

Issuer: Fragrance Group Limited

Security: Fragrance Group Limited

Meeting details:

Date: 20 April 2017

Time: 09:00H

Venue: 456 Alexandra Road #02-03 Fragrance Empire Building Singapore 119962

Company Description

Fragrance Group Limited, an investment holding company, operates as a property developer in Singapore, Australia, and Great Britain. The company operates through Property Development and Investment Property segments. It develops, deals, and trades in properties. The company's development projects include residential, commercial, hotel, and industrial properties. It also engages in hotel management activities. Fragrance Group Limited was incorporated in 2000 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=F31)

Q1. In the “Message from the Chairman” (page 3 of the annual report), it was disclosed that the group has “sold almost all of its residential units in its Singapore projects and is now well positioned to seize new opportunities in Singapore should there be encouraging signs of market recovery”.

- a) **What is the sales performance of City Gate?**
- b) **Can management help shareholders understand what are the market recovery signs that they look out for?**
- c) **How much more attractive are the overseas markets compared to the Singapore market?**

Q2. The group has an impressive track record going back to mid-1980s as a property developer in Singapore. The current overseas development portfolio has grown to be substantial and it includes Premier Tower, a skyscraper mixed-use development located in Melbourne, Australia, and NV Apartments, freehold apartments located in the Central Business District of Perth, Western Australia.

Local regulations relating to property purchases could be substantially different from that of Singapore and regulations could change and affect the settlement of the purchases.

- a) **Can management elaborate further on the off-the-plan settlement risks in Australia?**
- b) **What is the percentage of foreign purchasers in the group’s projects that have been launched?**

Q3. In Note 2 (page 57 - Financial liabilities and equity instruments), in the section “Derivative financial instruments”, it was disclosed that the group uses “foreign currency option contracts to manage its exposure to foreign exchange rate risk”.

In Note 4 (page 67 - Financial risk management policies and object), in the section “Foreign exchange risk management”, the group disclosed that “management has not entered into any hedge arrangements in respect of these foreign currency positions” relating to its investments in Australia.

- a) **Given that the group has now expanded significantly into Australia and more recently into the United Kingdom, can management elaborate further on the group’s holistic approach to manage its foreign exchange risks?**
- b) **Can the group provide detailed information in the annual report on its foreign currency exposure and its foreign currency derivative financial instruments?**