offeror	:	In respect of acceptances of the Offer which are complete and valid in all respects, within seven (7) Business Days of the Date of Receipt of such acceptance

FRAGRANCE GROUP LIMITED

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
COMPANY REGISTRATION NO.: 200006656M

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Board of Directors:	**Registered Office:**
Mr. Koh Wee Meng	456 Alexandra Road
Ms. Lim Wan Looi	#26-01
Mr. Periakaruppan Aravindan	Fragrance Empire Building
Mr. Leow Chung Chong Yam Soon	Singapore 119962
Mr. Lo Kim Seng	
Mr. Tham Chee Soon	

13 August 2021

To : The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY DBS BANK FOR AND ON BEHALF OF THE OFFEROR FOR THE FRAGRANCE SHARES

1. INTRODUCTION

1.1 Offer Announcement, Offer Unconditional Announcement and Level of Acceptance Announcement

On 9 July 2021, DBS Bank announced, for and on behalf of the Offeror, that the Offeror intends to make an Offer for all Fragrance Shares, including all the Fragrance Shares already owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.

On 12 July 2021, based on information available to the Offeror, DBS Bank announced, for and on behalf of the Offeror, that the Offeror and parties acting in concert with the Offeror hold in aggregate 6,143,034,900 Fragrance Shares representing 91.50 per cent. of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied. Accordingly, the Offer is unconditional in all respects ("**Offer Unconditional Announcement**").

On 12 August 2021, DBS Bank announced, for and on behalf of the Offeror that the total number of Fragrance Shares owned, controlled or agreed to be acquired by the Offeror (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 12 August 2021 amount to an aggregate of 6,295,715,048 Fragrance Shares, representing approximately 93.78 per cent. of the total number of issued Fragrance Shares (excluding Fragrance Shares held in treasury) ("**Level of Acceptance Announcement**").

Copies of the Offer Announcement, the Offer Unconditional Announcement and the Level of Acceptance Announcement are available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document Notification, which contains the address and instructions for the electronic retrieval of the Offer Document disseminated on 30 July 2021 setting out, *inter alia*, the terms and conditions of the Offer. The principal terms of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

Ernst & Young Corporate Finance has been appointed as the independent financial adviser to the Independent Directors in relation to the Offer.

1.4 Purpose of the Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of Ernst & Young Corporate Finance to the Independent Directors in relation to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix I to this Circular carefully and consider the recommendation of the Independent Directors and the advice of Ernst & Young Corporate Finance to the Independent Directors in relation to the Offer before deciding whether to accept or reject the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1 Terms of the Offer

The Offer is made by the Offeror on the principal terms set out in Section 2 of the Letter to Shareholders in the Offer Document, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"***2. THE OFFER***

2.1 ***Offer Price.*** *For and on behalf of the Offeror, DBS Bank hereby makes the Offer, in accordance with Section 139 of the SFA and the Code and subject to the terms and conditions of this Offer Document, for all the Fragrance Shares on the following basis:*

For each Fragrance Share: S$0.138 in cash.

2.2 ***Fragrance Shares.*** *The Offer is extended to all Fragrance Shares, including any and all Fragrance Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Offer.*

2.3 ***No Encumbrances.*** *The Fragrance Shares will be acquired (i) fully paid; (ii) free from all liens, equities, claims, charges, pledges, mortgages, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratorium or any other third party rights or security interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing ("****Encumbrances****"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) ("****Distributions****") declared, paid or made by the Company in respect of the Fragrance Shares on or after the Announcement Date.*

2.4 ***Adjustment for Distributions.*** *Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Fragrance Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Announcement Date.*

*Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Fragrance Shares on or after the Announcement Date to a Shareholder who validly accepts or has accepted the Offer (the "****Accepting Shareholder****"), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Fragrance Shares tendered in acceptance of the Offer by the Accepting Shareholder falls.*

2.5 ***Acceptance Condition.*** *The Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Fragrance Shares which, together with the Fragrance Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Fragrance Shares representing not less than 90 per cent. (the "****Offer Threshold****") of all the Fragrance Shares in issue as at the Closing Date (the "****Acceptance Condition****").*

On 12 July 2021, based on the information available to the Offeror, the Offeror announced that the Offeror and parties acting in concert with the Offeror hold in aggregate 6,143,034,900 Fragrance Shares representing 91.50 per cent. of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied.

Accordingly, the Offer is unconditional in all respects."

2.2 Details of the Offer

Further details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) requirements relating to announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

2.3 Closing Date

Shareholders should note that the Offer is open for acceptance by the Shareholders for at least 28 days from the Dissemination Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 27 August 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.4 Procedures for Acceptance of the Offer

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document.

3. INFORMATION ON THE OFFEROR

Details on the Offeror have been extracted from Section 6 of the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***6. INFORMATION ON THE OFFEROR***

6.1 The Offeror. *The Offeror is a private company limited by shares incorporated in Singapore on 28 November 2017 and its principal activity is investment holding. As at the Latest Practicable Date:*

6.1.1 *the Offeror has an issued and paid-up share capital of S$1,000,000 comprising 1,000,000 ordinary shares; and*

6.1.2 *KWM is the sole shareholder and director of the Offeror.*

6.2 Further Information. Appendix 3 *to this Offer Document sets out additional information on the Offeror.*"

4. IRREVOCABLE UNDERTAKINGS

The full text of the undertakings provided by KWM and LWL has been extracted from Section 8 of the Letter to Shareholders in the Offer Document, and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***8. IRREVOCABLE UNDERTAKINGS***

8.1 KWM Irrevocable Undertaking

8.1.1 KWM Irrevocable Undertaking. *KWM has provided an irrevocable undertaking (the "**KWM Irrevocable Undertaking**") to accept the Offer in respect of the Fragrance Shares held by him prior to and up to the close of the Offer. As at the Announcement Date, KWM holds in aggregate 5,015,500,000 Fragrance Shares (the "**Deferred Consideration Shares**"), representing approximately 74.71 per cent. of the issued Fragrance Shares. The KWM Irrevocable Undertaking will lapse if the Offer lapses or is withdrawn.*

8.1.2 Deferred Consideration. *In addition, pursuant to the terms of the Irrevocable Undertaking, KWM will tender his Fragrance Shares unconditionally in acceptance of the Offer and also waive his right to receive the cash consideration within the stipulated timeline under the Code. KWM has agreed that payment for the Deferred Consideration Shares shall be deferred to a date falling three months after the close of* *the Offer or such other later date as may be agreed among KWM and the Offeror and such payment shall be made on the agreed date free of interest.*

8.2 LWL Irrevocable Undertaking

8.2.1 LWL Irrevocable Undertaking. *LWL, a concert party of KWM, has provided an irrevocable undertaking (the "**LWL Irrevocable Undertaking**" and together with the KWM Irrevocable Undertaking, the "**Irrevocable Undertakings**") to accept the Offer in respect of the Fragrance Shares held by her prior to and up to the close of the Offer, subject to (i) the directors of the Company who are independent for the purposes of the Offer (the "**Independent Directors**") recommending that Shareholders accept the Offer and (ii) the independent financial adviser to the Independent Directors opining that the Offer is reasonable and recommending that Shareholders accept the Offer.*

*As at the Announcement Date, LWL holds in aggregate 735,000,000 Fragrance Shares (the "**LWL Shares**"), representing approximately 10.94 per cent. of the issued Fragrance Shares. The LWL Irrevocable Undertaking will lapse if the Offer lapses or is withdrawn.*

8.2.2 Cash Consideration. *Pursuant to the LWL Irrevocable Undertaking, subject to the conditions set out in 8.2.1, LWL will be tendering the Fragrance Shares held by her for cash, on the same terms as all other Fragrance Shares which will be tendered in acceptance of the Offer.*

8.3 Further Details. *Further details of the Irrevocable Undertakings are set out in paragraph 4 of Appendix 5 to this Offer Document.*"

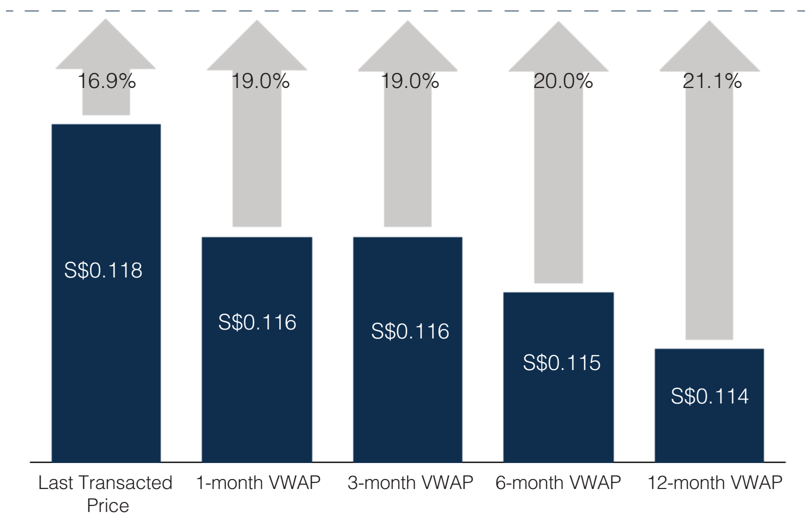
5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO FRAGRANCE

The full text of the rationale for the Offer and the Offeror's intentions in relation to Fragrance has been extracted from Sections 9 and 10 of the Letter to Shareholders in the Offer Document respectively, and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***9. RATIONALE FOR THE OFFER***

9.1 Opportunity for Shareholders to realise their investment at a premium without incurring brokerage fees. *The Offer presents Shareholders with an opportunity to realise their investment in their Fragrance Shares at a premium of approximately 16.9 per cent. over the Company's closing price of S$0.118 as of 8 July 2021, being the Last Trading Date and a premium of 19.0 per cent., 19.0 per cent., 20.0 per cent., and 21.1 per cent. over the one-month VWAP up to and including the Last Trading Date of S$0.116, three-month VWAP up to and including the Last Trading Date of S$0.116, six-month VWAP up to and including the Last Trading Date of S$0.115 and 12-month VWAP up to and including the Last Trading Date of S$0.114, respectively, without incurring brokerage and other trading costs.*

Offer Price S$0.138 per Share [(1)(2)]



Notes:

(1) The S$ figures (other than the Offer Price) are rounded to the nearest three (3) decimal places and computed on data sourced from Bloomberg L.P. up to and including the Last Trading Day.

(2) The respective premia are rounded to the nearest one (1) decimal place.

9.2 ***Opportunity for Shareholders who may otherwise find it difficult to exit their investment in the Company due to low trading liquidity.*** *The trading volume of the Fragrance Shares has been generally low, with an average daily trading volume[1] of approximately 141,523 Fragrance Shares, 143,540 Fragrance Shares, 142,159 Fragrance Shares and 108,820 Fragrance Shares during the one-month period, three-month period, six-month period and 12-month period up to and including the Last Trading Date.*

	One-month	***Three-months***	***Six-months***	***Twelve-months***
Average Daily Trading Volume Volume	*141,523*	*143,540*	*142,159*	*108,820*
Average daily trading volume as a percentage (%) of total number of issued Shares *(1)(2)*	*0.002%*	*0.002%*	*0.002%*	*0.002%*

Notes:

(1) The average daily trading volume is based on data extracted from Bloomberg L.P. as at the Last Trading Day and calculated using the daily total volume of Shares traded divided by the total number of Shares.

(2) The percentage figures are rounded to the nearest three decimal places.

Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices and free of brokerage costs, being an option which may not otherwise be readily available due to the low trading liquidity of the Fragrance Shares.

[1] The average daily trading volume is computed based on the total volume of Fragrance Shares traded divided by the number of Market Days with respect to the one-month period, three-month period, six-month period and 12-month period up to and including the Last Trading Date.

9.3 ***Unlikely to require access to equity capital markets.*** *Since its initial public offering in 2005, the Company has not carried out any exercise to raise equity capital on the SGX-ST. The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future. Accordingly, the Offeror does not believe it is necessary for the Company to maintain a listing on the SGX-ST.*

9.4 ***Only Offer capable of turning unconditional or succeeding.*** *Given that KWM, who holds more than 50 per cent. of the Shares, has undertaken to accept the Offer, no other general offer will be capable of turning unconditional or succeeding. Should the Offer fail to become or be declared unconditional, the Offeror is not permitted under the Code to make another general offer for the Company for 12 months following the lapse of the Offer.*

9.5 ***Greater management flexibility.*** *The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising its rights of compulsory acquisition. The Offeror believes that privatising the Company will provide the Offeror with more flexibility to manage the business of the Group, optimise the use of its management and resources and facilitate the implementation of any operational change.*

9.6 ***Compliance costs of maintaining listing status.*** *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

10. OFFEROR'S INTENTIONS IN RELATION TO FRAGRANCE

The Offeror intends for the Company to continue with its existing activities and has no intention to (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which it may regard to be in the interest of the Offeror."

6. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the Offeror's intentions relating to the listing status and compulsory acquisition of the Company has been extracted from Sections 11 and 12 of the Letter to Shareholders in the Offer Document, and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***11. LISTING STATUS***

11.1 ***Free Float Requirement.*** *Pursuant to Rule 723 of the Listing Manual, Fragrance must ensure that at least 10 per cent. of the total number of Fragrance Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the total number of Fragrance Shares (excluding treasury shares), the SGX-ST may suspend the* *trading of the Fragrance Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Fragrance Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued Fragrance Shares (excluding treasury shares), thus causing the percentage of the total number of issued Fragrance Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the listed securities of the Company at the Closing Date.*

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Fragrance Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the Fragrance Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.

11.2 Intention of the Offeror. *The Offeror is making the Offer with the intention of privatising the Company. In the event the Company does not meet the Free Float Requirement as at the Closing Date and the SGX-ST suspends trading of the Fragrance Shares,* ***the Offeror does not intend to maintain the present listing status of the Company and, accordingly, does not intend to place out any Fragrance Shares held by the Offeror to members of the public to meet the Free Float Requirement. In addition, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement.***

The Offeror hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

12. COMPULSORY ACQUISITION

12.1 Compulsory Acquisition. *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Fragrance Shares from the Dissemination Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Fragrance Shares in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Dissemination Date), the Offeror will be entitled to exercise the right to compulsorily acquire, at the Offer Price, all the Fragrance Shares held by Shareholders who have not accepted the Offer (the "****Dissenting Shareholders****").*

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act, the Offeror intends to exercise its right to compulsorily acquire all the Fragrance Shares not acquired under the Offer. The Offeror will then proceed to delist Fragrance from the SGX-ST.

12.2 ***Section 215(3).*** *In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Fragrance Shares which, together with the Fragrance Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of issued Fragrance Shares at the Offer Price, the Dissenting Shareholders have the right to require the Offeror to acquire their Fragrance Shares at the Offer Price. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.*"

7. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Fragrance Shares and shares in the Offeror as at the Latest Practicable Date are set out in Appendix II to this Circular.

8. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

8.1 Independence of Directors

(a) KWM is the sole shareholder and director of the Offeror;

(b) LWL is the wife of KWM and is a person acting in concert with the Offeror; and

(c) PA is a director of Global Premium Hotels Limited, a company indirectly wholly owned by KWM, and is a person acting in concert with the Offeror.

In view of the above, the Offeror had sought and obtained a ruling from SIC confirming, *inter alia*, that the Non-Independent Directors will be exempted from making a recommendation to Shareholders in respect of the Offer. Each of the Non-Independent Directors must, however, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

All of the Independent Directors consider themselves independent for the purposes of making a recommendation to Shareholders in respect of the Offer.

8.2 IFA's Opinion and Advice to the Independent Directors on the Offer

The IFA Letter setting out the opinion and advice of the IFA to the Independent Directors in relation to the Offer is set out in Appendix I to this Circular.

The opinion and advice of the IFA to the Independent Directors in relation to the Offer has been extracted from the IFA Letter and is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

10 OUR ADVICE ON THE OFFER

In arriving at our advice on the Offer to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Offer. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Offer from a financial point of view, we have considered, among others, the following factors:

(a) The Offer Price of S$0.138 per Fragrance Share is lower than the derived range of values for the Fragrance Shares using the asset-based valuation methodology of approximately S$0.194 per Fragrance Share (based on the NAV per Fragrance Share as at 30 June 2021) to S$0.197 per Fragrance Share (based on the illustrative RNAV per Fragrance Share). In our view, the asset-based valuation is the appropriate methodology given the property business of the Group and the asset-intensive nature of its commercial investment, property development and hotel operations;

(b) The P/NAV Ratio implied by the Offer Price as at 30 June 2021 is 0.71 times and the implied discount of the Offer Price to NAV per Fragrance Share as at 30 June 2021 is 28.9%;

(c) The P/RNAV Ratio implied by the Offer Price is 0.70 times and the implied discount of the Offer Price to RNAV per Fragrance Share is 29.9%;

(d) The Offer Price representing premiums of approximately 21.1%, 20.0%, 19.0% and 19.0%, over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date are below the average and median premiums over VWAPs of the Precedent Privatisation Transactions for each of the time periods;

(e) The Offer Price representing a premium of approximately 16.9% over the last transacted price on the Last Trading Date is below the average and median premiums over VWAPs of the Precedent Privatisation Transactions for each of the last transacted dates; and

(f) Save for the VWAP for the period 1 year prior to and including the Last Trading Date, the premium implied by the Offer Price over the VWAPs for the periods 6 months, 3 months and 1 month prior to and including the Last Trading Date are below the range of premiums over the VWAPs of the Precedent Real Estate Privatisation Transactions for the different time periods.

After having considered carefully the information above, we are of the view that the Offer is ***not fair****.*

In determining the reasonableness of the Offer, we have considered, among others, the following factors:

(a) ***Historical discounts to the NAV of the Group.*** *While the Offer Price represents an implied discount of 28.9% to the NAV of the Fragrance Shares as at 30 June 2021, the Fragrance Shares had consistently traded at a discount to the NAV per Fragrance Share over the three-year period prior to the Offer Announcement Date, between a minimum discount of 6.6% and a maximum discount of 47.1%;*

The implied discount of the Offer Price to NAV per Fragrance Share as at 30 June 2021 of 28.9% is less than the average and median daily discounts to NAV per Fragrance Share of 32.6% and 35.8% respectively, for the three years prior and up to the Offer Announcement Date;

(b) ***Historical share price performance.*** *The Offer Price represents implied premiums of approximately 21.1%, 20.0%, 19.0% and 19.0% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date;*

The Offer Price represents an implied premium of 16.9% over the VWAP for the last transacted price as at the Last Trading Date;

The Offer Price represents an implied premium of 0.7% over the VWAP for the period between the Offer Announcement Date and the Latest Practicable Date, and an implied premium of 0.7% over the last transacted price as at the Latest Practicable Date;

(c) ***The liquidity of the Fragrance Shares.*** *The average daily traded volume of the Fragrance Shares for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date represents approximately 0.02%, 0.02%, 0.02% and 0.02% of the free float as at the Offer Announcement Date, respectively;*

The average daily traded volume of the Fragrance Shares on the Last Trading Date represents approximately 0.13% of the free float;

The average daily traded volume of the Fragrance Shares for the period following the Offer Announcement Date up to the Latest Practicable Date represents approximately 0.26% of the free float, and the traded volume of the Fragrance Shares on the Last Practicable Date represents approximately 0.01% of the free float;

The number of days on which Fragrance Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date represents approximately 86.9%, 91.2%, 90.5% and 90.9% of the number of market days on the SGX-ST during the respective periods;

The Fragrance Shares had been traded on every market day on the SGX-ST for the period following the Offer Announcement Date up to the Latest Practicable Date;

(d) ***Price performance of the Fragrance Shares against the Singapore equity market.*** *Over the last three years prior to the Offer Announcement Date and up to the Latest Practicable Date, the Fragrance Shares had underperformed the STI and FTSE ST Real Estate Index in relative terms. In addition, the market price and trading volumes of the Fragrance Shares appear to be supported by the Offer. There is no assurance that the market price and trading volume of the Fragrance Shares will remain at the same level as at the Latest Practicable Date after the close or lapse of the Offer;*

(e) ***Comparison with the Precedent Privatisation Transactions.*** *The premium of 16.9% implied by the Offer Price against the last transacted price of the Fragrance Shares on the Last Trading Date is within the range of premiums of the Precedent Privatisation Transactions;*

The premiums of 19.0%,19.0%, 20.0% and 21.1% implied by the Offer Price against the 1-month, 3-month, 6-month and 12-month VWAPs of the Fragrance Shares prior to the Offer Announcement Date are within the respective ranges of premiums of the Precedent Privatisation Transactions;

(f) ***Comparison of valuation measures of the Company.*** *The Offer Price represents implied EV/EBITDA Ratio, P/E Ratio and P/NAV Ratio based on LTM2021 of 38.5 times, 32.1 times and 0.71 times, respectively;*

The EV/EBITDA Ratio based on LTM2021 implied by the Offer Price is within the range, and above the average and median EV/EBITDA Ratios of the Comparable Companies;

The P/E Ratio based on LTM2021 implied by the Offer Price is within the range, and above the average and median P/E Ratios of the Comparable Companies;

The P/NAV Ratio implied by the Offer Price is within the range, and above the average and median P/NAV Ratios of the Comparable Companies;

(g) ***Dividend track record.*** *The Company has paid dividends in FY2018 and FY2019, with dividend per Fragrance Share of S$0.0020 and S$0.0205 respectively. Dividend yields were 1.35% in FY2018 and 15.65% in FY2019. The Company had not declared dividend in FY2020. The Company does not have a fixed dividend policy and there is no assurance that the Company will pay dividends in the future;*

(h) ***Offer Condition.*** *On 12 July 2021, the Offeror announced that it and parties acting in concert with it hold in aggregate Fragrance Shares representing 91.5% of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied. Accordingly, the Offer is unconditional in all respects;*

(i) ***Level of acceptances in relation to the Offer.*** *As set out in the Level of Acceptance Announcement, as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares);*

(j) ***Loss of Free Float Requirement.*** *As set out in the Loss of Free Float Requirement Announcement by the Company on 13 August 2021, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90.0% of the total number of issued Fragrance Shares (excluding treasury shares), thus causing the percentage of the total number of issued Fragrance Shares (excluding treasury shares) held in public hands to fall below 10.0%, the SGX-ST will suspend trading of the Fragrance Shares only at the close of the Offer;*

(k) ***Offeror's intentions regarding the listing status of the Company and on compulsory acquisition.*** *The Offeror has stated that it is making the Offer with the intention of privatising the Company. Given the Offeror Resultant Shareholding and the loss of the Free Float Requirement, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement. The Offeror has also stated that it reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by and in accordance with, the relevant requirements of the Listing Manual and the Code. Further, the Offeror is entitled to, and will in due course, exercise its* *right under the Section 215(1) of the Companies Act, to compulsorily acquire all the Fragrance Shares not acquired under the Offer;*

(l) ***No alternative offers from third parties.*** *As at the Latest Practicable Date, there is no other alternative offer or proposal received by the Company and there is also no publicly available evidence of an alternative offer for the Fragrance Shares from any third party. Given that the Offeror Resultant Shareholding as at 12 August 2021, there is no other general offer that will be capable of turning unconditional or succeeding; and*

(m) *The implications and/or potential consequences set out in Section 9.8.6 of this letter which may arise in the event of any suspension in the trading and/or delisting of the Fragrance Shares.*

After having considered carefully the information above, we are of the view that the Offer is ***reasonable****.*

Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results) and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are, on balance, ***not fair but reasonable****. Taking the factors we have considered on balance, we advise the Independent Directors to recommend that Shareholders* ***accept the Offer****.*

Shareholders may wish to sell their Fragrance Shares in the open market if they are able to obtain a price higher than the Offer Price, net of related expenses (such as brokerage and trading costs). In this regard, we note that Fragrance Shares have not traded above the Offer Price subsequent to the Offer Announcement Date.

We advise the Independent Directors to highlight to the Shareholders that as set out in the Level of Acceptance Announcement, as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares). In addition, as set out in the Loss of Free Float Requirement Announcement by the Company, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement.

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Fragrance Shares will remain at current levels after the close of the Offer and the current price performance of the Fragrance Shares is not indicative of the future price performance levels of the Fragrance Shares.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results). Our advice on the Offer cannot and does not take into account any subsequent developments after the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results), including future trading activity or price levels of the Fragrance Shares, as these are governed by factors beyond the *scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Offer.*

Shareholders should read and consider carefully the key considerations relied upon by the IFA in arriving at its opinion and advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.

8.3 Recommendation of the Independent Directors

The Independent Directors have reviewed and considered carefully the terms of the Offer, and the opinion and advice of the IFA in the IFA Letter. The Independent Directors **concur** with the IFA's opinion and advice, as extracted from the IFA Letter and reproduced in paragraph 8.2 above. Accordingly, the Independent Directors recommend that Shareholders **accept** the Offer.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the IFA Letter set out in Appendix I to this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that the IFA's opinion and advice to the Independent Directors in relation to the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.

In making their recommendations, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

9. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 16 of the Letter to Shareholders in the Offer Document, which is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***16. OVERSEAS SHAREHOLDERS***

16.1 ***Overseas Shareholders.*** *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. As there may be potential restrictions on sending this Offer Document and the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and DBS Bank reserve the right not to send this Offer Document and the Relevant Acceptance Forms and/or any related documents to overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP ("****Overseas Shareholders****") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders, including those to whom this Offer Document and the Relevant Acceptance Forms and/or any related documents have not been, or will not be, sent.*

16.2 ***Copies of Offer Document.*** *Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document, the Relevant Acceptance Forms and/or any related documents from the website of the SGX-ST at www.sgx.com. To obtain a copy of this Offer Document, please select the section "**Securities**", select "**Company Information**" and then "**Company Announcements**" from the drop-down menu list and type the name of the Company: "**Fragrance Group Limited**" in the box titled "**Filter by Company/Security Name**". "**Fragrance Group Limited**" will appear as a drop-down item below the filter box.*

Thereafter, please select the announcement dated 30 July 2021 titled "Electronic dissemination of Offer Document". This Offer Document and its related documents can be accessed by clicking on the link under the section titled "Attachments" at the bottom of the announcement.

16.3 ***Notice.*** *The Offeror and DBS Bank each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.*

16.4 ***Compliance with Applicable Laws.*** *It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on his behalf (including DBS Bank, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any exercise of the rights described in this Offer Document. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP, the Registrar and DBS Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.*"

10. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 17 of the Letter to Shareholders in the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***17. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS***

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks.

CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who accept the Offer will receive the payment for their Fragrance Shares in their CPF investment accounts and SRS investment accounts."

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer, must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures as set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed herein (other than the IFA Letter for which the IFA has taken responsibility) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular (other than the IFA Letter for which the IFA has taken responsibility) misleading, and they jointly and severally accept responsibility accordingly.

Where any information in this Circular (other than the IFA Letter for which the IFA has taken responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Offer Announcement, the Offer Unconditional Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced herein.

Yours faithfully
For and on behalf of the Board
FRAGRANCE GROUP LIMITED

Mr. Leow Chung Chong Yam Soon
Lead Independent Director

LETTER FROM ERNST & YOUNG CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS IN RELATION TO THE OFFER

Building a better working world

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

Mailing Address:
Robinson Road
PO Box 384
Singapore 900734

ey.com

13 August 2021

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

Dear Sirs:

VOLUNTARY UNCONDITIONAL CASH OFFER BY DBS BANK LTD. ("DBS BANK"), 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 ("FRAGRANCE" OR THE "COMPANY") (THE "OFFER")

1 INTRODUCTION

On 9 July 2021 (the "**Offer Announcement Date**"), DBS Bank announced, for and on behalf of the Offeror, that, in accordance with the Singapore Code on Take-overs and Mergers (the "**Code**"), the Offeror intends to make the Offer for all the issued ordinary shares in the capital of the Company (the "**Fragrance Shares**"), including all the Fragrance Shares already owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the "**Offer Announcement**").

The Offer is conditional upon the Offeror having received, as at 5.30 p.m. on 27 August 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer (the "**Closing Date**"), valid acceptances (which have not been withdrawn) in respect of such number of Fragrance Shares which, together with the Fragrance Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Fragrance Shares representing not less than 90.0% of all the Fragrance Shares in issue as at the Closing Date (the "**Acceptance Condition**").

On 12 July 2021, based on information available to the Offeror, DBS Bank announced, for and on behalf of the Offeror, that the Offeror and parties acting in concert with the Offeror hold in aggregate 6,143,034,900 Fragrance Shares representing 91.50% of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied. Accordingly, the Offer is unconditional in all respects.

On 12 August 2021, DBS Bank announced, for and on behalf of the Offeror, that the total number of Fragrance Shares owned, controlled or agreed to be acquired by the Offeror (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 12 August 2021 amount to an aggregate of 6,295,715,048 Fragrance Shares, representing approximately 93.78%[1] of the total number of issued Fragrance Shares (excluding Fragrance Shares held in treasury) (the "**Offeror Resultant Shareholding**" and the announcement, the "**Level of Acceptance Announcement**").

Rule 723 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual (the "**Listing Manual**") requires the Company to ensure that at least 10.0% of the total number of issued Fragrance Shares (excluding treasury shares) in a class that is listed is at all times held by the public (the "**Free Float Requirement**").

On 13 August 2021, the Company announced, *inter alia*, that, in accordance with Rule 724(1) of the Listing Manual, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement (the "**Loss of Free Float Requirement Announcement**").

The shareholders of Fragrance (the "**Shareholders**") should have by now received a copy of the notification of electronic dissemination of the offer document dated 30 July 2021 (the "**Offer Document**") and its related documents (the "**Offer Document Notification**") setting out, *inter alia*, the terms and conditions of the Offer. The principal terms of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document.

In connection with the Offer, the Company has appointed Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") as the Independent Financial Adviser ("**IFA**") to the directors of the Company (the "**Directors**") who are considered independent (the "**Independent Directors**"), for the purpose of making a recommendation to the Shareholders in relation to the Offer.

This letter is addressed to the Independent Directors and sets out, *inter alia,* our evaluation and advice on the financial terms of the Offer. It forms part of the circular to the Shareholders dated 13 August 2021 (the "**Offeree Circular**") which provides, *inter alia*, the details of the Offer and the recommendation of the Independent Directors in relation to the Offer.

Unless otherwise defined, all terms in the Offer Document and the Offeree Circular have the same meaning in this letter. For illustrative purposes, foreign currency amounts have been translated into Singapore dollars ("**S$**").

2 TERMS OF REFERENCE

EYCF has been appointed to advise the Independent Directors on the financial terms of the Offer and to recommend for or against acceptance of the Offer pursuant to Rules 7.1 and 24.1(b) of the Code.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Offer, as well as information provided to us by the Company, the Directors and/or the management of the Company (the "**Management**"), as at 6 August 2021 (the "**Latest Practicable Date**"), save for (i) the Level of Acceptance Announcement, (ii) the Loss of Free Float Requirement Announcement, and (iii) the Unaudited Condensed Interim Financial Statements for the period from 1 January 2021 to 30 June 2021 ("**1H2021**" or the "**Interim Results**") announced by the Company on 13 August 2021. Accordingly, our opinion does not take into account any event or condition

[1] As stated in the Level of Acceptance Announcement, this is calculated as a percentage of the total number of issued Fragrance Shares (excluding Fragrance Shares held in treasury) as at the date of the Level of Acceptance Announcement.

which occurs after the Latest Practicable Date, save for (i) the Level of Acceptance Announcement, (ii) the Loss of Free Float Requirement Announcement, and (iii) the Interim Results, and we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date, save for (i) the Level of Acceptance Announcement, (ii) the Loss of Free Float Requirement Announcement, and (iii) the Interim Results. Shareholders should take note of any announcement and/or event relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

We have confined our evaluation and analysis of the Offer to the financial terms thereof. It is not within our terms of reference to assess the rationale for, commercial merits and/or commercial risks of the Offer, and to comment on the financial merits and/or financial risks of the Offer where the assessment of such financial merits and/or financial risks involves our reviewing of non-publicly available information of the companies involved to which we have no access and with which we have not been furnished. It is also not within our terms of reference to compare the relative merits of the Offer vis-à-vis any alternative transaction that the Company may consider in the future, and as such, we do not express an opinion thereon. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Fragrance Shares.

The scope of our appointment does not require us to express, and we do not express, a view on the future prospects of the Company and its subsidiaries (the "**Group**"). We are, therefore, not expressing any view herein as to the prices at which the Fragrance Shares may trade or on the future financial performance of the Company and/or the Group upon completion of the Offer. No financial or profit forecasts, business plans or management accounts of the Company and/or Group have been specifically prepared for the purpose of evaluating the Offer, save for those that were provided by the Company for the purposes of arriving at the revalued net asset value ("**RNAV**") of the Group. Accordingly, we will not be able to comment on the expected future performance or prospects of the Company and/or Group arising from the Offer or otherwise (including without limitation any implication or uncertainty arising from the COVID-19 pandemic). However, we may draw upon the views of the Directors and/or the Management, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

In the course of our evaluation, we have held discussions with the Directors and the Management. We have also examined and relied on publicly available information in respect of the Group collated by us as well as information provided to us by the Company, including information in relation to the Offer. We have not independently verified such information furnished by the Directors and/or the Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to the Group has been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about the Group in the context of the Offer, and there is no material information the omission of which would make any of the information contained herein or in the Circular misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Offer have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Group or any of its associated or joint venture ("**JV**") companies. We have also not made an independent valuation or appraisal of the assets and liabilities of the Company, its subsidiaries or any of its associated or JV companies. We have been furnished with the independent valuation report of Savills Valuation and Professional Services (S) Pte Ltd (the "**Independent Valuer**") commissioned by the Company for the purpose of the Offer (the "**Valuation Report**"). We are not experts and do not regard ourselves to be experts in the valuation of properties, and we have taken into consideration and have placed reliance on the Valuation Report prepared by the Independent Valuer. We do not assume any responsibility for the valuation contained in the Valuation Report.

The Company has been separately advised in the preparation of the Circular (other than this letter). We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Circular (other than this letter).

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Fragrance Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

This letter and our opinion are addressed to the Independent Directors and are for their use and benefit in connection with and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders with regard to the Offer shall remain the responsibility of the Independent Directors. This letter is not addressed to and may not be relied on as a recommendation to, or confer any rights or remedies upon, any Shareholder as to what the Shareholder should do in relation to the Offer or any matters related thereto. Nothing herein shall confer or be deemed or is intended to confer, any right or benefit to any third party.

Our opinion in relation to the Offer should be considered in the context of the entirety of this letter and the Circular.

3 THE OFFER

The principal terms and conditions of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document and Section 2 of the Letter to Shareholders from the Board of Directors of the Offeree Circular. Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

3.1 TERMS OF THE OFFER

The terms of the Offer have been extracted from the Offer Document and are reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***2. THE OFFER***

2.1 Offer Price. *For and on behalf of the Offeror, DBS Bank hereby makes the Offer, in accordance with Section 139 of the SFA and the Code and subject to the terms and conditions of this Offer Document, for all the Fragrance Shares on the following basis:*

For each Fragrance Share: S$0.138 in cash.

2.2 ***Fragrance Shares.*** *The Offer is extended to all Fragrance Shares, including any and all Fragrance Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Offer.*

2.3 ***No Encumbrances.*** *The Fragrance Shares will be acquired (i) fully paid; (ii) free from all liens, equities, claims, charges, pledges, mortgages, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratorium or any other third party rights or security interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing ("**Encumbrances**"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) ("**Distributions**") declared, paid or made by the Company in respect of the Fragrance Shares on or after the Announcement Date.*

2.4 ***Adjustment for Distributions.*** *Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Fragrance Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Announcement Date.*

*Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Fragrance Shares on or after the Announcement Date to a Shareholder who validly accepts or has accepted the Offer (the "**Accepting Shareholder**"), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Fragrance Shares tendered in acceptance of the Offer by the Accepting Shareholder falls.*

2.5 ***Acceptance Condition.*** *The Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Fragrance Shares which, together with the Fragrance Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Fragrance Shares representing not less than 90 per cent. (the "**Offer Threshold**") of all the Fragrance Shares in issue as at the Closing Date (the "**Acceptance Condition**").*

On 12 July 2021, based on the information available to the Offeror, the Offeror announced that the Offeror and parties acting in concert with the Offeror hold in aggregate 6,143,034,900 Fragrance Shares representing 91.50 per cent. of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied.

Accordingly, the Offer is unconditional in all respects.*"*

3.2 Details of the Offer

Further details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

3.3 Closing Date

Shareholders should note that the Offer is open for acceptance by the Shareholders for at least 28 days from 30 July 2021, being the date of dispatch of the Offer Document Notification, the FAA and the FAT, and the electronic dissemination of the Offer Document and any related documents (the "**Dissemination Date**"), unless the Offer is withdrawn with the consent of the Securities Industry Council of Singapore ("**SIC**") and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 27 August 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.4 Procedures for Acceptance of the Offer

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document.

4 INFORMATION ON THE OFFEROR

The details on the Offeror are set out in Section 6 of the Letter to Shareholders in the Offer Document and Section 3 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and are reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***6. INFORMATION ON THE OFFEROR***

6.1 ***The Offeror.*** *The Offeror is a private company limited by shares incorporated in Singapore on 28 November 2017 and its principal activity is investment holding. As at the Latest Practicable Date:*

6.1.1 *the Offeror has an issued and paid-up share capital of S$1,000,000 comprising 1,000,000 ordinary shares; and*

6.1.2 *KWM is the sole shareholder and director of the Offeror.*

6.2 ***Further Information. Appendix 3*** *to this Offer Document sets out additional information on the Offeror."*

5 INFORMATION ON THE COMPANY

The details on the Company are set out in Section 7 of the Letter to Shareholders in and Appendix 4 to the Offer Document and Appendix II to the Offeree Circular.

6 IRREVOCABLE UNDERTAKING

The details on the irrevocable undertakings (the "**Irrevocable Undertakings**") provided by Mr. Koh Wee Meng ("**KWM**") and Ms. Lim Wan Looi ("**LWL**") are set out in Section 8 of the Letter to Shareholders in the Offer Document and Section 4 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and are reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***8. IRREVOCABLE UNDERTAKINGS***

8.1 KWM Irrevocable Undertaking

8.1.1 ***KWM Irrevocable Undertaking.*** *KWM has provided an irrevocable undertaking (the "**KWM Irrevocable Undertaking**") to accept the Offer in respect of the Fragrance Shares held by him prior to and up to the close of the Offer. As at the Announcement Date, KWM holds in aggregate 5,015,500,000 Fragrance Shares (the "**Deferred Consideration Shares**"), representing* *approximately 74.71 per cent. of the issued Fragrance Shares. The KWM Irrevocable Undertaking will lapse if the Offer lapses or is withdrawn.*

8.1.2 Deferred Consideration. *In addition, pursuant to the terms of the Irrevocable Undertaking, KWM will tender his Fragrance Shares unconditionally in acceptance of the Offer and also waive his right to receive the cash consideration within the stipulated timeline under the Code. KWM has agreed that payment for the Deferred Consideration Shares shall be deferred to a date falling three months after the close of the Offer or such other later date as may be agreed among KWM and the Offeror and such payment shall be made on the agreed date free of interest.*

8.2 LWL Irrevocable Undertaking

8.2.1 LWL Irrevocable Undertaking. *LWL, a concert party of KWM, has provided an irrevocable undertaking (the "**LWL Irrevocable Undertaking**" and together with the KWM Irrevocable Undertaking, the "**Irrevocable Undertakings**") to accept the Offer in respect of the Fragrance Shares held by her prior to and up to the close of the Offer, subject to (i) the directors of the Company who are independent for the purposes of the Offer (the "**Independent Directors**") recommending that Shareholders accept the Offer and (ii) the independent financial adviser to the Independent Directors opining that the Offer is reasonable and recommending that Shareholders accept the Offer.*

*As at the Announcement Date, LWL holds in aggregate 735,000,000 Fragrance Shares (the "**LWL Shares**"), representing approximately 10.94 per cent. of the issued Fragrance Shares. The LWL Irrevocable Undertaking will lapse if the Offer lapses or is withdrawn.*

8.2.2 Cash Consideration. *Pursuant to the LWL Irrevocable Undertaking, subject to the conditions set out in 8.2.1, LWL will be tendering the Fragrance Shares held by her for cash, on the same terms as all other Fragrance Shares which will be tendered in acceptance of the Offer.*

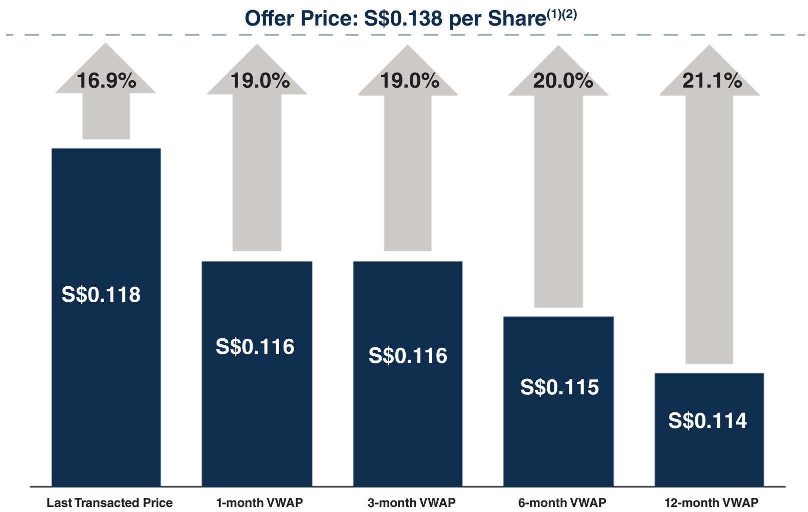
8.3 Further Details. *Further details of the Irrevocable Undertakings are set out in **paragraph 4** of **Appendix 5** to this Offer Document."*

7 THE OFFEROR'S RATIONALE FOR THE OFFER AND INTENTIONS RELATING TO FRAGRANCE

The full text of the Offeror's rationale for the Offer and intentions in relation to the Company are set out in Sections 9 and 10 of the Letter to Shareholders in the Offer Document, respectively and Section 5 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and is reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***9. RATIONALE FOR THE OFFER***

9.1 ***Opportunity for Shareholders to realise their investment at a premium without incurring brokerage fees.*** *The Offer presents Shareholders with an opportunity to realise their investment in their Fragrance Shares at a premium of approximately 16.9 per cent. over the Company's closing price of S$0.118 as of 8 July 2021, being the Last Trading Date and a premium of 19.0 per cent., 19.0 per cent., 20.0 per cent., and 21.1 per cent. over the one-month VWAP up to and including the Last Trading Date of S$0.116, three-month VWAP up to and including the Last Trading Date of S$0.116, six-month VWAP up to and including the Last Trading Date of S$0.115 and 12-month VWAP up to and including the Last Trading Date of S$0.114, respectively, without incurring brokerage and other trading costs.*



Notes:

(1) *The S$ figures (other than the Offer Price) are rounded to the nearest three (3) decimal places and computed on data sourced from Bloomberg L.P. up to and including the Last Trading Day.*

(2) *The respective premia are rounded to the nearest one (1) decimal place.*

9.2 ***Opportunity for Shareholders who may otherwise find it difficult to exit their investment in the Company due to low trading liquidity.*** *The trading volume of the Fragrance Shares has been generally low, with an average daily trading volume*[1] *of approximately 141,523 Fragrance Shares, 143,540 Fragrance Shares, 142,159 Fragrance Shares and 108,820 Fragrance Shares during the one-month period, three- month period, six-month period and 12-month period up to and including the Last Trading Date.*

	One-month	***Three-months***	***Six-months***	***Twelve-months***
Average Daily Trading Volume	*141,523*	*143,540*	*142,159*	*108,820*
Average daily trading volume as a percentage (%) of total number of issued Shares$^{(1)(2)}$	*0.002%*	*0.002%*	*0.002%*	*0.002%*

[1] The average daily trading volume is computed based on the total volume of Fragrance Shares traded divided by the number of Market Days with respect to the one-month period, three-month period, six-month period and 12-month period up to and including the Last Trading Date.

Notes:

(1) The average daily trading volume is based on data extracted from Bloomberg L.P. as at the Last Trading Day and calculated using the daily total volume of Shares traded divided by the total number of Shares.

(2) The percentage figures are rounded to the nearest three decimal places.

Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices and free of brokerage costs, being an option which may not otherwise be readily available due to the low trading liquidity of the Fragrance Shares.

9.3 Unlikely to require access to equity capital markets. *Since its initial public offering in 2005, the Company has not carried out any exercise to raise equity capital on the SGX- ST. The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future. Accordingly, the Offeror does not believe it is necessary for the Company to maintain a listing on the SGX- ST.*

9.4 Only Offer capable of turning unconditional or succeeding. *Given that KWM, who holds more than 50 per cent. of the Shares, has undertaken to accept the Offer, no other general offer will be capable of turning unconditional or succeeding. Should the Offer fail to become or be declared unconditional, the Offeror is not permitted under the Code to make another general offer for the Company for 12 months following the lapse of the Offer.*

9.5 Greater management flexibility. *The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising its rights of compulsory acquisition. The Offeror believes that privatising the Company will provide the Offeror with more flexibility to manage the business of the Group, optimise the use of its management and resources and facilitate the implementation of any operational change.*

9.6 Compliance costs of maintaining listing status. *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

10. OFFEROR'S INTENTIONS IN RELATION TO FRAGRANCE

The Offeror intends for the Company to continue with its existing activities and has no intention to (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which it may regard to be in the interest of the Offeror."

8 THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the Offeror's intentions in relation to the listing status of the Company and compulsory acquisition pursuant to Section 215 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") are set out in Sections 11 and 12 of the Letter to Shareholders in the Offer Document, respectively and Section 6 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and is reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*11. LISTING STATUS*

11.1 ***Free Float Requirement**. Pursuant to Rule 723 of the Listing Manual, Fragrance must ensure that at least 10 per cent. of the total number of Fragrance Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the total number of Fragrance Shares (excluding treasury shares), the SGX- ST may suspend the trading of the Fragrance Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Fragrance Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued Fragrance Shares (excluding treasury shares), thus causing the percentage of the total number of issued Fragrance Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the listed securities of the Company at the Closing Date.*

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Fragrance Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the Fragrance Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.

11.2 ***Intention of the Offeror.** The Offeror is making the Offer with the intention of privatising the Company. In the event the Company does not meet the Free Float Requirement as at the Closing Date and the SGX-ST suspends trading of the Fragrance Shares, **the Offeror does not intend to maintain the present listing status of the Company and, accordingly, does not intend to place out any Fragrance Shares held by the Offeror to members of the public to meet the Free Float Requirement. In addition, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement.***

The Offeror hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

12. COMPULSORY ACQUISITION

12.1 ***Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Fragrance Shares from the Dissemination Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Fragrance Shares in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Dissemination Date), the Offeror will be entitled to exercise the right to compulsorily acquire, at the Offer Price, all the Fragrance Shares held by Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**").*

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act, the Offeror intends to exercise its right to compulsorily acquire all the Fragrance Shares not acquired under the Offer. The Offeror will then proceed to delist Fragrance from the SGX-ST.

12.2 ***Section 215(3).*** *In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Fragrance Shares which, together with the Fragrance Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of issued Fragrance Shares at the Offer Price, the Dissenting Shareholders have the right to require the Offeror to acquire their Fragrance Shares at the Offer Price. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice*."

9 EVALUATION OF THE FINANCIAL TERMS OF THE OFFER

In our analysis and evaluation of the financial terms of the Offer, and our recommendation thereon, we have taken into consideration the following factors based on publicly available information and information provided to us by the Company as at the Latest Practicable Date (unless stated otherwise):

(a) Historical financial performance and position of the Group;

(b) Analysis of the Net Asset Value ("**NAV**") and RNAV of the Group;

(c) Market quotation and historical trading activity of the Fragrance Shares;

(d) Comparison with recent privatisation transactions for companies listed on the SGX-ST;

(e) Comparison with recent privatisation transactions for real estate companies listed on the SGX-ST;

(f) Comparison of valuation measures of the Company against those of selected listed comparable companies;

(g) Range of values of the Fragrance Shares; and

(h) Other relevant considerations in relation to the Offer.

The factors above are discussed in more detail in the following sections.

9.1 Historical financial performance and position of the Group

We set out below a summary of the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the last three financial years ended 31 December 2018 ("**FY2018**"), 31 December 2019 ("**FY2019**") and 31 December 2020 ("**FY2020**"), and half year ended 30 June 2020 ("**1H2020**") and 1H2021. The summary financial information set out below should be read in conjunction with the Company's annual reports for FY2018, FY2019 and FY2020, and financial results announcements for 1H2020 and 1H2021.

9.1.1 Consolidated Statement of Financial Position

S$'000	31 Dec 2020 Audited	30 Jun 2021 Unaudited
Current assets		
Cash and cash equivalent	12,822	19,377
Trade and other receivables	44,487	68,722
Inventories	69	156
Financial asset at fair value through profit or loss	493	633
Properties under/held for development	794,554	374,376
Properties held for sale	199,692	401,803
Total current assets	**1,052,117**	**865,067**
Non-current assets		
Other receivables and prepayment	1,149	1,384
Investment properties	1,910,991	1,857,351
Property, plant and equipment	346,459	481,527
Total non-current assets	**2,258,599**	**2,340,262**
Total assets	**3,310,716**	**3,205,329**
Liabilities and equity		
Current liabilities		
Trade and other payables	59,637	83,575
Notes payable	268,858	155,245
Term loans	403,224	331,552
Income tax payable	9,498	23,582
Total current liabilities	**741,217**	**593,954**
Non-current liabilities		
Trade and other payables	–	4
Term loans	1,258,633	1,288,080
Deferred tax liabilities	13,953	10,498
Total non-current liabilities	**1,272,586**	**1,298,582**
Capital and reserves		
Share capital	150,000	150,000
Treasury shares	(885)	(885)
Performance share reserve	325	325
Foreign currency translation reserve	(31,585)	(30,085)
Accumulated profits	1,171,209	1,185,639

S$'000	31 Dec 2020 Audited	30 Jun 2021 Unaudited
Equity attributable to owners of company	1,289,064	1,304,994
Non-controlling interests	7,849	7,799
Total equity	1,296,913	1,312,793
Total liabilities and equity	**3,310,716**	**3,205,329**

Source: Audited financial statements of the Group for FY2018, FY2019 and FY2020, interim results announcement for 1H2020 and the Interim Results

Current assets as at 30 June 2021 was S$865.1 million (31 December 2020: S$1,052.1 million), mainly due to the sales of Premier Tower units which reduced the properties held for sale balance.

The increase in trade and other receivables of S$24.2 million to S$68.7 million (31 December 2020: S$44.5 million) was due to an increase in revenue earned from Singapore's residential property under development but remained unbilled to customers. The overall increase was offset by a S$5.4 million decrease in deferred commission as these deferred commissions were expensed in 1H2021 following the settlement of those sold projects.

Development properties, which accounted for S$374.4 million or 43.3% of total current assets as at 30 June 2021, include land costs, development costs, interest capitalised, and other related costs. The net decrease of S$420.2 million compared to the balance of S$794.6 million 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 Singapore, Australia, and UK projects.

Non-current assets mainly comprise (i) land and building of investment properties and (ii) hotel properties which are accounted for as property, plant and equipment. The Group's non-current assets as at 30 June 2021 was S$2,340.3 million (31 December 2020: S$2,258.6 million), with the increase due to the capitalisation of Mövenpick Hotel Melbourne On Spencer, which was launched on 29 June 2021, coupled with additional costs incurred for the hotel properties under development in the UK.

The Group's investment properties declined by S$53.6 million primarily due to (i) the reclassification of four UK hotel properties that were previously used for hospitality investment to property, plant and equipment, following the termination of the lease agreement and the conversion to owner-operated hotels, and (ii) fair value loss on investment properties of S$21.6 million.

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 S$23.9 million to S$83.6 million as at 30 June 2021 (31 December 2020: S$59.6 million) due to an increase in deposits received from the units of Premier Tower sold.

Total borrowings decreased by S$155.8 million to S$1,774.9 million as at 30 June 2021 (31 December 2020: S$1,930.7 million), mainly due to the settlement of the Group's S$125.0 million medium term note in April 2021, coupled by partial settlement of the construction loan for Premier Tower using the sales proceeds.

9.1.2 Consolidated Statement of Comprehensive Income

S$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	1H2020 Unaudited	1H2021 Unaudited
Revenue	326,228	58,156	111,305	60,606	286,821
Cost of sales	(195,458)	(15,771)	(68,413)	(43,726)	(178,406)
Gross profit	**130,770**	**42,385**	**42,892**	**16,880**	**108,415**
Investment (loss) gain	(26)	219	(885)	–	–
Other operating income (losses)	248,122	106,090	25,169	4,843	(28,754)
Other expenses	(20,919)	(7,302)	(515)	–	–
Selling and distribution expenses	(16,422)	(3,615)	(4,451)	(2,538)	(18,812)
Administrative expenses	(26,899)	(25,963)	(30,113)	(14,969)	(22,415)
Finance costs	(31,432)	(31,549)	(27,218)	(17,307)	(11,202)
Share of results of JV	(326)	7,371	(5)	–	–
Profit (Loss) before income tax	**282,868**	**87,636**	**4,874**	**(13,091)**	**27,232**
Income tax (expense) credit	(16,133)	(8,150)	(3,698)	269	(12,852)
Profit (Loss) for the year	**266,735**	**79,486**	**1,176**	**(12,822)**	**14,380**
Other comprehensive income (loss), net of tax					
Item or loss that will not be reclassified subsequently to profit or loss					
Share of other comprehensive income of JV					
Revaluation of land and buildings	868	262	–	–	–
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	(210)	45	–	–	–
	658	307	–	–	–

S$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	1H2020 Unaudited	1H2021 Unaudited
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(39,773)	(11,216)	42,311	5,911	1,500
Share of other comprehensive (loss) income of JV					
Share of exchange translation differences of JV	(1,315)	3,783	–	–	–
Fair value (loss) gain on investment securities	(460)	3	–	–	–
	(41,548)	(7,430)	42,311	5,911	1,500
Other comprehensive (loss) income for the year, net of tax	(40,890)	(7,123)	42,311	5,911	1,500
Total comprehensive income (loss) for the year	**225,845**	**72,363**	**43,487**	**(6,911)**	**15,880**
Profit (Loss) attributable to:					
Owner of the Company	267,181	79,852	1,714	(12,727)	14,430
Non-controlling interests	(446)	(366)	(538)	(95)	(50)
	266,735	**79,846**	**1,176**	**(12,822)**	**14,380**
Total comprehensive income (loss) attributable to:					
Owner of the Company	226,291	72,729	44,025	(6,816)	15,930
Non-controlling interests	(446)	(366)	(538)	(95)	(50)
	225,845	**72,363**	**43,487**	**(6,911)**	**15,880**
Earnings (Loss) per share					
Basic and diluted (cents)	**3.97**	**1.19**	**0.03**	**(0.19)**	**0.21**

Source: Audited financial statements of the Group for FY2018, FY2019 and FY2020, interim results announcement for 1H2020 and the Interim Results

Review of financial results

FY2018 vs FY2019

The Group's FY2019 revenue declined by 82.2% from S$326.2 million in FY2018 to S$58.2 million, mainly due to the decrease in revenue contribution from the property development segment, and gross profit accordingly decreased by 67.6% from S$130.8 million to S$42.4 million. Other operating income decreased by S$142.0 million from S$248.1 million in FY2018 to S$106.1 million in FY2019, mainly due to higher fair value gain recognised in FY2018 as a result of the change in use for Tower 15 into full hotel usage.

Finance costs increased slightly by 0.4% from S$31.4 million to S$31.5 million in FY2019, mainly due to increase in finance costs relating to additional loans drawn down and general increase in average interest rates across the floating rate borrowings in FY2019. The increase was partly offset by repayment of borrowings and restatement of FY2018 finance costs during the year.

The Group achieved a lower profit after tax and minority interest ("**PATMI**") of S$79.9 million in FY2019, a 70.1% decline as compared to FY2018.

FY2019 vs FY2020

The Group's FY2020 revenue increased by 91.4% from S$58.2 million in FY2019 to S$111.3 million, mainly due to the increase of 754.4% in revenue contribution from the property development segment, and gross profit accordingly increased by 1.2% from S$42.4 million to S$42.9 million. The Group's two largest markets, Singapore and Australia, accounted for approximately 95.1% of the total revenue in FY2020. In Australia, NV Apartments obtained its completion certificate in February 2020 and contributed S$44.5 million in revenue, which is approximately 69.4% of the total property development segment revenue. In Singapore, two development projects, namely Urban Treasures and Jervois Treasures, contributed an aggregate revenue of S$13.1 million.

Premier Tower, a development project by the Group located in Melbourne, received its practical completion certificate issued for 401 residential units located from the ground floor to level 45 (Phase 1) in late December 2020. Revenue from Premier Tower would only be recognised in 2021 when the relevant titles are to be passed to the respective buyers.

Finance costs decreased by 13.7% from S$31.5 million to S$27.2 million in FY2020, due to lower interest rates. Tax expense was offset by a tax credit of S$3.4 million arising from temporary cash flow measures announced by Australian Taxation Office for refunds of corporate tax paid in prior years to cover the tax losses incurred in FY2020.

The Group achieved a lower PATMI of S$1.7 million in FY2020, a 97.9% decline as compared to FY2019.

1H2020 vs 1H2021

The Group's 1H2021 revenue increased by 373.3% from S$60.6 million in 1H2020 to S$286.8 million, mainly due to the growth in revenue contributions from the property development and hotel operations business segments of 498.3% and 132.5%, respectively. The completion of Premier Tower in 1H2021 and the fulfilment of the sales on the units sold was the main revenue contributor, with A$188.0 million (S$193.2 million) revenue recorded in 1H2021. In Singapore, two development projects, Urban Treasures and Jervois Treasures, which were launched to the market in 2020, contributed revenue of S$37.0 million in 1H2021 based on new sales and the increase in the projects' revenue due to corresponding increase in percentage of completion on the development. The Group's hotels located in the United Kingdom (**"UK"**) had low results in 1H2021, due to lockdown arising from the COVID-19 pandemic until May 2021.

The Group recorded an increase of 542.3% in gross profit in all its three business segments, from S$16.9 million to S$108.4 million. Gross profit margin increased from 27.9% for 1H2020 to 37.8% for 1H2021.

The Group recorded a fair value loss on its investment properties of S$21.6 million in 1H2021 as compared to S$1.2 million recorded in 1H2020, and impairment losses on its properties held for sale of S$7.6 million in 1H2021 (1H2020: S$Nil).

Finance costs decreased by S$6.1 million in 1H2021 due to a lower weighted average borrowing rate and reduction in total borrowings as the Group settled its S$125.0 million medium term note at 6.125% p.a. in April 2021, offset by reduced capitalisation of interest into development costs.

The Group achieved a higher PATMI of S$14.4 million in 1H2021, as compared to net loss after tax and minority interest of S$12.7 million in 1H2020.

9.1.3 Consolidated Statement of Cash Flows

S$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	1H2020 Unaudited	1H2021 Unaudited
Net cash (used in) generated from operating activities	(186,937)	(246,283)	(98,061)	(45,183)	193,513
Net cash used in investing activities	(61,259)	(120,553)	(153,891)	(144,982)	(30,319)
Net cash generated (used in) from financing activities	265,111	302,189	198,459	139,972	(157,312)
Net increase (decrease) in cash and cash equivalents, including effects of foreign exchange rate	16,915	(64,647)	(53,493)	(50,193)	5,882
Cash and cash equivalents at end of year/period	**136,129**	**69,452**	**12,822**	**18,945**	**19,377**

Source: Audited financial statements of the Group for FY2018, FY2019 and FY2020, interim results announcement for 1H2020 and the Interim Results

The Group's operating cash flows are derived from sales of residential/mixed-used developments, rental income from its investment properties within commercial investment and hospitality investment segments and revenue from hotel operations. Net cash used towards the costs incurred on development properties constitutes majority of the cash outflow from operations, as the property development segment is a significant segment for the Group.

FY2018 vs FY2019

In FY2019, the net cash outflow from operating activities amounted to S$246.3 million (FY2018: S$186.9 million). Net cash used in investing activities amounted to S$120.6 million (FY2018: S$61.3 million), mainly due to addition of investment properties. Net cash inflow from financing activities amounted to S$302.2 million (FY2018: S$265.1 million), mainly due to drawdown of additional loans, partially offset by repayment of certain borrowings and repurchase of the medium term note issued by the Group. Cash and cash equivalents stood at S$69.5 million as at 31 December 2019 compared to S$136.1 million as at 31 December 2018.

FY2019 vs FY2020

In FY2020, the net cash outflow from operating activities amounted to S$98.1 million (FY2019: S$246.3 million). The Group continued to incur cash outlay to fund development costs of ongoing projects namely, Premier Tower, Urban Treasures and Jervois Treasures. Net cash used in investing activities amounted to S$153.9 million (FY2019: S$120.6 million), mainly due to addition of investment properties and funding for ongoing development expenditure for hotel properties under construction. Net cash inflow from financing activities amounted to S$198.5 million (FY2019: S$302.2 million), mainly due to drawdown of additional loans, partially offset by repayment of certain borrowings and repurchase of the medium term note issued by the Group. Cash and cash equivalents stood at S$12.8 million as at 31 December 2020 compared to S$69.5 million as at 31 December 2019.

1H2020 vs 1H2021

In 1H2021, the net cash generated from operating activities amounted to S$193.5 million (1H2020: net cash used of S$45.2 million), mainly due to the sale of the properties classified as development properties and properties held for sale. Net cash used in investing activities amounted to S$30.3 million (1H2020: S$145.0 million), mainly due to the lower addition to the Group's investment properties. Net cash used in financing activities amounted to S$157.3 million (1H2020: net cash inflow of S$140.0 million), mainly due to repurchase of the medium term note issued by the Group and repayment of certain borrowings. Cash and cash equivalents stood at S$19.4 million as at 30 June 2021 compared to S$18.9 million as at 30 June 2020.

9.2 Analysis of the NAV and RNAV of the Group

Companies which are primarily in the real estate business are often valued using an asset-based approach. In addition, the reported earnings of such companies may fluctuate over time due to factors such as project launches, project completion, redevelopment of properties and periodic revaluation of properties. Given the property business of the Group and the asset-intensive nature of its commercial investment, property development and hotel operations, we have primarily considered the asset-based valuation approach for the purpose of evaluating the financial terms of the Offer as opposed to other valuation approaches.

In an NAV-based valuation, a valuation analysis is performed for a company's identified fixed, financial and other assets. Subject to relevant accounting policies and procedures, the derived aggregate value of these assets is then "netted" against any non-controlling interests and the estimated value of all existing liabilities, resulting in an indication of the value of the shareholders' equity. An estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time may be derived under the asset-based approach, where the proceeds of such hypothetical sale would first be used for settlement of the liabilities and the balance being distributed to shareholders.

Shareholders should note that the NAV-based analysis of the Group is for illustrative purposes only and provides an estimate of the value of the Group based on a hypothetical scenario, wherein such scenario does not take into consideration factors including, but not limited to, liquidation costs, taxes, time value of money, market conditions, legal and professional fees, regulatory requirements, contractual limitations and obligations, and availability of potential buyers, which may affect the NAV that can be realised by the Group.

9.2.1 NAV of the Group

The primary components of the Group's unaudited financial position as at 30 June 2021 are set out below:

S$'000	**30 Jun 2021 Unaudited**
Non-current assets	
Investment properties	1,857,351
Property, plant and equipment	481,527
Other receivables and prepayment	1,384
Current assets	
Properties held for sale	401,803
Properties under/held for development	374,376
Cash and cash equivalents	19,377
Financial assets at fair value through profit or loss ("**FVTPL**")	633
Other current assets (includes Trade and other receivables, Inventories)	68,878
Non-current liabilities	
Term loans	1,288,080
Other non-current liabilities (includes Deferred tax liabilities, Trade and other payables)	10,502
Current liabilities	
Term loans	331,552
Notes payable	155,245
Other current liabilities (includes Trade and other payables, Income tax payable)	107,157
Total assets	**3,205,329**
Total liabilities	**1,892,536**
Total equity/NAV	**1,312,793**
Non-controlling interests	7,799
Total equity/NAV attributable to owners of the Company	**1,304,994**
Number of Fragrance Shares as at the Latest Practicable Date (unit)	6,713,600,000
NAV attributable to owners of the Company per Fragrance Share (S$)	**0.194**
Discount to NAV as implied by the Offer Price	**28.9%**

Source: Interim Results

As at 30 June 2021, the unaudited NAV attributable to owners of the Company was approximately S$1,305.0 million. We note that the majority of the assets of the Group comprise investment properties, property, plant and equipment, properties held for sale, and properties under/held for development, representing 57.9%, 15.0%, 12.5% and 11.7% respectively of the total assets of the Group as at 30 June 2021.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties, including those under construction, are measured initially at cost, including transaction costs. We note that subsequent to initial recognition, investment properties are measured at fair value, and gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

We note that the fair values of the investment properties representing approximately 90.0% of the Group's investment properties balance as at 30 June 2021 were estimated by an independent professional valuer commissioned by the Company for financial reporting purposes. The desktop valuations in respect of three properties of the Group representing 90.0% of the Group's investment properties balance as at 30 June 2021, namely (i) 456 Alexandra Road, Fragrance Empire Building, Singapore 119962, (ii) 15 Hoe Chiang Road, Singapore 089316, and (iii) 62 and 64 Waterloo Street, Singapore 187958 & 187959, (the "**Interim Results Valuations**") are available for inspection at the Company's registered office.

The Group had received the grant of provisional permission from the Urban Redevelopment Authority of Singapore ("**URA**") prior to 31 December 2019 for the change in use in respect of Lot 01958P to full hotel usage. The proposed amendment to the change in use was processed and updated in the masterplan by URA prior to 31 December 2019. We further note that Management recorded a fair value gain of S$116.9 million on this property as at 31 December 2019 based on full hotel usage.

Properties held for sale and properties under/held for development

Properties held for sale are stated at the lower of cost (specific identification) and net realisable value. We note that net realisable value is determined by reference to estimated sale proceeds less selling expense, and the cost of property includes acquisition costs, development expenditure, interests and other direct costs attributable to such property.

Development properties are stated at the lower of cost and net realisable value. We note that cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised during the period when activities necessary to get the asset ready for its intended use are conducted, until such time that the properties are substantially completed.

Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. We note that cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy, and depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Office premises and plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

We note that the Offer Price of S$0.138 per Fragrance Share in cash represents an implied discount of approximately 28.9% to the NAV per Fragrance Share of S$0.194 (or 0.71 times the NAV) as at 30 June 2021.

9.2.2 RNAV of the Group

The NAV, which is reflected in a company's financial statements, is calculated as total assets less any non-controlling interests and all liabilities, and determined by relevant accounting policies and procedures. The RNAV takes into account adjustments to a company's principal assets based on their estimated current market values.

We have also taken into consideration whether there are any factors which, based on applicable accounting standards and policies, have not been disclosed in the Interim Results that may have a material impact on the unaudited NAV of the Group as at 30 June 2021. The Directors and the Management have confirmed that, save as disclosed in the Interim Results and to the best of their knowledge, there is no material information undisclosed in accordance with the applicable accounting standards and policies (including any asset impairment, surplus in revaluation and material contingent liabilities) that may materially impact the NAV of the Group as at the Latest Practicable Date.

In our review of the unaudited financial position of the Group as at 30 June 2021, we have also considered whether there are any intangible assets that would not appear in the valuation based on the unaudited NAV of the Group as at 30 June 2021. The Directors and the Management have confirmed that, save as disclosed and to the best of their knowledge, there are no intangible assets which should be disclosed in the balance sheet of the Group in accordance with the applicable accounting standards and policies as at the Latest Practicable Date.

We have also taken into consideration any tangible asset of the Group that should be valued and reflected at a different amount from the amount that is recorded in the Interim Results.

The Company has appointed the Independent Valuer to conduct, in connection with the Offer, an independent valuation of Urban Treasures, which is located at 205 & 207 Jalan Eunos, Urban Treasures, Singapore 419535 & 415799. The Valuation Report dated 3 August 2021 is set out as Appendix IV to the Offeree Circular.

We note that the valuation is the Independent Valuer's opinion on the market value of Urban Treasures, which, as set out in the Valuation Report, is intended to mean *"the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."* We also note that the definition of 'market value' is consistent with that as advocated by the Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors ("**RICS**") Standards and Guidelines and International Valuation Standards Council.

For illustrative purposes only, as set out in the Valuation Report, the value of Urban Treasures is as follows:

	(S$'000)
Market value of Urban Treasures by the Independent Valuer	338,583
Less: Net book value of Urban Treasures as at 30 Jun 2021 plus Estimated total cost to complete and market the development	314,260
Revaluation Surplus	**24,323**

Source: Valuation Report, Management

We note that Urban Treasures is a proposed residential development currently under construction, which will comprise two blocks of 12-storey apartment (total 237 units of 1-/2-/3-/4-bedroom apartments) with carpark, swimming pool and other communal facilities. Using the direct comparison method of valuation and based on the gross development value upon satisfactory completion (subject to issuance of Temporary Occupation Permit and Certificate of Statutory Completion), the Independent Valuer has provided in its report dated 3 August 2021 a market value of approximately S$338,583,000 as at 28 July 2021.

We note that, based on information provided by the Company, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of Urban Treasures amount to approximately S$3.65 million, comprising income tax on the taxable profit from the sale of Urban Treasures and other relevant taxes. The aforesaid tax liabilities will not crystallise if the Group does not dispose of the property. We also note that the Company intends to complete the construction of Urban Treasures and continue marketing the units. The market value as shown in the table above excludes the potential tax liabilities.

By way of illustration, the unaudited RNAV of the Group as at 30 June 2021 is approximately S$1,325.7 million or S$0.197 per Fragrance Share as computed by the Management, after taking into account adjustments due to the revaluation of Urban Treasures as set out in the Valuation Report and the potential tax liabilities that would arise if Urban Treasures were to be sold at the amount of the valuation as set out in the Valuation Report.

In the table below, we have set out the adjustments which were made in determining the RNAV of the Group.

	(S$'000)
Group's unaudited NAV as at 30 Jun 2021	1,304,994
Add: Revaluation surplus arising from the revalued Urban Treasures	24,323
Less: Potential tax liabilities (to arise if Urban Treasures were to be sold)	(3,648)
RNAV of the Group	**1,325,669**
Number of Fragrance Shares as at the Latest Practicable Date (unit)	6,713,600,000
RNAV attributable to owners of the Company per Fragrance Share (S$)	**0.197**
Discount to RNAV as implied by the Offer Price	**29.9%**

Source: Interim Results, Valuation Report, Management

We note that the Offer Price of S$0.138 per Fragrance Share in cash represents an implied discount of approximately 29.9% to the RNAV per Fragrance Share of S$0.197 (or 0.70 times the RNAV) as at 30 June 2021.

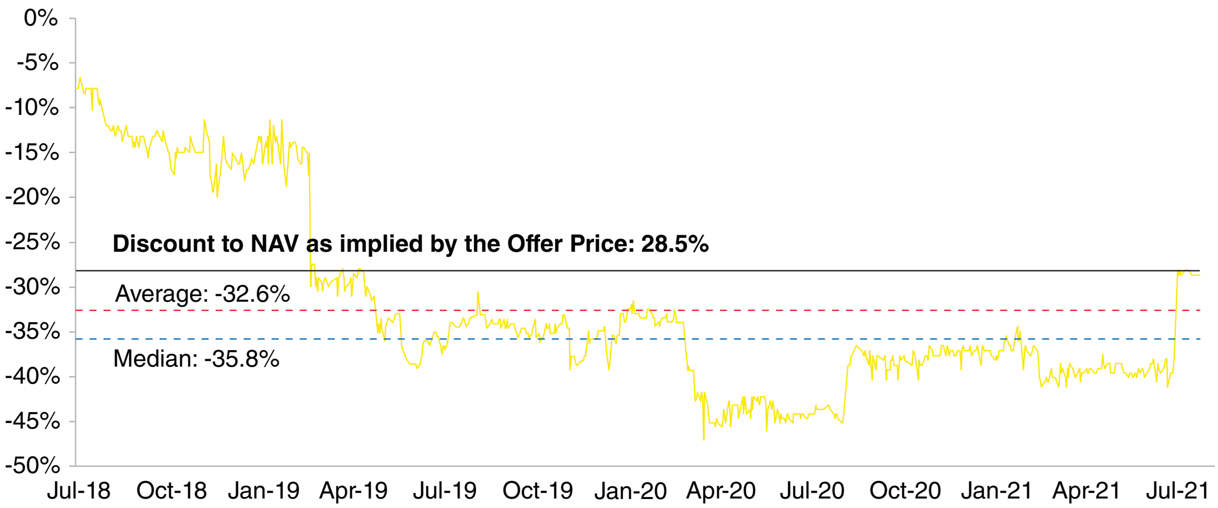
While the RNAV is a relevant basis for comparison, it is not necessarily a realisable value as the market value of Urban Treasures and any tax liabilities arising from the sale of Urban Treasures may vary depending on prevailing market and economic conditions.

We also note that, as stated in the Interim Results, the Group has completed the development of Premier Tower in Melbourne, Australia in three 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 Phase 2B of a 172-room Mövenpick Hotel from the ground floor to level 6 in April 2021. As at 30 June 2021, the Group has collected A$188.0 million (S$193.2 million equivalent) from the settled sales contracts. 84.3% of the total residential units had been sold as at 30 June 2021 (31 December 2020: 84.3%), for a total contracted sales value of A$468.2 million (S$481.3 million equivalent). We wish to highlight that the RNAV per Fragrance Share of S$0.197 has not taken into account any potential revenue and/or profit that would arise from the sales of units for which settlement has not been made. Such revenues and/or profits, if any, will be recognised by the Group upon the fulfilment of the performance obligations, and may increase the RNAV per Fragrance Share when subsequently recognised.

9.2.3 Historical discounts to the NAV of the Group

We have also compared the historical discounts to NAV with the discounts to NAV as at 30 June 2021 as implied by the Offer Price over a period commencing from 9 July 2018, being the date three (3) years prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

Historical discount to the NAV per Fragrance Share



Source: Capital IQ

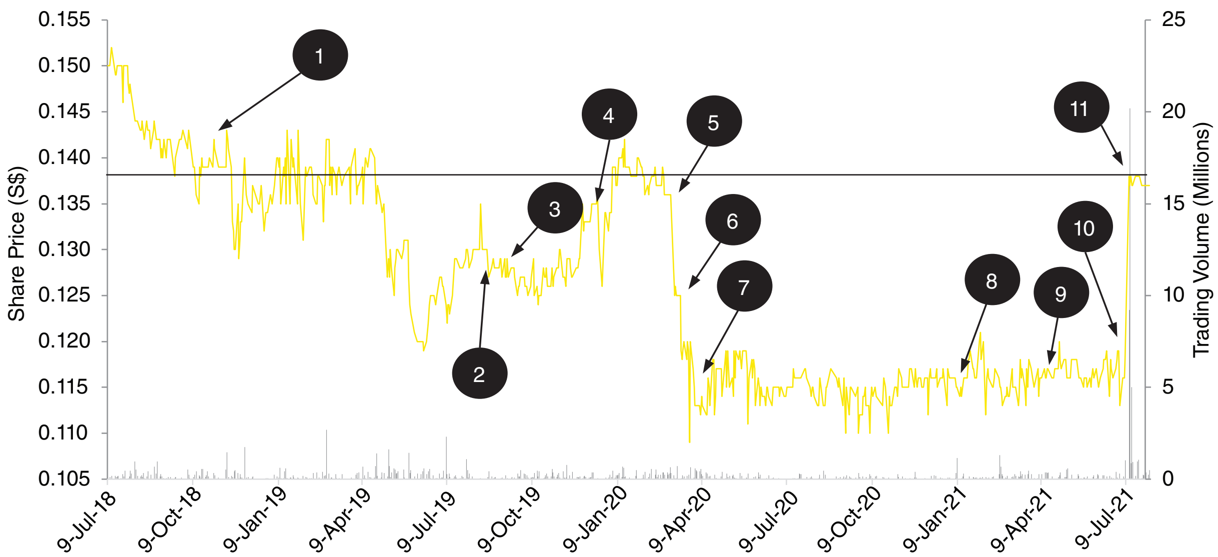
We note that the Fragrance Shares had consistently traded at a discount to the NAV per Fragrance Share over the three years prior to the Offer Announcement Date, between a minimum discount of 6.6% and a maximum discount of 47.1%. The average and median daily discounts to NAV are 32.6% and 35.8%, respectively. We also note the significant increase in the discount to NAV per Fragrance Share in early 2019, which may be attributed to the higher fair value recognised as a result of the change in use for Tower 15 into full hotel usage.

We note that the discount as implied by the Offer Price of 28.9% is below the average and median daily discounts to NAV for the three years prior to the Offer Announcement Date.

9.3 Market quotation and historical trading activity of the Fragrance Shares

We set out below a chart which shows the daily closing prices for the Fragrance Shares and volume traded (excluding married trades) for the period from three years prior to the Offer Announcement Date and up to the Latest Practicable Date. We have also marked dates during the given period where significant events occurred.

Share Prices for the Period from 9 Jul 2018 to the Latest Practicable Date



Source: Capital IQ, Company announcements

Notes:

(1) On 30 October 2018, the Directors announced that Fragrance VIC-MEL (Collins) Pty Ltd, a wholly-owned subsidiary of the Company had accepted an offer from an unrelated third party to purchase the property located at 555 Collins Street, Melbourne, Victoria, Australia, for a cash consideration of A$140.0 million and the sale was completed on 26 October 2018.

(2) On 22 August 2019, the Directors announced that (i) AF Corporation Pte. Ltd. ("**AFC**"), a private limited company jointly controlled by the Company and Aspial Corporation Limited ("**Aspial**"), proposed to undertake a distribution in specie (the "**AFC Distribution**") to distribute substantially all of the 881,383,569 ordinary shares (the "**AF Global Shares**") in the capital of AF Global Limited ("**AF Global**") held by AFC to the Company and Aspial in proportion to their shareholdings in AFC; and (ii) subject to, among others, the AFC Distribution being completed, the Company proposed to undertake a distribution in specie to distribute substantially all of the 440,691,784 AF Global Shares that it would receive from the AFC Distribution to the Shareholders.

(3) On 4 September 2019, the Directors announced that the Company's wholly owned subsidiary Fragrance Victory Pte Ltd had entered into a collective sales and purchase agreement for the acquisition of the property known as Min Yuan Apartments located at 62 Waterloo Street Singapore 187958 comprised in Lot No. 00378V of TS11 at the purchase price of S$141.0 million.

(4) Prior to 31 December 2019, the Group had received the grant of provisional permission from the URA for a change in use in respect of the property at Lot 01958P MK01 to full hotel usage.

(5) On 5 March 2020, a COVID-19 cluster involving diners at Safra Jurong was announced.

(6) On 17 March 2020, completion of dividend in specie of shares in AF Global Limited was announced.

(7) On 3 April 2020, Prime Minister Lee Hsien Loong announced a nationwide partial lockdown (the "**Circuit Breaker**"), as a measure to minimise the spread of COVID-19 in Singapore. It was announced that the Circuit Breaker involves full home-based learning for schools and telecommuting for work and businesses, except for those in essential services.

(8) On 15 January 2021, the Directors announced that the Group's Premier Tower had received its practical completion certificate issued for 401 residential units located from ground floor to level 45 (Phase 1) in late December 2020.

(9) On 16 April 2021, the Directors announced that practical completion certificate was issued for the remaining 394 residential units of Premier Tower from level 46 to 83 (Phase 2) in late March 2021. This marked the completion of the entire residential project. Sales contracts for 270 units out of 394 units from Phase 2 were entered with buyers who had placed deposits. Depending on the ultimate take up rate, the Group expected to complete the sales contract and collect the balance of the consideration from 16 April 2021 onwards. Likewise, settlement of sales of the sold units in Phase 1 had been progressing since February 2021. Further, the Directors announced the planned redemption of the S$125,000,000 principal amount of 6.125% notes expiring on 26 April 2021, issued on 26 April 2018, together with the accrued interest on maturity.

(10) On 9 July 2021, the Offer was announced by DBS Bank for and on behalf of the Offeror.

(11) On 12 July 2021, the Offer was declared unconditional in all respects.

Additional information on the volume-weighted average price ("**VWAP**") of the Fragrance Shares and other trading statistics are set out below:

Reference period	VWAP[1] (S$)	Premium of Offer Price over VWAP (%)	Highest Transacted Price (S$)	Lowest Transacted Price (S$)	Average daily trading volume[2]	Daily trading volume as percentage of free float[3] (%)
Prior to the Offer Announcement Date						
Last 1 year	0.114	21.1	0.121	0.085	125,218	0.02
Last 6 months	0.115	20.0	0.121	0.105	155,876	0.02
Last 3 months	0.116	19.0	0.121	0.112	158,649	0.02
Last 1 month	0.116	19.0	0.119	0.112	155,675	0.02
Last transacted price as at the Last Trading Date[4]	0.118	16.9	0.119	0.116	1,033,000	0.13
After the Offer Announcement Date						
Between the Offer Announcement Date and the Latest Practicable Date	0.137	0.7	0.139	0.137	2,133,647	0.26
Last transacted price as at the Latest Practicable Date	0.137	0.7	0.138	0.137	103,100	0.01

Source: Capital IQ, EYCF analysis

Notes:

(1) The VWAP is calculated based on the price of the Fragrance Shares and the traded volume for the relevant trading days for each of the periods.

(2) The average daily trading volume of the Fragrance Shares is calculated based on the total volume of Fragrance Shares traded during the given period divided by the number of market days during that period.

(3) Free float refers to the Fragrance Shares other than those held by the Directors, substantial Shareholders and their associates (as defined in the SGX-ST Listing Manual), which amounts to approximately 10.03% of the total issued share capital of the Company as at the Offer Announcement Date.

(4) '**Last Trading Date**' is the last full trading day prior to the announcement of the Offer, being 8 July 2021.

We note the following:

(a) The Offer Price represents premiums of approximately 21.1%, 20.0%, 19.0% and 19.0% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to the Offer Announcement Date;

(b) The Offer Price represents a premium of approximately 16.9% over the last transacted price as at the Last Trading Date;

(c) For the period following the Offer Announcement Date up to the Latest Practicable Date, Fragrance Shares traded between S$0.137 and S$0.138 per Fragrance Share. The Offer Price of S$0.138 represents a premium of 0.7% to the VWAP of the Fragrance Shares over this period; and

(d) The Offer Price represents a premium of approximately 0.7% over the last transacted price as at the Latest Practicable Date of S$0.137.

We have also considered the trading liquidity of the Fragrance Shares. As at the Latest Practicable Date, the Company had a free float of approximately 10.03% of the total issued Fragrance Shares as at the Offer Announcement Date. We note the following:

(a) The average daily traded volume of the Fragrance Shares for the periods 1 year, 6 months, 3 months and 1 month prior to the Offer Announcement Date represents approximately 0.02%, 0.02%, 0.02% and 0.02% of the free float, respectively;

(b) The average daily traded volume of the Fragrance Shares on the Last Trading Date represents approximately 0.13% of the free float;

(c) The average daily traded volume of the Fragrance Shares for the period following the Offer Announcement Date up to the Latest Practicable Date represents approximately 0.26% of the free float, and the traded volume of the Fragrance Shares on the Latest Practicable Date represents approximately 0.01% of the free float;

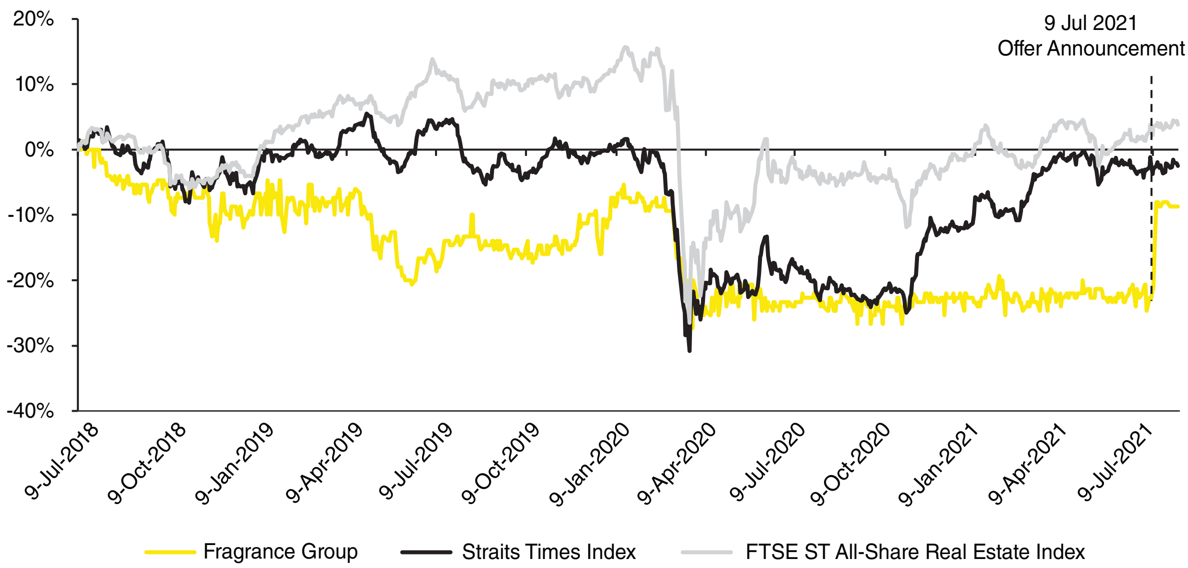
(d) The number of days on which Fragrance Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date represents approximately 86.9%, 91.2%, 90.5% and 90.9% of the number of market days on the SGX-ST during the respective relevant periods; and

(e) Fragrance Shares had been traded on every market day on the SGX-ST for the period following the Offer Announcement Date up to the Latest Practicable Date.

The past liquidity of the Fragrance Shares, particularly for the period after the Offer Announcement Date up to the Latest Practicable Date, should not be relied upon in any way as an indication of the future liquidity of the Fragrance Shares. We wish to highlight that there is no assurance that the liquidity of the Fragrance Shares will remain at the same level after the Offer closes.

In order to assess the market price performance of the Fragrance Shares vis-à-vis the general price performances of the Singapore equity market in general, we have compared the market movement of the Fragrance Shares against the FTSE Straits Times Index ("**STI**") and the FTSE ST All-Share Real Estate Index for the period from three years prior to the Offer Announcement Date and up to the Latest Practicable Date.

Share price performance against STI and FTSE ST All-Share Real Estate Index for the Period from 9 Jul 2018 to the Latest Practicable Date



Source: Capital IQ, rebased to 0% on 9 July 2018

We note that the Fragrance Shares had underperformed the STI and FTSE ST All-Share Real Estate Index in relative terms over the three-year period prior to the Offer Announcement Date and up to the Latest Practicable Date.

We note that the announcement of the Offer appears to have had an impact on the trading price and volume of the Fragrance Shares, and the current trading price and volume of the Fragrance Shares may be supported by the Offer. We wish to highlight that the analysis on the historical trading performance of the Fragrance Shares, particularly for the period after the Offer Announcement Date on 9 July 2021, serves only as an illustrative guide and should not be relied upon in any way as an indication of the future trading performance of the Fragrance Shares. We also wish to highlight that there is no assurance that the market price and trading volume of the Fragrance Shares will remain at the same level as at the Latest Practicable Date after the close or lapse of the Offer.

9.4 Comparison with recent privatisation transactions for companies listed on the SGX-ST

In assessing the reasonableness of the Offer Price, we have also examined recent similar transactions by listed companies on the SGX-ST involving successful privatisation transactions announced and completed in the period between 1 January 2019 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to privatise the target companies, and the offerors and its concert parties control more than 50.0% of the shares when the offer announcement was made (the "**Precedent Privatisation Transactions**"). Privatisation transactions of companies listed on the SGX-ST are generally carried out by way of voluntary general offer under the Code ("**VGO**"), mandatory general offer under the Code ("**MGO**"), scheme of arrangement under Section 210 of the Companies Act ("**SOA**"), or voluntary delisting under the SGX-ST Listing Manual ("**VD**"). Our analysis of the Precedent Privatisation Transactions is to illustrate the premiums/discounts represented by each of the respective offer prices over/to the traded prices prior to the announcements of such Precedent Privatisation Transactions.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Precedent Privatisation Transactions are for illustrative purposes only. The Precedent Privatisation Transactions are not directly comparable to the terms and conditions of the Offer. The premium any offeror is prepared to pay for in any particular offer transaction depends on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Precedent Privatisation Transactions is by no means exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

Company Name	Type	Announcement Date	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement[1] Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	Offer Price/ NAV per Share (times)
Kingboard Copper Foil Holdings Limited	VUCO	4 Apr 2019	9.1	16.1	25.3	27.4	32.5	0.91
800 Super Holdings Limited	VCCO	6 May 2019	16.1	30.6	31.2	25.3	17.6	1.80
Memtech International Ltd.	VCCO	14 May 2019	23.9	31.5	31.6	35.6	30.2	1.10
Boardroom Limited	VUCO	15 May 2019	14.3	18.4	16.1	17.6	16.7	2.02
First Ship Lease Trust	MCCO	7 Jun 2019	33.0	32.1	30.9	30.0	3.7	0.20
Health Management International Ltd	SOA	17 Jun 2019	14.1	23.9	27.8	29.7	28.1	6.60
Hupsteel Limited	VCCO	28 Jun 2019	51.9	58.3	58.6	58.6	54.3	0.90
Delong Holdings Limited	VCCO	29 Jul 2019	16.5	18.6	19.0	20.5	9.5	0.60
San Teh Ltd	VCCO	5 Sep 2019	81.8	90.5	83.0	84.2	72.8	0.56
PACC Offshore Services Holdings	VCCO	4 Nov 2019	97.2	109.8	96.2	69.6	35.3	1.00
CITIC Envirotech Ltd.	VD	6 Nov 2019	48.6	61.9	68.5	65.5	39.6	1.15
Breadtalk Group Limited	VCCO	24 Feb 2020	19.4	30.1	24.0	25.0	20.5	2.94
Elec & Eltek Int Co Ltd	VCCO	3 Apr 2020	99.2	71.5	49.3	51.6	58.7	1.00
Perennial Real Estate Holdings Limited	VCCO	12 Jun 2020	88.1	105.2	124.1	112.5	95.1	0.60
Teckwah Industrial Corporation	VCCO	12 Aug 2020	30.0	30.8	33.5	40.8	42.5	1.00
China Jishan Holdings Limited	VCCO	20 Aug 2020	84.2	101.3	106.4	116.7	83.0	3.34
SK Jewellery Group Limited	VCCO	2 Sep 2020	70.5	89.9	94.8	89.9	54.6	1.31
Hi-P International Limited	VUGO	18 Dec 2020	13.6	23.2	42.3	50.6	62.5	2.60
GL Limited	VCCO	15 Jan 2021	25.0	28.2	33.3	28.0	9.5	0.73
International Press Softcom Limited	VCO	28 Jan 2021	12.5	25.3	32.0	21.6	26.8	1.08
Neo Group Limited	VCCO	30 Mar 2021	20.0	17.9	14.5	15.4	31.0	2.44
Top Global Limited	VCCO	30 Apr 2021	122.9	132.1	146.8	148.4	142.2	0.53
Cheung Woh Technologies Ltd	VCO	6 May 2021	90.0	89.5	92.9	109.7	141.1	1.20
Low			**9.1**	**16.1**	**14.5**	**15.4**	**3.7**	**0.20**
High			**122.9**	**132.1**	**146.8**	**148.4**	**142.2**	**6.60**
Average			**47.0**	**53.8**	**55.7**	**55.4**	**48.2**	**1.55**
Median			**30.0**	**31.5**	**33.5**	**40.8**	**35.3**	**1.08**
Fragrance – Implied by the Offer Price and based on prices prior to and including the Last Trading Date			**16.9**	**19.0**	**19.0**	**20.0**	**21.1**	**0.71**

Source: Capital IQ, company circulars and company reports

Note:

(1) Market premium/discount is calculated based on the share price on either the last trading date or unaffected day for the given periods, as defined in the respective circulars.

We note the following with regard to the Precedent Privatisation Transactions:

(a) the premium of 16.9% implied by the Offer Price against the last transacted price of the Fragrance Shares prior to the Offer Announcement Date is within the range of premiums, and is below the median and average premiums of the Precedent Privatisation Transactions;

(b) the premiums of 19.0%, 19.0%, 20.0% and 21.1% implied by the Offer Price against the 1- month, 3-month, 6-month and 12-month VWAPs of the Fragrance Shares prior to the Offer Announcement Date are within the range of premiums, and are below the median and average premiums of the Precedent Privatisation Transactions; and

(c) the 0.71 times implied by the Offer Price over the NAV per Fragrance Share as at 30 June 2021 is within the range of and is below the median and average ratios of the Precedent Privatisation Transactions.

9.5 Comparison with recent privatisation transactions for real estate companies listed on the SGX-ST

In assessing the reasonableness of the Offer Price, we have also examined recent similar transactions by listed real estate companies on the SGX-ST involving successful privatisation transactions announced and completed in the period between 1 January 2019 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to privatise the target companies, and the offerors and its concert parties control more than 50.0% of the shares when offer announcement was made (the "**Precedent Real Estate Privatisation Transactions**"). Our analysis of the Precedent Real Estate Privatisation Transactions is to illustrate the premiums/discounts represented by each of the respective offer prices over/to the traded prices prior to the announcements of such Precedent Real Estate Privatisation Transactions.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Precedent Real Estate Privatisation Transactions are for illustrative purposes only. The Precedent Real Estate Privatisation Transactions are not directly comparable to the terms and conditions of the Offer. The premium any offeror is prepared to pay for in any particular offer transaction depends on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Precedent Real Estate Privatisation Transactions is by no means exhaustive and information relating to the Precedent Real Estate Privatisation Transactions was compiled from publicly available information.

Company Name	Type	Announcement Date	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement[1] Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	Offer Price/ NAV per Share (times)
Perennial Real Estate Holdings Limited	VCCO	12 Jun 2020	88.1	105.2	124.1	112.5	95.1	0.60
GL Limited	VCCO	15 Jan 2021	25.0	28.2	33.3	28.0	9.5	0.73
Top Global Limited	VCCO	30 Apr 2021	122.9	132.1	146.8	148.4	142.2	0.53
Low			**25.0**	**28.2**	**33.3**	**28.0**	**9.5**	**0.53**
High			**122.9**	**132.1**	**146.8**	**148.4**	**142.2**	**0.73**
Average			**78.7**	**88.5**	**101.4**	**96.3**	**82.3**	**0.62**
Median			**88.1**	**105.2**	**124.1**	**112.5**	**95.1**	**0.60**
Fragrance – Implied by the Offer Price and based on prices prior to and including the Last Trading Date			**16.9**	**19.0**	**19.0**	**20.0**	**21.1**	**0.71**

Source: Capital IQ, company circulars and company reports

Note:

(1) Market premium/discount is calculated based on the share price on either the last trading date or unaffected day for the given periods, as defined in the respective circulars.

We note the following with regard to the Precedent Real Estate Privatisation Transactions:

(a) the premium of 16.9% implied by the Offer Price against the last transacted price of the Fragrance Shares prior to the Offer Announcement Date is below the range of premiums of the Precedent Real Estate Privatisation Transactions;

(b) the premiums of 19.0%, 19.0% and 20.0% implied by the Offer Price against the 1-month, 3-month and 6-month VWAPs of the Fragrance Shares prior to the Offer Announcement Date are below the range of premiums of the Precedent Real Estate Privatisation Transactions;

(c) the premium of 21.1% implied by the Offer Price against the 12-month VWAP of the Fragrance Shares prior to the Offer Announcement Date is within the range of premiums, and is below the median and average premiums of the Precedent Real Estate Privatisation Transactions; and

(d) the 0.71 times implied by the Offer Price over the NAV per Fragrance Share as at 30 June 2021 is within the range and is above the median and average ratios of the Precedent Real Estate Privatisation Transactions.

9.6 Comparison of valuation measures of the Company against those of selected listed comparable companies

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation Ratio ("**EV/EBITDA Ratio**")	EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents EBITDA refers to the historical consolidated earnings before interests, taxes, depreciation and amortisation
Price-to-Earnings Ratio ("**P/E Ratio**")	P/E Ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders
Price-to-NAV Ratio ("**P/NAV Ratio**")	NAV refers to consolidated net asset value, which is calculated as total assets of a company less total liabilities P/NAV Ratio refers to the ratio of a company's share price divided by net asset value per share

Based on our discussions with the management of the Company and a search for comparable listed companies on CapitalIQ and other available databases, we recognise that there is no particular listed company that we may consider to be directly comparable to the Group in terms of the composition of the business activities, asset categories, company size, scale of operations, service range, customer base, risk profile, geographical spread of activities, accounting standards and policies used, and such other relevant criteria. However, after discussions with the Management, we have selected companies which we believe are broadly comparable to the Group in terms of scope of business (being property development, hotel operations and commercial property investment), total assets size and geographic market (the "**Comparable Companies**").

The Independent Directors and Shareholders should note that any comparison made with respect to the Comparable Companies is for illustrative purposes only as there is no one company with the exact scope of business and using the exact accounting policies and standards as those of the Group. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of the Group as at the Latest Practicable Date. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive.

Accordingly, for the purposes of our evaluation, we have considered the following Comparable Companies which, in our view (and as explained above), are broadly comparable to the Group:

Selected Comparable Companies/Exchange location	**Brief business description**	**Market capitalisation** (S$ million)
Ho Bee Land Limited (**"Ho Bee Land"**)/Singapore	Ho Bee Land has property investments and developments in Singapore, Australia, China, UK and Europe. The real estate development and investment company has a portfolio that covers residential, commercial and high-tech industrial projects.	1,885.8
Wing Tai Holdings Limited ("**Wing Tai**")/Singapore	Wing Tai engages in the property investment and development, lifestyle retail, and hospitality management businesses in Singapore, Malaysia, Australia, Japan, and the People's Republic of China. It is also involved in the retail of garments; the provision of IT consultancy, and consultancy and advisory services; and project management and property maintenance activities, as well as development of e-commerce applications.	1,408.0
Oxley Holdings Limited ("**Oxley**")/Singapore	Oxley, an investment holding company, invests in and develops properties. The company operates through property development, property investment, hotel, and construction segments. It develops residential, commercial, industrial, and hospitality projects. The company also leases properties; owns and operates hotels; invests in securities; and constructs commercial and residential properties. It operates in Singapore, the United Kingdom, Ireland, Cambodia, Malaysia, and Australia.	974.4
Tuan Sing Holdings Limited ("**Tuan Sing**")/Singapore	Tuan Sing, an investment holding company, engages in the property development and investment, hotels investment, and industrial services businesses in Singapore, Australia, China, Malaysia, and Indonesia.	655.0
Roxy-Pacific Holdings Limited ("**Roxy-Pacific**")/ Singapore	Roxy-Pacific, an investment holding company, operates in the property and hospitality businesses in Singapore, Malaysia, Australia, Japan and other countries in the Asia-Pacific. It operates through property development, property investment, and hotel ownership segments.	547.7
Far East Orchard Limited ("**Far East Orchard**")/Singapore	Far East Orchard, an investment holding company, engages in the property development and investment activities in Singapore, Australia, New Zealand, the UK, and internationally. It primarily develops residential, commercial, hospitality, and purpose-built student accommodation properties. The company also owns and operates hospitality assets, including hotels.	515.6
Chip Eng Seng Limited ("**Chip Eng Seng**")/Singapore	Chip Eng Seng, an investment holding company, engages in the construction, property development and investment, and hospitality businesses primarily in Singapore, Australia, Malaysia, and Maldives. The company operates through construction, property developments, property investments, hospitality, and corporate and others segments.	352.5
Hiap Hoe Limited ("**Hiap Hoe**")/Singapore	Hiap Hoe, an investment holding company, engages in the development of portfolio of hospitality, retail, commercial, and residential assets in Australia, Singapore, and the UK. It operates in five segments: development properties, rental, leisure, hotel operations, and trading investments.	310.6

Source: CapitalIQ, company reports and company websites

Valuation Measures of the Comparable Companies in Comparison with the Valuation Measures of the Group implied by the Offer Price

Comparable Companies	Market Capitalisation[1] (in S$ millions)	EV/EBITDA Ratio[2] (times)	P/E Ratio[3] (times)	P/NAV Ratio[4] (times)
Ho Bee Land	1,885.8	19.7	13.8	0.52
Wing Tai	1,408.0	15.5	52.0	0.44
Oxley	974.4	*n.m*	*n.m*	0.93
Tuan Sing	655.0	8.1	4.3	0.52
Roxy-Pacific	547.7	*n.m*	*n.m*	1.13
Far East Orchard	515.6	31.7	*n.m*	0.42
Chip Eng Seng	352.5	49.5	*n.m*	0.44
Hiap Hoe	310.6	*n.m*	*n.m*	0.42
Low		**8.1**	**4.3**	**0.42**
High		**49.5**	**52.0**	**1.13**
Average		**24.9**	**23.3**	**0.60**
Median		**19.7**	**13.8**	**0.48**
Fragrance for LTM2021 (Implied by the Offer Price)	**926.5**	**38.5**	**32.1**	**0.71**
Fragrance for FY2020 (Implied by the Offer Price)	**926.5**	**79.2**	**n.m**	**0.72**

Source: Capital IQ, company announcements, company reports

Notes:

(1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at Latest Practicable Date as obtained from Capital IQ. Market capitalisation of the Company is approximately S$926.5 million based on the Offer Price of S$0.138 per Fragrance Share and the total outstanding Fragrance Shares of 6,713,600,000 as at the Latest Practicable Date.

(2) For the Comparable Companies, EV is computed based on the latest available consolidated financial results, except for market capitalisation which is as at the Latest Practicable Date, and EBITDA is computed based on a trailing 12-month basis from the latest available audited and/or unaudited consolidated financial results. EV of the Company is based on the equity consideration of approximately S$926.5 million implied by the Offer Price and the Company's latest audited and unaudited consolidated financial results as at 31 December 2020 and 30 June 2021, respectively. EBITDA of the Company are computed based on the Company's audited and unaudited consolidated financial results for FY2020 and the last 12 months ended 30 June 2021 ("**LTM2021**"), respectively.

(3) Net profit attributable to shareholders of the Comparable Companies and the Company are computed on a trailing 12-month basis based on the companies' latest available audited and/or unaudited consolidated financial results and the Company's latest audited and unaudited consolidated financial results for FY2020 and LTM2021, respectively.

(4) P/NAV ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its consolidated net asset value per share as at the latest available financial results.

9.6.1 Comparison of EV/EBITDA Ratios

The EV/EBITDA Ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cashflow performance and disregards the entity's existing capital structure.

We note that only five of the eight Comparable Companies have meaningful EV/EBITDA Ratios for the 12-month period in consideration. The range of EV/EBITDA Ratios of the Comparable Companies is between 8.1 times and 49.5 times, while the average and median EV/EBITDA Ratios are 24.9 and 19.7 times respectively.

The EV/EBITDA Ratio of the Company implied by the Offer Price of 38.5 times for LTM2021 is within the range and above the average and median of EV/EBITDA Ratios of the Comparable Companies. The EV/EBITDA Ratio of the Company implied by the Offer Price of 79.2 times for FY2020 is above the range of EV/EBITDA Ratios of the Comparable Companies.

9.6.2 Comparison of P/E Ratios

The P/E Ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.

We note that only three of the eight Comparable Companies have meaningful P/E ratios for the 12-month period in consideration. The range of P/E Ratios of the Comparable Companies is between 4.3 times and 52.0 times, while the average P/E Ratio is 23.3 times, and the median P/E Ratio is 13.8 times.

The P/E Ratio of the Company implied by the Offer Price of 32.1 times for LTM2021 is within the range of P/E Ratios of the Comparable Companies, and above the average and median P/E Ratios of the Comparable Companies.

9.6.3 Comparison of P/NAV Ratios

The P/NAV Ratio represents an asset-based relative valuation which takes into consideration the net tangible assets of a company.

We note that for the Comparable Companies as at the Latest Practicable Date, the range of P/NAV Ratios is between 0.42 times and 1.13 times, while the average P/NAV Ratio is 0.60 times, and the median P/NAV Ratio is 0.48 times.

The P/NAV Ratio of the Company implied by the Offer Price of 0.71 times is within the range of the P/NAV Ratios of the Comparable Companies, and is above the average and median P/NAV Ratios of the Comparable Companies.

The P/RNAV Ratio of the Company implied by the Offer Price of 0.70 times is within the range of the P/NAV Ratios of the Comparable Companies, and is above the average and median P/NAV Ratios of the Comparable Companies.

Further analysis on the NAV and RNAV of the Fragrance Group is discussed in Section 9.2 of this letter.

9.7 Range of Values of the Fragrance Shares

We have derived a range of values for the Fragrance Shares using the asset-based valuation methodology. Given the property business of the Group and the asset-intensive nature of its commercial investment, property development and hotel operations, we have primarily considered the asset-based valuation approach for the purpose of evaluating the financial terms of the Offer and determining a range of values for the Fragrance Shares, as opposed to other valuation approaches.

In an asset-based valuation, a valuation analysis is performed for a company's identified fixed, financial and other assets. Subject to relevant accounting policies and procedures, the derived aggregate value of these assets is then "netted" against any non-controlling interests and the estimated value of all existing liabilities, resulting in an indication of the value of the shareholders' equity. An estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time may be derived under the asset-based approach, where the proceeds of such hypothetical sale would first be used for settlement of the liabilities and the balance being distributed to shareholders.

Shareholders should note that the asset-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, wherein such scenario does not take into consideration factors including, but not limited to, liquidation costs, taxes, time value of money, market conditions, legal and professional fees, regulatory requirements, contractual limitations and obligations, and availability of potential buyers, which may affect the value that can be realised by the Group.

At the lower end of the valuation range for the Fragrance Shares, we have considered the NAV of the Company as at 30 June 2021, calculated as total assets less any non-controlling interests and all liabilities and determined by relevant accounting policies and procedures. At the upper end of the valuation range for the Fragrance Shares, we have considered the illustrative RNAV of the Company, which takes into account adjustments to the Company's assets based on the Valuation Report by the Independent Valuer for Urban Treasures and the potential tax liabilities that may be incurred on the hypothetical disposal of Urban Treasures.

Based on the foregoing, we have determined the range of values of the Fragrance Shares to be from approximately S$0.194 per Fragrance Share (based on the NAV per Fragrance Share as at 30 June 2021) to approximately S$0.197 per Fragrance Share (based on the illustrative RNAV per Fragrance Share).

Further analysis on the NAV and RNAV of the Fragrance Group is discussed in Section 9.2 of this letter.

9.8 Other Relevant Considerations in relation to the Offer

We have also considered the following in our evaluation of the Offer:

9.8.1 Dividend track record of the Company

We set out below the information on the dividend per Fragrance Share as declared by the Company for the last three financial years from FY2018 to FY2020:

Dividend declared (S$)	FY2018	FY2019	FY2020
Interim dividend per Fragrance Share	0.0020	0.0035	–
Final dividend per Fragrance Share	–	–	–
Special dividend per Fragrance Share	–	0.0170[3]	–
Total	**0.0020**	**0.0205**	**–**
Average share price[1] (S$)	0.148	0.131	0.120
Dividend yield[2] (%)	1.35	15.65	–

Source: Annual reports, company announcements

Notes:

(1) Based on the daily closing prices of the Fragrance Shares for the respective financial year.

(2) Computed based on dividend per Fragrance Share divided by the average Fragrance Share price.

(3) Relates to the distribution in specie to distribute substantially all of the 440,691,784 AF Global Shares the Company received from the AFC Distribution to the Shareholders.

Based on the above, we note that the Company has paid dividends in FY2018 and FY2019, with dividend per Fragrance Share of S$0.0020 and S$0.0205, respectively. Dividend yields were 1.35% in FY2018 and 15.65% in FY2019. We note that the Company had not declared any dividend in FY2020.

The Directors have confirmed to us that the Company does not have a formal dividend policy. In proposing any dividend payout, including the form, frequency and/or amount of such dividend payout, we understand that the Directors will take into account, among others, the Group's financial position, results of operations and cash flows, retained earnings, expected working capital requirements, future capital expenditure, expansion and investment plans, other funding requirements, general economic and market conditions and other factors, whether internal or external, that may have an impact on the business and/or financial performance and position of the Group.

We wish to highlight that the above dividend analysis is for illustrative purposes only and there is no assurance that the Company will pay dividends in the future.

9.8.2 Intention of the Offeror regarding the Company

We note that the Offeror intends for the Company to continue with its existing activities and has no intention to (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which it may regard to be in the interest of the Offeror.

9.8.3 Offer Condition

As set out in Section 2.5 of the Letter to Shareholders in the Offer Document, we note that the Offer is conditional upon the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Fragrance Shares which, together with the Fragrance Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with the Offeror holding Fragrance Shares representing not less than 90.0% of all the Fragrance Shares in issue as at the Closing Date.

On 12 July 2021, based on the information available to the Offeror, the Offeror announced that the Offeror and parties acting in concert with the Offeror hold in aggregate 6,143,034,900 Fragrance Shares representing 91.5% of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied. Accordingly, the Offer is unconditional in all respects.

9.8.4 Level of acceptances and intention of the Offeror regarding the listing status of the Company

We note that the Offeror has stated in the Offer Announcement and the Offer Document that it is making the Offer with the intention of privatising the Company.

Pursuant to Rule 723 of the Listing Manual, the Company must ensure compliance with the Free Float Requirement, wherein at least 10.0% of the total number of Fragrance Shares (excluding treasury shares) is at all times held by the public.

We note that:

(a) As set out in the Level of Acceptance Announcement, as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of 6,295,715,048 Fragrance Shares, representing approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares). As the Offeror has received acceptances of the Offer in respect of such number of Fragrance Shares which would bring the holdings owned by the Offeror and the Offeror Concert Parties (as defined in the Offer Document) to above 90.0% of the total number of issued Fragrance Shares (excluding treasury shares), pursuant to Rule 1105 of the Listing Manual, the SGX-ST may suspend the trading of the Fragrance Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10.0% of the total number of issued Fragrance Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public; and

(b) As set out in the Loss of Free Float Requirement Announcement by the Company, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement.

Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90.0% of the total number of issued Fragrance Shares (excluding treasury shares), thus causing the percentage of the total number of issued Fragrance Shares (excluding treasury shares) held in public hands to fall below 10.0%, the SGX-ST will suspend trading of the Fragrance Shares only at the close of the Offer.

We also note that, as stated in the Offer Document and the Level of Acceptance Announcement, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement.

Further, we note that the Offeror reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

As such, we wish to highlight that there is no assurance that the Company will remain listed on the SGX-ST and no guarantee that the Fragrance Shares will continue to be traded on the SGX-ST after the close of the Offer. As such, Shareholders who do not accept the Offer may face difficulties in selling their Fragrance Shares after the close of the Offer.

9.8.5 Intention of the Offeror regarding compulsory acquisition pursuant to Section 215 of the Companies Act

We note that the Offeror has stated in the Offer Announcement and the Offer Document that in the event it becomes entitled to exercise its right under Section 215(1) of the Companies Act, it intends to exercise its right to compulsorily acquire all the Fragrance Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Fragrance Shares which, together with the Fragrance Shares held by it, its related corporations and their respective nominees, comprise 90.0% or more of the total number of issued Fragrance Shares at the Offer Price, the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") have the right to require the Offeror to acquire their Fragrance Shares at the Offer Price. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

As set out in the Level of Acceptance Announcement, we note that as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of 6,295,715,048 Fragrance Shares, representing approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares). In view of the Offeror Resultant Shareholding, we also note that the Offeror is entitled to, and will in due course, exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Fragrance Shares held by the Dissenting Shareholders as at the Closing Date at the Offer Price.

9.8.6 Likelihood of competing offers and irrevocable undertakings

We understand from the Directors that, as at the Latest Practicable Date, there is no other alternative offer or proposal received by the Company. We also note that there is no publicly available evidence of an alternative offer for the Fragrance Shares from any third party.

Given the Offeror Resultant Shareholding representing approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares) as set out in the Level of Acceptance Announcement, we note that there is no other general offer that will be capable of turning unconditional or succeeding. We also note that:

(a) pursuant to the LWL Irrevocable Undertaking, LWL has tendered all of her Fragrance Shares in acceptance of the Offer, and has also waived the conditions of the LWL Irrevocable Undertaking; and

(b) pursuant to the KWM Irrevocable Undertaking, KWM has tendered all of his Fragrance Shares in acceptance of the Offer.

9.8.7 Implications of delisting or suspension of Fragrance Shares for the Shareholders

Given the Offeror Resultant Shareholding as set out in the Level of Acceptance Announcement of approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares), Shareholders who do not accept the Offer should take note of the following implications and/or potential consequences which may arise in the event of any suspension in the trading and/or delisting of the Fragrance Shares:

(a) Given the time it may take for the Offeror to exercise its right to compulsorily acquire the remaining Fragrance Shares or for Dissenting Shareholders to exercise any right they may have to compel the Offeror to acquire their Fragrance Shares under Section 215(3) of the Companies Act, it is likely that the settlement date on a compulsory acquisition would be later than the settlement date had the Offer been accepted;

(b) Shares of unquoted or unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability of such shares;

(c) It is likely to be difficult for Shareholders to sell their Fragrance Shares in the absence of a public market for the Fragrance Shares, as there is no arrangement for such Shareholders to dispose of their Fragrance Shares. If the Company is delisted from the Official List of the SGX-ST, even if the Shareholders may be able to sell their Fragrance Shares, such Shareholders may receive a lower price compared to the Offer Price; and

(d) As an unquoted or unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual. Shareholders should note that they will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as the Company is incorporated in Singapore, it will still need to comply with the Companies Act and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

10 OUR ADVICE ON THE OFFER

In arriving at our advice on the Offer to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Offer. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Offer from a financial point of view, we have considered, among others, the following factors:

(a) The Offer Price of S$0.138 per Fragrance Share is lower than the derived range of values for the Fragrance Shares using the asset-based valuation methodology of approximately S$0.194 per Fragrance Share (based on the NAV per Fragrance Share as at 30 June 2021) to S$0.197 per Fragrance Share (based on the illustrative RNAV per Fragrance Share). In our view, the asset-based valuation is the appropriate methodology given the property business of the Group and the asset-intensive nature of its commercial investment, property development and hotel operations;

(b) The P/NAV Ratio implied by the Offer Price as at 30 June 2021 is 0.71 times and the implied discount of the Offer Price to NAV per Fragrance Share as at 30 June 2021 is 28.9%;

(c) The P/RNAV Ratio implied by the Offer Price is 0.70 times and the implied discount of the Offer Price to RNAV per Fragrance Share is 29.9%;

(d) The Offer Price representing premiums of approximately 21.1%, 20.0%, 19.0% and 19.0%, over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date are below the average and median premiums over VWAPs of the Precedent Privatisation Transactions for each of the time periods;

(e) The Offer Price representing a premium of approximately 16.9% over the last transacted price on the Last Trading Date is below the average and median premiums over VWAPs of the Precedent Privatisation Transactions for each of the last transacted dates; and

(f) Save for the VWAP for the period 1 year prior to and including the Last Trading Date, the premium implied by Offer Price over the VWAPs for the periods 6 months, 3 months and 1 month prior to and including the Last Trading Date are below the range of premiums over the VWAPs of the Precedent Real Estate Privatisation Transactions for the different time periods.

After having considered carefully the information above, we are of the view that the Offer is **not fair**.

In determining the reasonableness of the Offer, we have considered, among others, the following factors:

(a) **Historical discounts to the NAV of the Group.** While the Offer Price represents an implied discount of 28.9% to the NAV of the Fragrance Shares as at 30 June 2021, the Fragrance Shares had consistently traded at a discount to the NAV per Fragrance Share over the three-year period prior to the Offer Announcement Date, between a minimum discount of 6.6% and a maximum discount of 47.1%;

The implied discount of the Offer Price to NAV per Fragrance Share as at 30 June 2021 of 28.9% is less than the average and median daily discounts to NAV per Fragrance Share of 32.6% and 35.8% respectively, for the three years prior and up to the Offer Announcement Date;

(b) **Historical share price performance.** The Offer Price represents implied premiums of approximately 21.1%, 20.0%, 19.0% and 19.0% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date;

The Offer Price represents an implied premium of 16.9% over the VWAP for the last transacted price as at the Last Trading Date;

The Offer Price represents an implied premium of 0.7% over the VWAP for the period between the Offer Announcement Date and the Latest Practicable Date, and an implied premium of 0.7% over the last transacted price as at the Latest Practicable Date;

(c) **The liquidity of the Fragrance Shares**. The average daily traded volume of the Fragrance Shares for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date represents approximately 0.02%, 0.02%, 0.02% and 0.02% of the free float as at the Offer Announcement Date, respectively;

The average daily traded volume of the Fragrance Shares on the Last Trading Date represents approximately 0.13% of the free float;

The average daily traded volume of the Fragrance Shares for the period following the Offer Announcement Date up to the Latest Practicable Date represents approximately 0.26% of the free float, and the traded volume of the Fragrance Shares on the Last Practicable Date represents approximately 0.01% of the free float;

The number of days on which Fragrance Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Trading Date represents approximately 86.9%, 91.2%, 90.5% and 90.9% of the number of market days on the SGX-ST during the respective periods;

The Fragrance Shares had been traded on every market day on the SGX-ST for the period following the Offer Announcement Date up to the Latest Practicable Date;

(d) **Price performance of the Fragrance Shares against the Singapore equity market**. Over the last three years prior to the Offer Announcement Date and up to the Latest Practicable Date, the Fragrance Shares had underperformed the STI and FTSE ST Real Estate Index in relative terms. In addition, the market price and trading volumes of the Fragrance Shares appear to be supported by the Offer. There is no assurance that the market price and trading volume of the Fragrance Shares will remain at the same level as at the Latest Practicable Date after the close or lapse of the Offer;

(e) **Comparison with the Precedent Privatisation Transactions**. The premium of 16.9% implied by the Offer Price against the last transacted price of the Fragrance Shares on the Last Trading Date is within the range of premiums of the Precedent Privatisation Transactions;

The premiums of 19.0%,19.0%, 20.0% and 21.1% implied by the Offer Price against the 1-month, 3-month, 6-month and 12-month VWAPs of the Fragrance Shares prior to the Offer Announcement Date are within the respective ranges of premiums of the Precedent Privatisation Transactions;

(f) **Comparison of valuation measures of the Company**. The Offer Price represents implied EV/EBITDA Ratio, P/E Ratio and P/NAV Ratio based on LTM2021 of 38.5 times, 32.1 times and 0.71 times, respectively;

The EV/EBITDA Ratio based on LTM2021 implied by the Offer Price is within the range, and above the average and median EV/EBITDA Ratios of the Comparable Companies;

The P/E Ratio based on LTM2021 implied by the Offer Price is within the range, and above the average and median P/E Ratios of the Comparable Companies;

The P/NAV Ratio implied by the Offer Price is within the range, and above the average and median P/NAV Ratios of the Comparable Companies;

(g) **Dividend track record.** The Company has paid dividends in FY2018 and FY2019, with dividend per Fragrance Share of S$0.0020 and S$0.0205 respectively. Dividend yields were 1.35% in FY2018 and 15.65% in FY2019. The Company had not declared dividend in FY2020. The Company does not have a fixed dividend policy and there is no assurance that the Company will pay dividends in the future;

(h) **Offer Condition.** On 12 July 2021, the Offeror announced that it and parties acting in concert with it hold in aggregate Fragrance Shares representing 91.5% of all the issued Fragrance Shares and that the Acceptance Condition had been satisfied. Accordingly, the Offer is unconditional in all respects;

(i) **Level of acceptances in relation to the Offer.** As set out in the Level of Acceptance Announcement, as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares);

(j) **Loss of Free Float Requirement.** As set out in the Loss of Free Float Requirement Announcement by the Company on 13 August 2021, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90.0% of the total number of issued Fragrance Shares (excluding treasury shares), thus causing the percentage of the total number of issued Fragrance Shares (excluding treasury shares) held in public hands to fall below 10.0%, the SGX-ST will suspend trading of the Fragrance Shares only at the close of the Offer;

(k) **Offeror's intentions regarding the listing status of the Company and on compulsory acquisition**. The Offeror has stated that it is making the Offer with the intention of privatising the Company. Given the Offeror Resultant Shareholding and the loss of the Free Float Requirement, the Offeror does not intend to support any action by the Company to meet the Free Float Requirement. The Offeror has also stated that it reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by and in accordance with, the relevant requirements of the Listing Manual and the Code. Further, the Offeror is entitled to, and will in due course, exercise its right under the Section 215(1) of the Companies Act, to compulsorily acquire all the Fragrance Shares not acquired under the Offer;

(l) **No alternative offers from third parties**. As at the Latest Practicable Date, there is no other alternative offer or proposal received by the Company and there is also no publicly available evidence of an alternative offer for the Fragrance Shares from any third party. Given that the Offeror Resultant Shareholding as at 12 August 2021, there is no other general offer that will be capable of turning unconditional or succeeding; and

(m) The implications and/or potential consequences set out in Section 9.8.7 of this letter which may arise in the event of any suspension in the trading and/or delisting of the Fragrance Shares.

After having considered carefully the information above, we are of the view that the Offer is **reasonable**.

Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results) and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are, on balance, **not fair but reasonable**. Taking the factors we have considered on balance, we advise the Independent Directors to recommend that Shareholders **accept the Offer**.

Shareholders may wish to sell their Fragrance Shares in the open market if they are able to obtain a price higher than the Offer Price, net of related expenses (such as brokerage and trading costs). In this regard, we note that Fragrance Shares have not traded above the Offer Price subsequent to the Offer Announcement Date.

We advise the Independent Directors to highlight to the Shareholders that as set out in the Level of Acceptance Announcement, as at 6.00 p.m. (Singapore time) on 12 August 2021, the Offeror Resultant Shareholding amounts to an aggregate of approximately 93.78% of the total number of issued Fragrance Shares (excluding treasury shares). In addition, as set out in the Loss of Free Float Requirement Announcement by the Company, the percentage of Fragrance Shares held by the public as at 6.00 p.m. (Singapore time) on 12 August 2021 is less than the requisite 10.0% under the Free Float Requirement.

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Fragrance Shares will remain at current levels after the close of the Offer and the current price performance of the Fragrance Shares is not indicative of the future price performance levels of the Fragrance Shares.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results). Our advice on the Offer cannot and does not take into account any subsequent developments after the Latest Practicable Date (save for the Level of Acceptance Announcement, the Loss of Free Float Requirement Announcement, and the Interim Results), including future trading activity or price levels of the Fragrance Shares, as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Offer.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Offer. The recommendations made by the Independent Directors to the Shareholders in respect of the Offer shall remain their responsibility. A copy of this letter may be reproduced in the Circular.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than in relation to the Offer at any time and in any manner without the our prior written consent in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

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

Mah Kah Loon
Chief Executive Officer

Elisa Montano
Associate Partner

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and appointments of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Appointment
Mr. Koh Wee Meng	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Executive Chairman and Chief Executive Officer
Ms. Lim Wan Looi	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Executive Director
Mr. Periakaruppan Aravindan	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Executive Director and Deputy Chief Executive Officer
Mr. Leow Chung Chong Yam Soon	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Lead Independent Director
Mr. Lo Kim Seng	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Independent Director
Mr. Tham Chee Soon	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962	Independent Director

2. HISTORY AND BUSINESS

The Group is a multinational real estate company incorporated in 2000 and headquartered in Singapore. Listed on the main board of the SGX-ST, the Group has a market capitalisation of approximately $800 million as at 31 December 2020. The Group's core business activities are the development of residential, commercial, hotel and industrial properties. Other activities of the Group comprise of the holding of investment properties and hotel operations. The strategy for the Group's property development arm is to offer customers quality living spaces and business spaces at affordable prices. Today's busy urban lifestyle calls for simple design solutions that uncover precious space. Every square foot of our property units are meticulously mapped out to meet customer's satisfaction and the fittings are carefully selected to offer comfort and durability. The Group's projects offer the perfect combination of essential living and convenience with their strategic locations.

The Group has gradually transformed from an Asia-focused property developer to a regional player in both property development and hotel operations across these years because of our stakeholders' endorsement in financing these investments and faith in our prudent expansion strategies. In Singapore, the Group's property portfolio includes mainly hotels and residential developments, prime commercial properties situated in and near Singapore's Central Business District, a unique seafront property with food and beverage outlets and an industrial building. In Australia, the Group's property portfolio comprises of mixed-use developments, hotels, residential and commercial developments located in Melbourne, Perth and Tasmania. We also own three hotel properties, namely, Novotel Perth

Murray Street with 431 rooms in Perth, Western Australia, ibis Styles Hobart with 296 rooms in Hobart, Tasmania and Movenpick Hotel with 172 rooms in Melbourne, Victoria. In the UK, the Group's property portfolio includes primarily hotels and hotel development projects in key cities outside London, namely, Manchester, Liverpool, Bath, Torquay, Paignton, Harrogate, Plymouth and Blackpool.

The Group has acquired a plot of land at Waterloo Street in 2020 that is adjacent to an existing land in its portfolio of investment properties for hotel development, as part of its ongoing endeavour to expand its portfolio of properties that value adds its stakeholders. Redevelopment works on 15 Hoe Chiang Road into a mixed-development comprising of hotel and commercial spaces is underway. 15 Hoe Chiang Road is located right in the centre of the new Greater Southern Waterfront, located in the extended CBD of Singapore.

3. SHARE CAPITAL

3.1 Issued Share Capital

Based on the business profile of the Company extracted from ACRA on the Latest Practicable Date, the Company has an issued and fully paid-up capital of S$150,000,000.00, comprising 6,713,600,000 Fragrance Shares, and 6,400,000 treasury shares.

3.2 Rights in respect of Capital, Voting and Dividends

The rights of Shareholders in respect of capital, voting and dividends are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, voting and dividends are reproduced in Appendix III to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

3.3 Number of Fragrance Shares Issued Since the End of FY2020

As at the Latest Practicable Date, no new Fragrance Shares have been issued by the Company since the end of FY2020.

3.4 Outstanding Instruments Convertible into Fragrance Shares

As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, or Options in respect of, securities being offered for or which carry voting rights affecting the Fragrance Shares that are outstanding as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

The Company does not have any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

4.2 Dealings in Offeror Securities by the Company

The Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of the Directors in Offeror Securities

Save as disclosed below and in the Offer Document, none of the Directors has any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

KWM is the sole shareholder of the Offeror, and owns 1,000,000 ordinary shares in the issued and paid-up share capital of the Offeror.

4.4 Dealings in Offeror Securities by the Directors

Save as disclosed in the Offer Document, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Fragrance Securities

As at the Latest Practicable Date, save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Fragrance Securities:

<table>
<tr><th rowspan="3">Name</th><th colspan="6">Number of Shares</th></tr>
<tr><th colspan="2">Direct</th><th colspan="2">Deemed[3]</th><th colspan="2">Total</th></tr>
<tr><th>No. of Fragrance Shares</th><th>%</th><th>No. of Fragrance Shares</th><th>%</th><th>No. of Fragrance Shares</th><th>%</th></tr>
<tr><td>KWM</td><td>5,015,500,000[1][2]</td><td>74.71</td><td>–</td><td>–</td><td>5,015,500,000</td><td>74.71</td></tr>
<tr><td>LWL</td><td>–</td><td>–</td><td>5,015,500,000[1]</td><td>74.71</td><td>5,015,500,000</td><td>74.71</td></tr>
</table>

Notes:

(1) As disclosed in the annual report of the Company for FY2020, each of KWM and LWL are deemed interested in each other's shareholding in the Company.

(2) Of these Fragrance Shares, 945,000,000 Fragrance Shares representing approximately 14.08 per cent. of the issued Fragrance Shares are held through nominee(s) accounts and have been pledged to certain financial institution(s) as part of a collateral package in connection with financing facilities granted to KWM.

(3) Based on formal notifications given to the Company by the Directors pursuant to the SFA.

4.6 Dealings in Fragrance Securities by the Directors

Save as disclosed below and in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), none of the Directors has dealt for value in any Fragrance Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

On 4 August 2021, LWL had tendered 735,000,000 Fragrance Shares in acceptance of the Offer.

On 5 August 2021, PA had tendered 6,500,000 Fragrance Shares in acceptance of the Offer.

4.7 Fragrance Securities owned or controlled by Ernst & Young Corporate Finance

As at the Latest Practicable Date, none of Ernst & Young Corporate Finance, its related corporations or any funds whose investments are managed by Ernst & Young Corporate Finance on a discretionary basis owns or controls any Fragrance Securities.

4.8 Dealings in Fragrance Securities by Ernst & Young Corporate Finance

As at the Latest Practicable Date, none of Ernst & Young Corporate Finance, its related corporations or any funds whose investments are managed by Ernst & Young Corporate Finance on a discretionary basis has dealt for value in any Fragrance Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

4.9 Directors' Intentions

As at the Latest Practicable Date, the Directors who held Fragrance Shares during the Announcement Date have, taking into account their respective personal investment objectives, indicated their intentions in respect of accepting or rejecting the Offer in respect of their Fragrance Shares as follows:

(a) As set out in the Offer Document, KWM has given the KWM Irrevocable Undertaking to, *inter alia*, tender all of his Fragrance Shares in acceptance of the Offer;

(b) LWL has waived the conditions of the LWL Irrevocable Undertaking and has tendered all of her Fragrance Shares in acceptance of the Offer pursuant to the LWL Irrevocable Undertaking; and

(c) PA, a Director who held Fragrance Shares during the Announcement Date, has tendered all of his Fragrance Shares in acceptance of the Offer.

4.10 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation, and there are no such service contracts entered into or amended by the Company or any of its subsidiaries during the period commencing six (6) months prior to the Announcement Date and ending on the Latest Practicable Date.

4.11 Other Disclosures

As at the Latest Practicable Date:

(a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) save for the KWM Irrevocable Undertaking and the LWL Irrevocable Undertaking, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(c) save as disclosed in the Offer Document, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

5. **MATERIAL CONTRACTS WITH INTERESTED PERSONS**

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Announcement Date and ending on the Latest Practicable Date.

6. **MATERIAL LITIGATION**

As at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. The Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

7. **SUMMARY OF FINANCIAL INFORMATION**

7.1 **Consolidated Income Statement**

A summary of the audited consolidated income statement of the Group for FY2018, FY2019 and FY2020 and the unaudited consolidated income statement of the Group for the half year ended 30 June 2021 is set out below.

	Unaudited half year ended 30 June 2021	**Audited FY2020**	**Audited FY2019**	**Audited FY2018**
	S$'000	S$'000	S$'000	S$'000
Revenue	286,821	111,305	58,156	326,228
Exceptional Items	–	–	–	–
Gross profit	108,415	42,892	42,385	130,770
Profit before income tax	27,232	4,874	87,636	282,868
Profit for the period	14,380	1,176	79,486	266,735
Profit attributable to:				
Owners of the Company	14,430	1,714	79,852	267,181
Non-controlling interests	(50)	(538)	(366)	(446)
Net earnings per share (cents)	0.21	0.03	1.19	3.97
Interim dividend per share (cents)	–	–	0.35	0.20
Special dividend per share (cents)	–	–	1.70	–

The above summary is extracted from, and should be read in conjunction with, the annual reports of the Company for FY2018, FY2019 and FY2020, as well as the Interim Results, and their respective accompanying notes, copies of which are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

In compliance with Rule 25 of the Code, the Auditors and the IFA have examined and reported on the information presented in the Interim Results. The Auditors' report on the Interim Results can be found in Appendix VI to this Circular, while the IFA's confirmation letter on the Interim results can be found in Appendix VII to this Circular. Copies of the Auditors' report and the IFA's confirmation letter are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

7.2 Statement of financial position

A summary of the audited consolidated statement of financial position of the Group for FY2020 and the half year ended 30 June 2021 is set out below.

S$'000	31 Dec 2020 Audited	30 June 2021 Unaudited
Current assets		
Cash and cash equivalent	12,822	19,377
Trade and other receivables	44,487	68,722
Inventories	69	156
Financial asset at fair value through profit or loss	493	633
Properties under/held for development	794,554	374,376
Properties held for sale	199,692	401,803
Total current assets	**1,052,117**	**865,067**
Non-current assets		
Other receivables and prepayment	1,149	1,384
Investment properties	1,910,991	1,857,351
Property, plant and equipment	346,459	481,527
Total non-current assets	**2,258,599**	**2,340,262**
Total assets	**3,310,716**	**3,205,329**
Liabilities and equity		
Current liabilities		
Trade and other payables	59,637	83,575
Notes payable	268,858	155,245
Term loans	403,224	331,552
Income tax payable	9,498	23,582
Total current liabilities	**741,217**	**593,954**
Non-current liabilities		
Trade and other payables	–	4
Term loans	1,258,633	1,288,080
Deferred tax liabilities	13,953	10,498
Total non-current liabilities	**1,272,586**	**1,298,582**
Capital and reserves		
Share capital	150,000	150,000
Treasury shares	(885)	(885)
Performance share reserve	325	325
Foreign currency translation reserve	(31,585)	(30,085)
Accumulated profits	1,171,209	1,185,639
Equity attributable to owners of company	1,289,064	1,304,994
Non-controlling interests	7,849	7,799
Total equity	1,296,913	1,312,793
Total liabilities and equity	**3,310,716**	**3,205,329**

Note – The above summary is extracted from, and should be read together with, the audited consolidated financial statements of the Group for FY2020 and the Interim Results, copies of which are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

7.3 Material changes in financial position

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company on SGXNET, or which may be released by the Company subsequent to the dissemination date of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2020, being the date to which the Company's last published audited financial statements were made up.

8. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2020, which are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited consolidated financial statements of the Group for FY2020), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

9. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Group, there has been no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10. VALUATION DOCUMENT AND INTERIM RESULTS VALUATIONS

The Company has commissioned independent valuation of the Subject Property. As disclosed in the Valuation Document, the basis of the valuation is gross development value upon satisfactory completion. Copies of the Valuation Document are set out in Appendix IV to this Circular. The Valuation Document in respect of the Subject Property are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the Subject Property, which are the subject of a valuation given in connection with the Offer, were to be sold at the amount of the valuation. The management of the Company estimates the potential tax liability on a hypothetical sale of the Subject Property to be approximately S$3,648,000. The Company expects the aforesaid potential tax liability to crystallise (if any) as and when the Company disposes of its interests in the Subject Property.

The Interim Results Valuations, which were conducted in connection with the Interim Results, are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

11. GENERAL

(a) All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

(b) Ernst & Young Corporate Finance Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name; (ii) the IFA Letter set out in Appendix I to this Circular; (iii) its confirmation letter dated 13 August 2021 on the Interim Results set out in Appendix VII to this Circular; and (iv) all references thereto, in the form and context in which they appear in this Circular.

(c) The auditors of the Company, Deloitte & Touche LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name; (ii) its report dated 13 August 2021 on the Interim Results set out in Appendix VI to this Circular; and (iii) all references thereto, in the form and context in which they appear in this Circular.

(d) The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name; (ii) the Valuation Document set out in Appendix IV to this Circular; (iii) the Interim Results Valuations, which have been made available for inspection at the registered office of the Company; and (iv) all references thereto, in the form and context in which they appear in this Circular.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Constitution;

(b) the annual reports of the Company for FY2018, FY2019 and FY2020 (which contain the audited consolidated financial statements of the Group for FY2018, FY2019 and FY2020);

(c) the Interim Results;

(d) the letters of consent referred to in paragraph 11 of Appendix II to this Circular;

(e) the IFA Letter set out in Appendix I to this Circular;

(f) the Valuation Document set out in Appendix IV to this Circular; and

(g) the Interim Results Valuations.

Shareholders who wish to inspect any of the aforementioned documents are to make an appointment by phone at 6346 6888 or by email to contact@fragrancegroup.com.sg.

PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, VOTING AND DIVIDENDS

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, voting and dividends have been reproduced below:

1. The Rights of Shareholders in respect of Capital

"***ISSUE OF SHARES***

3. (A) Subject to the Statutes and to these Regulations, no shares may be issued by the Directors without the prior approval of the Company in General Meeting, but subject thereto and the terms of such approval, and subject to Regulation 5, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and whether or not subject to the payment of any part of the amount (if any) thereof in cash or otherwise as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these Regulations, all new shares shall be issued subject to the provisions of the Statutes and of these Regulations with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

(D) Except as herein provided, no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares, the offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the *aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.*

(B) Notwithstanding Regulation 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:–

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Regulations; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Regulations 5(A) and 5(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

6. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.

8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, only be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Regulations relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Regulation 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) *The rights attached to any class of shares having preferential or other rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

ALTERATION OF SHARE CAPITAL

10. (A) *The Company may by Ordinary Resolution:–*

(a) *consolidate and divide all or any of its share capital;*

(b) *sub-divide its shares, or any of them (subject nevertheless to the provisions of the Act and this Constitution), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;*

(c) *subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency; and/or*

(d) *cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.*

(B) *The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.*

11. (A) *The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.*

(B) *The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes (including the Act) and any applicable rules of the Designated Stock Exchange (hereafter, the "Relevant Laws"), on such terms and in such manner as it may from time to time think fit, and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws.*

Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Regulations and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

SHARE CERTIFICATES

12. (A) Every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

(B) The provisions in this Regulation and in Regulations 13 to 16 (so far as they are applicable) shall not apply to transfer of book-entry securities.

13. (A) The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.

(B) Only one certificate shall be issued in respect of any share.

(C) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all. Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

14. Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or the date of lodgement of a registrable transfer or on a transmission of shares (as the case may be), to receive one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

15. (A) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) for each new certificate. Where only some of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

16. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and in case of defacement or wearing out on delivery of the old certificate, and in any case on payment of such sum not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

17. The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

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

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

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

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

22. The Directors may if they think fit receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made and upon the monies so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum, unless the Company in general meeting otherwise directs) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

FORFEITURE AND LIEN

23. *If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*

24. *The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.*

25. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*

26. *A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so forfeited or surrendered to any such other person as aforesaid.*

27. *A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.*

28. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 28.*

29. *(A) The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto*

(if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice.

(B) In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

30. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.

31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share_ Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

32. (A) All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange.

(B) The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the CDP or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the CDP or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

33. The Registers of Members and of Transfers may be closed, and the registration of transfers may be suspended, at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.

34. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (to the extent permitted by the listing rules of the Designated Stock Exchange), Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant, transferor and/or the transferee stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:–

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

35. All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.

36. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and *properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:–*

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

37. (A) In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(B) In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

38. (A) Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. The Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(B) If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing (in a form as may be approved by the Directors from time to time) signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of

these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such Member.

39. (A) Save as otherwise provided by or in accordance with these Regulations, a person becoming entitled to a share by transmission (and upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.

(B) The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

40. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require.

CENTRAL DEPOSITORY SYSTEM

41. A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:–

(a) except as required by the Statutes or law, a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP 72 hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy or proxies of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by COP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between such number of proxies, to apportion the said number of shares between the proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between such number of proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

(b) the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

(d) the provisions in these Regulations relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

EXCLUSION OF EQUITIES

42. *Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Regulations or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share and nothing in these Regulations contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.*

STOCK

43. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.*

44. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*

45. *The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*"

2. The Rights of Shareholders in respect of voting

"***GENERAL MEETINGS***

46. Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors (subject to the listing rules of the Designated Stock Exchange). All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as prescribed by the Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company from time to time.

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

NOTICE OF GENERAL MEETINGS

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

(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice (excluding the date of notice and the date of meeting) of any General Meeting shall be given to shareholders by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing (excluding the date of notice and the date of meeting) of such Extraordinary General Meeting shall be given to shareholders by advertisement in the daily press and in writing to the Designated Stock Exchange.

49. (A) *Every notice calling a General Meeting shall specify the place, day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a Member of the Company.*

(B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*

(C) *In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*

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

(a) *declaring Dividends;*

(b) *receiving and adopting the financial statements, the Directors' statement, and the Auditors' reports and other documents required to be attached or annexed to the financial statements;*

(c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*

(d) *appointing Auditors or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);*

(e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*

(f) *fixing the Directors fees.*

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

PROCEEDINGS AT GENERAL MEETINGS

52. *The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting. If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.*

53. *No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy, provided that (i) a proxy representing*

more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present. In addition, for the purposes of a quorum, joint holders of any share shall be treated as one Member.

54. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*

55. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*

56. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.*

57. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*

58. (A) *If required by the listing rules of the Designated Stock Exchange, a resolution put to the vote at any General Meeting shall be decided by a poll (unless such requirement is waived by the Designated Stock Exchange).*

(B) *Subject to Regulation 58(A), at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:–*

(a) *the chairman of the meeting; or*

(b) *not less than two Members present in person or by proxy and entitled to vote; or*

(c) *any Member or Members present in person or by proxy, or where such a Member has appointed two or more proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than 5 per cent. of the total voting rights of all the Members having the right to vote at the General Meeting,* *Provided that no poll shall be demanded on the choice of a chairman or on a question of adjournment. A demand for a poll made pursuant to this Regulation 58(B) may be withdrawn only with the approval of the meeting.*

(C) *If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.*

59. *Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was required. The chairman of the General Meeting may (and, if required by the listing rules of the Designated Stock Exchange or if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*

60. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is required shall be entitled to a casting vote.*

61. (A) *A poll required on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll pursuant to Regulation 58(B) shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.*

(B) *After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed.*

VOTES OF MEMBERS

62. (A) *Subject to any special rights, privileges or restrictions as to voting attached by or in accordance with these Regulations to any class of shares, and to Regulation 4, each Member entitled to vote may vote in person or by proxy.*

(B) *On a show of hands every Member who is present in person or by proxy shall have one vote, provided that:*

(a) *in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*

(b) *in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

(C) On a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents.

(D) For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy or proxies may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

63. In the case of joint holders of a share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the name which stands first in the Register of Members or, as the case may be, the name which appears first in the Depository Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

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

65. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

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

67. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

68. (A) Save as otherwise provided in the Act:

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and *(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

(B) (a) In any case where a Member is a Depositor, the Company shall be entitled and bound:–

(i) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting; and

(ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(b) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(C) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(D) A proxy need not be a Member of the Company.

69. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:–

(a) in the case of an individual Member:

(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a Member which is a corporation:

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.

(C) The Directors may, in their absolute discretion:

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulation 69(A)(a)(ii) and 69(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 69(A)(a)(i) and/or (as the case may be) Regulation 69(A)(b)(i) shall apply.

70. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

(a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.

(B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 70(A)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 70(A)(a) shall apply.

(C) An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

71. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.*

72. *A vote cast by proxy in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*

73. *Subject to these Regulations and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*

CORPORATIONS ACTING BY REPRESENTATIVES

74. *Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Regulations (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.*"

3. The Rights of Shareholders in respect of dividends

"RESERVES

122. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.*

DIVIDENDS

123. *The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.*

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

125. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:–*

 (a) *all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

 (b) *all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.*

 For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

126. (A) *No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such monies unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or monies to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or monies against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other monies are first payable.*

 (B) *A payment by the Company to CDP of any Dividend or other monies payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.*

127. *No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.*

128. (A) *The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

(C) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

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

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

131. Any Dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

132. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend, return of capital or other monies payable or property distributable on or in respect of the share.*

133. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in *accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such Dividend of transferors and transferees of any such shares.*

134. (A) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit.

In such case, the following provisions shall apply:

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and (notwithstanding any provision of the Regulations to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have

been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

(B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Regulation shall rank pan passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(b) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of paragraph (A) of this Regulation, with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Regulations, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down), or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorize any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(c) The Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 134.

(C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 134 shall be read and construed subject to such determination.

(D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, further determine that no allotment of ordinary shares or rights of election for ordinary shares under that paragraph shall be made available or made to Members whose registered addresses entered the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(E) Notwithstanding the foregoing provisions of this Regulation 134, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Regulation 134 in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of paragraph (A) of this Regulation 134.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

135. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 5(B)):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 135, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

(C) *In addition and without prejudice to the powers provided for by this Regulation 135, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other monies of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other monies carried and standing to any reserve or reserves) and to apply such profits or other monies in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.*

(D) *The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.*"

VALUATION DOCUMENT

Savills Valuation And
Professional Services (S) Pte Ltd
Reg No : 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

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Our Ref : V/2021/2924/CORP/4

3 August 2021

Fragrance Treasures Pte. Ltd.
456 Alexandra Road
#26-01 Fragrance Empire Building
Singapore 119962

Dear Sirs

DESKTOP VALUATION OF
205 & 207 JALAN EUNOS
URBAN TREASURES
SINGAPORE 419535 & 415799

We thank you for the instruction to carry out a desktop valuation to advise on the market value of the above property as at 28 July 2021 for Voluntary Offer purpose.

This valuation is premised on the basic information as per our last valuation report dated 16 October 2018 (Our Reference: 2018/2642/CORP/CN) and the updated information as furbished by your goodselves. Should the given information be different, a re-valuation is required. Accordingly, the valuation is carried out without the benefit of site inspection, and we have assumed that there is no material change in the property and the surroundings. No recent title searches, structural survey nor legal requisitions has been carried out. Should the given information be different, a re-valuation is required.

"Market Value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Savills Valuation And Professional Services (S) Pte Ltd has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills Valuation And Professional Services (S) Pte Ltd. Use by, or reliance upon this document by anyone other than above parties is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

With the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, it is difficult to predict the future impact that COVID-19 might have on the real estate market. In view of the foregoing, our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report.

Brief details of the property are summarized as follows:

Type of Property	:	Proposed residential development comprising two blocks of 12-storey apartment (total 237 units of 1/-2/-3/-4-bedroom apartments) with carpark, swimming pool and other communal facilities, currently under construction.
Legal Description	:	Lot No. 2643K Mukim 23 Individual strata titles will be issued for the proposed development upon satisfactory completion.
Tenure	:	Estate in fee simple
Land Area	:	10,380.4 sm or thereabouts, subject to government's re-survey
Proposed Gross Floor Area (GFA)	:	Approximately 28,856.1 sm, as provided and subject to final survey
Proposed Saleable Floor Area* (SFA)	:	16,437.0 sm, as provided and subject to final survey **103 apartments with total floor area of some 6,314.4 sm have been sold at $132,104,442*
Total Development Cost (Given)	:	We understand that the total development cost (including marketing cost) is around $311,480,721.
Expected TOP Date	:	Circa 20 June 2026
Master Plan Zoning (2019 Edition)	:	Residential at gross plot ratio 1.6 The official Master Plan Zoning, Road/ Drainage/ MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

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Basis of Valuation	:	Gross Development Value Upon Satisfactory Completion
Method of Valuation	:	Direct Comparison Method

Having regard to the foregoing and having taken into account the prevailing market conditions around the date of valuation, we are pleased to re-value the subject property subject to vacant possession and free from all encumbrances as follow: -

Material Date Of Valuation : 28 July 2021

Gross Development Value Of The Proposed Urban Treasures, Assuming Satisfactory Completion*

Market Value : $338,583,000
(Singapore Dollars Three Hundred Thirty-Eight Million Five Hundred And Eighty-Three Thousand Only)

**Subject To Issuance Of Temporary Occupation Permit And Certificate Of Statutory Completion*

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd

Cynthia Ng
Licensed Appraiser No. AD041-2003388A
Managing Director

CN/CS/ha

LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report. The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out only. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be construction thereon
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the insurance replacement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

UNAUDITED CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR THE HALF YEAR ENDED 30 JUNE 2021

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

CONTENTS

FRAGRANCE GROUP LIMITED

UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
30 June 2021

	Note	Group 30 June 2021 $'000	Group 31 December 2020 $'000 (Audited)	Company 30 June 2021 $'000	Company 31 December 2020 $'000 (Audited)
ASSETS					
Current assets					
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
Non-current assets					
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
Total assets		**3,205,329**	**3,310,716**	**1,053,968**	**1,132,864**
LIABILITIES AND EQUITY					
Current liabilities					
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
Non-current liabilities					
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
Capital and reserves					
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
Total liabilities and equity		**3,205,329**	**3,310,716**	**1,053,968**	**1,132,864**

See accompanying notes to the unaudited condensed interim financial statements.

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	1 January 2020 to 30 June 2020
		$'000	$'000
Revenue	17	286,821	60,606
Cost of sales		(178,406)	(43,726)
Gross profit		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)
Profit (Loss) before income tax		27,232	(13,091)
Income tax (expense) credit	16	(12,852)	269
Profit (Loss) for the period	18	14,380	(12,822)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,500	5,911
Total comprehensive income (loss) for the period		15,880	(6,911)
Profit (Loss) attributable to:			
– Owners of the company		14,430	(12,727)
– Non-controlling interests		(50)	(95)
		14,380	(12,822)
Total comprehensive income (loss) attributable to:			
– Owners of the company		15,930	(6,816)
– Non-controlling interests		(50)	(95)
		15,880	(6,911)
		¢	¢
Earnings (Loss) per share:			
– Basic and Diluted	19	0.21	(0.19)

See accompanying notes to the unaudited condensed interim financial statements.

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
Total comprehensive loss for the year										
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)
Transactions with owners, recognised directly in equity										
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
Total comprehensive income for the year										
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.

	Share capital	Treasury shares	Performance share reserve	Accumulated profits	Total
	$'000	$'000	$'000	$'000	$'000
Company					
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.

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

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	$'000	$'000
Operating activities		
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)
Investing activities		
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)
Financing activities		
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)
Cash and cash equivalents at end of period	19,377	18,945

See accompanying notes to the unaudited condensed interim financial statements.

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.

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.

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.

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 <u>Valuation of investment properties (Note 10)</u>

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.

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

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.

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.

Group	Commercial investment	Property development	Hotel operations	Total
	$'000	$'000	$'000	$'000
30 June 2021				
REVENUE	10,289	255,912	20,620	286,821
RESULT				
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				14,380

Group	Commercial investment	Property development	Hotel operations	Hospitality investment	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2020					
REVENUE	7,974	42,775	8,867	990	60,606
RESULT					
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					(12,822)

Group	Commercial investment	Property development	Hotel operations	Total
	$'000	$'000	$'000	$'000
30 June 2021				
Segment assets	1,812,401	967,163	425,765	3,205,329
Segment liabilities	(1,225,163)	(643,005)	(24,368)	(1,892,536)
OTHER INFORMATION				
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)

Group	Commercial investment	Property development	Hotel operations	Hospitality investment	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2020					
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)
OTHER INFORMATION					
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.

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
Financial assets				
Financial asset at amortised cost	32,233	26,140	596,351	407,292
Financial asset measured at FVTPL	633	493	633	493
Financial liabilities				
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[(1)]	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.

(1) 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.

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
	374,376	794,554

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	401,803	30,521

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	1,857,351	1,910,991

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 April 26, 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.

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.

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)
	(12,852)	269

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**
Segment revenue		
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
	286,821	60,606

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

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.

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 the company is the sole shareholder and director of JKGT.

OTHER INFORMATION REQUIRED BY THE 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.

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.

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.

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.

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[1]. 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[2].

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[3]. In fact, experienced hoteliers are taking this lull time to open new hotels[4] 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[1]. 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[5].

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[1].

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[6].

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[7] 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[8] and PwC[9]'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.

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.*

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").

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.

DELOITTE & TOUCHE LLP REPORT ON UNAUDITED CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR THE HALF YEAR ENDED 30 JUNE 2021

Deloitte.

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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 V-3 to V-21.

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.

Deloitte.

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

TO THE BOARD OF DIRECTORS OF FRAGRANCE GROUP LIMITED

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.

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

ERNST & YOUNG CORPORATE FINANCE PTE LTD CONFIRMATION LETTER ON UNAUDITED CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR THE HALF YEAR ENDED 30 JUNE 2021

Building a better working world

Ernst & Young Corporate Finance Pte Ltd
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ey.com

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