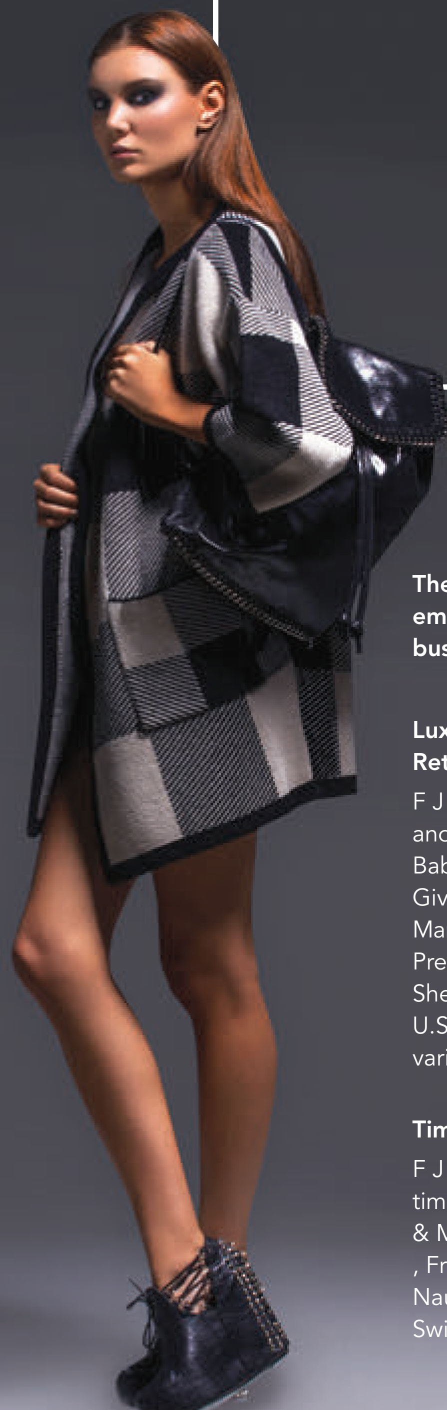
ANNUAL REPORT 2018/19

FJ BENJAMIN

CONTENTS

CORPORATE PROFILE

With a rich heritage dating back to 1959, SGX-listed F J Benjamin Holdings Ltd is an industry leader in brand building and management, and development of retail and distribution networks for international luxury and lifestyle brands across South East Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in four cities, manages over 20 iconic brands and operates 198 stores.



The Group employs over 2,300 employees and runs two core businesses:

Luxury and Lifestyle Fashion Retailing and Distribution

F J Benjamin exclusively retails and distributes brands such as Babyzen, Celine, Fauré Le Page, Givenchy, Guess, La Senza, Loewe, Marc Jacobs, Petunia Pickle Bottom, Pretty Ballerinas, Rebecca Minkoff, Sheridan, Superdry, Tom Ford, U.S. Polo and VNC across various territories.

Timepiece Distribution

F J Benjamin exclusively distributes timepiece brands – Alpina, Baume & Mercier, Casio (in Indonesia only) , Frédérique Constant, Gc, Guess, Nautica, Superdry and Victorinox Swiss Army across Southeast Asia.

CORPORATE DIRECTORY

REGISTERED OFFICE

1 Jalan Kilang Timor,
#07-01/02
Pacific Tech Centre
Singapore 159303
Tel: (65) 6737 0155
Fax: (65) 6732 9616
Email: info@fjbenjamin.com
Website: www.fjbenjamin.com

DIRECTORS

Mr Frank Benjamin
Non-Executive Chairman

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Mr Ng Hin Lee
Independent Director

Mr Daniel Ong Jen Yaw
Independent Director

Mr Liew Choon Wei
Independent Director

Mr Yee Kee Shian Leon
Independent Director
(Appointed on 2 September 2019)

COMPANY SECRETARY

Ms Karen Chong Mee Keng

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner: Mr Christopher Wong
(since financial year ended
30 June 2017)

SOLICITORS

Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

PRINCIPAL BANKERS

Citibank Berhad

DBS Bank Ltd

Malayan Banking Berhad

RHB Bank Berhad

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Limited

United Overseas Bank Limited

CHAIRMAN'S REVIEW

"Our gross and operating margins have been on the uptrend in the last two years and we have stayed disciplined in managing our costs and inventories."

Dear Shareholders,

I am pleased to report that the Group has returned to bottom line-profitability for the financial year ended 30 June 2019 (FY19) despite a challenging operating environment. Southeast Asia economies, although one of the most robust in the world, were not shielded from the global turbulence as they faced and continue to face macroeconomic headwinds from the escalating US-China trade war, uncertainties over Brexit, and rising interest rates.

Our return to the black came on the back of a groupwide restructuring programme which is now behind us. The actions taken – closing down loss-making stores, discontinuing laggard brands, right-sizing our operations, raising productivity etc. – are delivering results and our financial metrics are firmly heading in the right direction. Our gross and operating margins have been on the uptrend in the last two years and we have stayed disciplined in managing our costs and inventories. Our portfolio of brands is slimmer but stronger.

We will continue to focus on executing our growth strategy by serving our customers with the fashion products they desire and the in-store experience that will enhance their loyalty to our brands.

The two brands we have added this year – French heritage label Fauré Le Page and Swiss luxury watch label Baume & Mercier – are the latest examples of how we continue to push ahead to secure well-recognised brands that will appeal to the upscale segment of our market.

Fauré Le Page, established more than 300 years ago as a master gunsmith specialising in ceremonial weapons for royalty, opened its store in Ngee Ann City in early August. Its collection of fine leather handbags and accessories has proven popular with consumers and we are pleased with the store's performance. We started distributing Baume & Mercier timepieces in April and its sales have met expectations.

Against the backdrop of moderating growth in our key markets of Singapore, Indonesia and Malaysia, we will scale our distribution network cautiously while investing in an integrated approach to commerce that will allow shoppers to access multiple touchpoints at their convenience. To this end, our omni-channel strategy is taking shape with the encouraging launch of our Superdry online store in Singapore in July, and our planned roll out in Malaysia in the second quarter of the current financial year ending 30 June 2020.

We are investing in digitisation and will continue to harness technology particularly focusing on how we can effectively use data analytics to gain deeper insights that will help us predict customer needs and respond to changing market dynamics.

Financials

For FY19, Group turnover fell 21% to $131.5 million, reflecting the closure of loss-making businesses and lower sales to the Group's Indonesian associate. Group net profit after tax stood at $177,000 against a net loss of $1.2 million the year before while Group operating profit was 33% higher at $4.1 million. Gross profit margin improved from 46% to 49%, underscoring a better yielding brand portfolio, more targeted inventory management and an absence of rampant industry discounting. Group operating expenses fell 19% to $60.7 million, a total savings of $13.9 million.

Corporate Update

The Company was placed on the Singapore Exchange watch list in December 2016 for sustaining pre-tax losses for more than three consecutive years and an average daily market capitalisation of less than $40 million for more than six months. And in June 2017, for having a minimum trading price of less than $0.20. On 20 June 2019, the Singapore Exchange approved the extension of the cure period for a period of 12 months, ending 4 December 2020.

Board Changes

We welcomed Yee Kee Shian Leon, Chairman and Managing Director of Duane Morris & Selvam LLP, as an Independent Director to our Board at the start of September 2019. Leon is a highly-regarded lawyer with experience in corporate finance and corporate transactions.

Leon takes over the reins from our Independent Director Daniel Ong, who will be stepping down after the Annual General Meeting. On behalf of the Board, I would like to extend my sincerest appreciation to Daniel for his time and valuable counsel to the Group over the last eight years. I wish him all the best in his future endeavours.

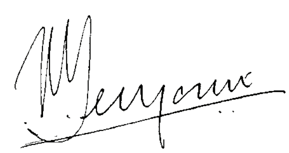
Looking Ahead

Amid slowing global economic growth, escalating US-China trade war and ongoing protests in Hong Kong, Southeast Asia economies are showing signs of slowing down with Singapore and Indonesia expected to come under greater pressure than Malaysia which has reported stronger growth on the back of rising domestic demand and recovery in commodity-based sectors.

I believe the significant progress we have made in recent years to cut costs, streamline our operations and strengthen brand portfolio, should buttress us against a downturn and position us to seize new opportunities. Management is working hard in this regard to extract greater value from, as well as expand, our existing brand portfolio.

Appreciation

Finally, I would like to thank my fellow directors for their contribution and guidance and our customers, shareholders, business partners and associates, for their support during the year. My deepest gratitude also goes to our management and staff for their diligence and dedication in getting the Group back on a steady keel. I know they will not be complacent but will continue to work with the same determination to succeed in the months ahead.



FRANK BENJAMIN
Non-Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

> "Our efforts over the last few years to restructure our business have borne fruit and we now see a much healthier set of financials with higher earnings and margins."

Dear Shareholders,

I am pleased to report that the Group has returned to profitability for our financial year ended 30 June 2019 (FY19).

Our efforts over the last few years to restructure our business have borne fruit and we now see a much healthier set of financials with higher earnings and margins. We have discontinued all loss-making brands and the smaller portfolio of brands we currently manage are performing well.

Group net profit after tax for FY19 was $177,000 compared with a $1.2 million loss the year before. Group operating profit was also up 33% at $4.1 million against $3.1 million the previous year.

Financial & Operating Review

Group turnover in FY19 fell 21% to $131.5 million. The decline was due to the closure of loss-making businesses, which accounted for $29.3 million of the $34.5 million drop, as well as a $4.4 million reduction in sales to our Indonesian associate which had slowed down purchases.

During the year under review, revenue from the Group's ongoing business decreased marginally by one per cent to $119.6 million from $120.4 million in FY18. This was attributed to a shorter festive spending period between Christmas and Chinese New Year as the latter fell in early February this year. Furthermore, we saw slower sales in June compared to previous years, as the 2019 Great Singapore Sale was launched in the third week of June, instead of the usual start of the month.

Geographically, sales in Singapore and Malaysia were down 34% and eight per cent respectively in FY19 due to the closure of loss-making businesses. In Indonesia, our associate company saw a three per cent year-on-year decline in revenue due to slower spending ahead of the country's Presidential Election. Street protests following the announcement of the election result in May, also affected sales.

Gross profit margin improved from 46% to 49%, underscoring a healthier business since we discontinued low-yielding brands, implemented more targeted inventory management and avoided rampant industry discounting.

Popular brands in our portfolio like Casio in Indonesia, Guess, La Senza, Marc Jacobs and Superdry, continued to do well, and opportunities remain for us to further expand these brands organically in the region.

In April this year, we began distributing a Swiss luxury watch label, Baume & Mercier, in Singapore and Malaysia. The response has been in line with our expectations.

We also launched our online omni-channel Superdry platform for the Singapore market in July. Sales from the platform has been encouraging and we plan to extend the same platform to the Malaysian market in Q2 FY20. To complement the e-commerce platform, we opened another physical Superdry store at the newly revamped Funan Mall.

In addition, the Group signed an exclusive franchise agreement with luxury French heritage brand Fauré Le Page to retail their highly sought-after handbags and accessories in Singapore. The store, which is Fauré Le Page's first store in Southeast Asia and ninth in the world, opened in early August in Ngee Ann City. The initial response has been encouraging.

As at 30 June 2019, the Group's inventory increased marginally by two per cent to $32.4 million, partly due to stocks received for Fauré Le Page ahead of the store's opening. During the year, the Group generated net cash flows of $4.3 million from operating activities, invested $3.1 million in shop fittings and repaid bank borrowings and interest expense of $1.2 million. Net borrowings stood at $12.6 million as at 30 June 2019, compared to $12.8 million the year before, while gearing remained at 24%.

The Board has not recommended a dividend for FY19.

Retail Network

As at 30 June 2019, the Group's distribution network in the region comprised 198 stores, compared with 220 in the previous year. These include 14 stores in Singapore, 62 in Malaysia and 122 in Indonesia.

Outlook

In keeping up with the times, whilst our brick and mortar stores give us unique advantages, we recognise the growing significance of embracing technology to engage our customers across all touchpoints. To that end, we kickstarted this process with the launch of our Superdry e-commerce website for the Singapore market, and we are reviewing how we can extend this to other suitable brands and markets.

The Group has successfully implemented and will continue to implement new and exciting strategic initiatives to cater to the changing behaviours of consumers. Some of these initiatives include the implementation of online sales channels and the strengthening and diversification of our brand portfolio.

We are in the process of reviewing several new brands to strengthen our portfolio, and will make appropriate announcements in due course.

Despite these opportunities, the Group is aware of present global uncertainties arising from a slowing global economy, the US-China trade war and weakening consumer demand and will continue to be vigilant in managing costs and inventory.

Barring unforeseen circumstances and following the actions taken these last few years, we are confident that we can sustain our present pace of recovery.

Appreciation

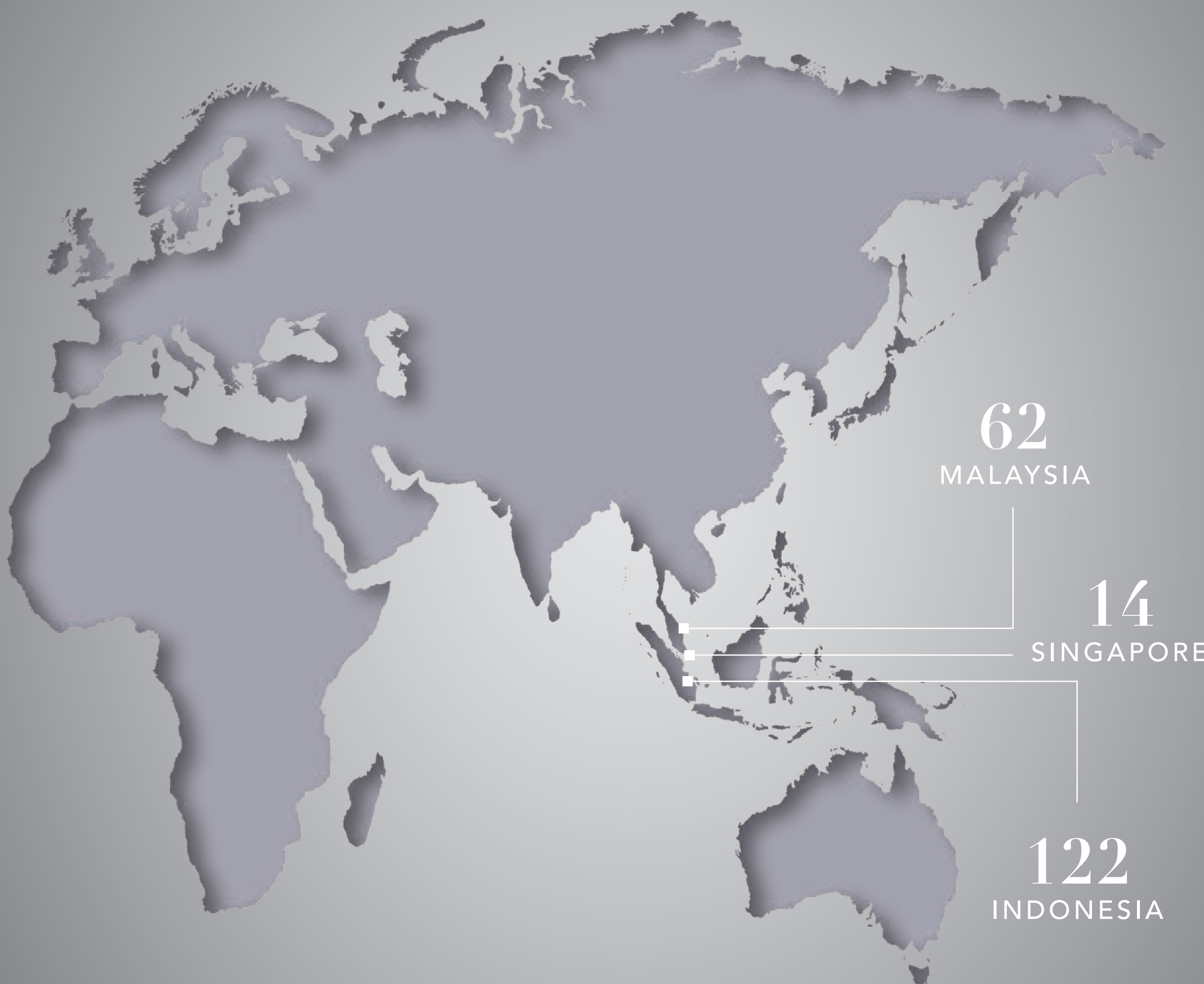
Finally, I am grateful to our principals, shareholders, business partners, associates and Board of Directors, for their unwavering support during the year.

I am also indebted to my management team and staff as they have worked tirelessly to overcome all the challenges we faced in recent years with fortitude, strength and determination. I have confidence that they will continue to give their best to deliver better results in the coming year.

ELI MANASSEH (NASH) BENJAMIN

Chief Executive Officer
F J Benjamin Holdings Ltd

GEOGRAPHICAL PRESENCE



RETAIL FOOTPRINT

	FY2019	FY2018
Singapore	**14**	16
Malaysia	**62**	65
Indonesia	**122**	139
TOTAL	**198**	**220**

CORPORATE STRUCTURE

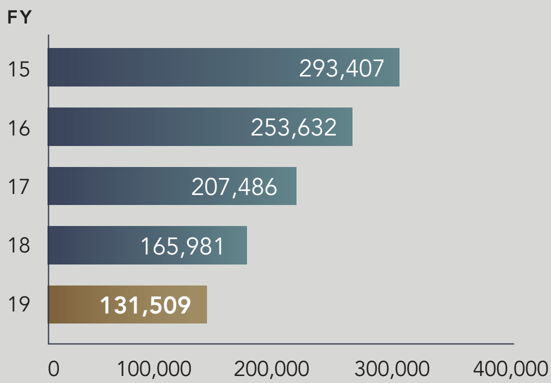
F J BENJAMIN HOLDINGS LTD

- SOUTHEAST ASIA
  - Singapore
    - F.J.B. Investment 100%
      - F J Benjamin (Singapore) 100%
      - F J Benjamin Lifestyle 100%
      - Nootrees Pte Ltd 100%
    - F J Benjamin Concepts 100%
      - Scotts Outlet Mall 50%
    - F J Benjamin Ideas 100%
    - Fashion Dynamics International 100%
      - Fashion Dynamics Singapore 100%
  - Malaysia
    - F J Benjamin (M) 100%
      - F J Benjamin Lifestyle 100%
    - F J Benjamin Luxury Timepieces 100%
  - Indonesia
    - PT Meteor Prima Sejati Group of Companies 100%
- NORTH ASIA
  - Hong Kong
    - F J Benjamin (H.K.) 100%
    - Ferro Designs 100%
    - Fashion Dynamics HK Ltd 100%
    - F J Benjamin Timepieces (HK) Limited 100%
- USA
  - F J Benjamin Fashions (US) 100%

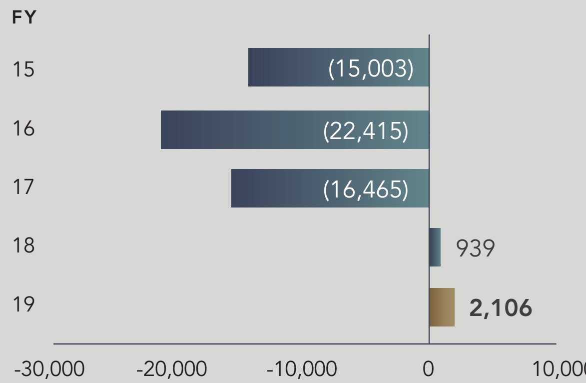
● Active ● Investment holding / Representative office ● Dormant / Inactive

GROUP FIVE-YEAR FINANCIAL SUMMARY

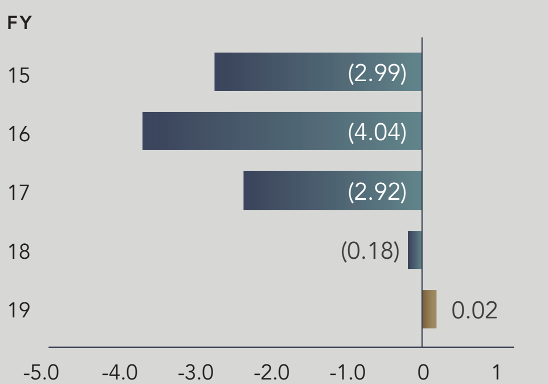
Turnover ($'000)



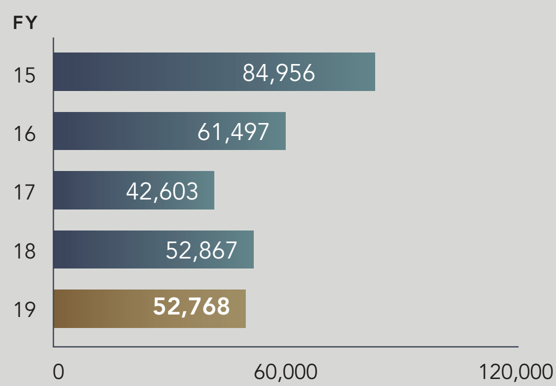
Profit / (Loss) Before Tax ($'000)



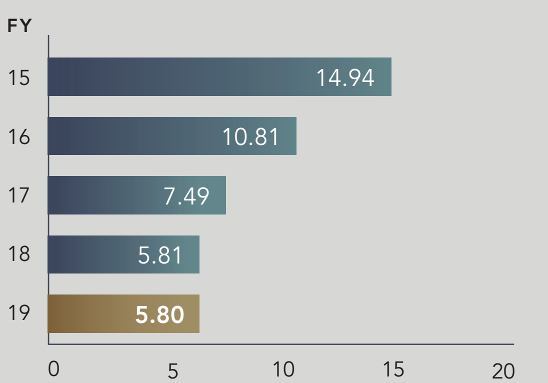
Basic Earnings / (Loss) Per Share (cents)



Shareholders' Equity ($'000)



NTA Per Share (cents)



	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000
Profit & Loss					
Turnover	293,407	253,632	207,486	165,981	**131,509**
Operating Profit / (Loss) before Borrowing Costs	(13,932)	(19,796)	(12,028)	5,377	**4,717**
Borrowing Costs	(3,227)	(2,507)	(1,744)	(1,382)	**(938)**
Share of Results of Associates	2,156	(112)	(2,693)	(3,056)	**(1,673)**
Profit / (Loss) Before Tax	(15,003)	(22,415)	(16,465)	939	**2,106**
Profit / (Loss) After Tax and Non-controlling Interest	(16,988)	(22,959)	(17,420)	(1,235)	**177**
Basic Earnings / (Loss) Per Share (cents)	(2.99)	(4.04)	(2.92)	(0.18)	**0.02**
Operating Margin (%)	-4.7%	-7.8%	-5.8%	3.2%	**3.6%**
Balance Sheet					
Non-Current Assets	56,217	45,194	35,806	33,166	**30,088**
Net Current Assets	32,158	16,483	7,571	20,476	**24,176**
Shareholders' Equity attributable to equity holders of the Company	84,956	61,497	42,603	52,867	**52,768**
Net Debt	46,064	31,749	22,747	12,835	**12,625**
Return on Equity (%)	-20.0%	-37.3%	-40.9%	-2.3%	**0.3%**
Net Debt to Equity	0.54	0.52	0.53	0.24	**0.24**
Net Tangible Assets Per Share (cents)	14.94	10.81	7.49	5.81	**5.80**
Dividend Per Share	–	–	–	–	–

BOARD OF DIRECTORS

MR FRANK BENJAMIN

Date of appointment as Director:
5 June 1973

Date of last re-election:
27 October 2016

Nature of appointment:
Non-Executive

Board committees served on:
Nominating Committee

Mr Frank Benjamin is the founder and Executive Chairman from April 2006 to 30 June 2017. Prior to that, he was the Chief Executive Officer, a position he held since the founding of F J Benjamin in 1959.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973

Date of last re-election:
27 October 2017

Nature of appointment:
Executive

Board committees served on:
None

Mr Eli Manasseh (Nash) Benjamin is the Chief Executive Officer of the Group, and has been with F J Benjamin since 1968. He has over 40 years of experience in the fashion retail and timepiece distribution businesses. He is involved in the formulation of long-term corporate strategies and policies of the Group, maintains a close relationship with all the Group's principals and oversees the business development arm of the Group.

MR DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000

Date of last re-election:
26 October 2018

Nature of appointment:
Executive

Board committees served on:
None

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Operating Officer of the Group. He works closely with Mr Nash Benjamin to coordinate the Group's activities.

He sits on the board of trustees for the KK Hospital & Health Endowment Fund.

MR NG HIN LEE

Date of appointment as Director:
11 July 2014

Date of last re-election:
27 October 2017

Nature of appointment:
Independent

Board committees served on:
Audit Committee (Chairman) and Remuneration Committee

Mr Ng Hin Lee has more than 30 years of experience in key financial and managerial positions and is a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, he was the Group Chief Financial Officer of Singapore Post Limited and Gul Technologies Singapore Limited where he was the co-founder and Executive Director. He is an independent Non-Executive Director of KOP Limited, and also sits on the boards of several non-listed companies.

Mr Ng was bestowed the honour of Singapore Corporate Award – Best CFO of Year 2011 and Suzhou Industrial Park Pioneer Award in 2017.

MR DANIEL ONG JEN YAW

Date of appointment as Director:
30 November 2011

Date of last re-election:
26 October 2018

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Nominating Committee and Remuneration Committee (Chairman)

Mr Daniel Ong has 30 years of working experience in diverse fields ranging from banking and finance, property development and investment, manufacturing, cruise, hotels and the F&B industry.

He was founder and executive director of Sushi Tei, a successful F&B company with over 80 restaurants in Southeast Asia and Indochina, before it was sold in May 2018. He also held senior management positions at listed retail and property group Metro Holdings Limited and started his career at Citibank.

BOARD OF DIRECTORS

MR LIEW CHOON WEI

Date of appointment as Director:
29 November 2016

Date of last re-election:
27 October 2017

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Remuneration Committee and Nominating Committee (Chairman)

Mr Liew was with an international public accounting firm for more than 30 years before retiring in 2013 as an Audit Partner. He is a retired Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of Singapore.

Mr Liew is an Independent Non-Executive Director of Halcyon Agri Corporation Limited and an Independent Non-Executive Director of The Hour Glass Limited. He is an Independent Non-Executive Director of Frasers Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte Ltd respectively. The former and latter are the manager of the real estate investment trust (REIT) and the trustee-manager of the business trust (BT), of which the REIT and BT comprise the stapled group, Frasers Hospitality Trust.

MR YEE KEE SHIAN LEON

Date of appointment as Director:
2 September 2019

Date of last re-election:
NA

Nature of appointment:
Independent

Board committees served on:
None

Mr Yee is the Chairman and the Managing Director of Duane Morris & Selvam LLP, a leading international law firm, and serves as its Global Head of Corporate as well as the Head of the firm's China Practice Group. He has extensive corporate law experience and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on banking & finance, corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate restructurings and joint ventures. He serves as an Independent Director on the board of Federal International (2000) Ltd, a company listed on the Main Board of the SGX-ST. He is also the Chairman of the Nominating Committee as well as the Remuneration Committee. Mr Yee is also an Independent Director of Laura Ashley Holdings PLC, which is listed on the London Stock Exchange. Mr Yee graduated with a Bachelor of Arts (Law) and a Master of Arts from the University of Cambridge. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales.

SENIOR MANAGEMENT

SINGAPORE

Douglas Jackie Benjamin
Chief Executive Officer
F J Benjamin Singapore Pte Ltd

Please refer to information on the Board of Directors on page 13.

Karen Chong
Group Chief Financial Officer and Company Secretary
F J Benjamin Holdings Ltd

Ms Karen Chong has been with the Group since 1997 and oversees the financial and accounting functions of the Group including statutory and regulatory compliance. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a Fellow member of the Institute of Singapore Chartered Accountants.

Jacqueline Tee
Director – Planning & Operations
F J Benjamin Singapore Pte Ltd

Ms Jacqueline Tee re-joined the Group in 2017 and oversees the Group's inventory planning function and daily operations of the retail division. She also oversees the E Commerce division and led the team in the set up and launch of our various E Commerce websites. She has more than 20 years of experience in the fashion and retail industry, having worked with many different fashion houses and retailers.

MALAYSIA

Douglas Jackie Benjamin
Chief Executive Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Please refer to information on the Board of Directors on page 13.

Goretta Yeoh
Chief Financial Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Ms Goretta Yeoh has worked with the Company for more than 20 years and oversees the financial, warehousing, logistic and treasury functions of the Group's entities in Malaysia.

CELINE

ARMÉ POUR SÉDUIRE

FAURÉ LE PAGE
PARIS 1717

GIVENCHY

LOEWE

LUXURY

MARC JACOBS

PrettyBallerinas

GUESS

GUESS
KIDS

La Senza

U.S. POLO ASSN.
SINCE 1890

REBECCAMINKOFF

LIFESTYLE

極度乾燥(しなさい)
Superdry®

BABYZEN™

VNC

petunia pickle bottom®

SHERIDAN

Alpina
1883 GENEVE

BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

Bell & Ross

TIMEPIECE

CASIO

Gc

SMART LUXURY®

TIMEPIECE

VICTORINOX
SWISS ARMY

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of F J Benjamin Holdings Ltd (the "Company") is committed to high standards of corporate governance and fully supports and upholds the principles in the Code of Corporate Governance 2012 (the "Code"). For effective corporate governance, the Company has put in place various self-regulatory and monitoring mechanisms as described below, and deviations from the Code are explained.

With the issuance of the revised Code of Corporate Governance 2018 (the "2018 Code") which will take effect for annual reports covering financial years commencing from 1 January 2019, the Group will review and implement measures to comply with the 2018 Code, where appropriate.

BOARD OF DIRECTORS

The Board's Conduct of its Affairs – Principle 1

The Board is accountable to the shareholders and oversees the overall strategy of the Company and its subsidiaries (the "Group") as well as policies on various matters including major investments, key operational initiatives and financial controls. The Board has adopted a set of internal controls which lists out the approval limits for capital expenditure, investments and divestments and bank borrowings at Board level. Approval of sub-limits is also provided at management level to facilitate operational efficiency.

Besides carrying out its statutory responsibilities, the Board's principal responsibilities include:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) review Management performance (including Group's financial and operating performance);

(c) establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

(g) assume responsibility for corporate governance.

To assist the Board in the discharge of specific responsibilities, certain Board Committees have been constituted, namely the Nominating Committee, the Remuneration Committee and the Audit Committee.

The Board meets regularly on a quarterly basis and as required. Important and critical matters concerning the Group are also tabled for the Board's decision by way of written resolutions, faxes, electronic mails and tele-conferencing.

The attendance of the Directors at these meetings during the financial year is as follows:

	Board		Nominating Committee		Remuneration Committee		Audit Committee	
	No. of meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Frank Benjamin	4	3	1	1	NA	NA	NA	NA
Eli Manasseh (Nash) Benjamin	4	4	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	4	NA	NA	NA	NA	NA	NA
Ng Hin Lee	4	4	NA	NA	1	1	4	4
Daniel Ong Jen Yaw	4	4	1	1	1	1	4	4
Liew Choon Wei	4	4	1	1	1	1	4	4
Yee Kee Shian Leon ^	NA	NA	NA	NA	NA	NA	NA	NA

^ Appointed on 2 September 2019.

Newly appointed Directors are briefed on the Group's business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates as well as relevant laws and regulations. The Company informs Board members from time to time of changes in relevant regulatory and accounting standards requirements.

Directors are provided with opportunities for continuing education or briefings in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members. In addition, Directors are invited from time to time to attend professional programmes for Directors conducted by the Singapore Institute of Directors and other relevant bodies. The Company has an on-going training budget for the Directors to fund their participation at industry conferences and seminars, and their attendance at any training programme in connection with their duties as directors.

Board Composition and Balance – Principle 2

The Board currently comprises seven Directors, four of whom are Independent Directors.

The number of Independent Board members is in line with the recommendation in the Code (which stipulates at least half of the Board should be independent where (among others) the Chairman of the Board is not an independent director).

The independence of each independent member of the Board is reviewed annually and is subject to particularly rigorous review where such person has served on the Board beyond nine years. None of the Independent Directors have served on the Board for more than 9 years. The Nominating Committee assists the Board with such reviews. There are no material relationships (including immediate family relationships) between each Independent Non-Executive Director and other directors or the Company or its 10% shareholders.

Based on its composition, the Board is able to exercise objective judgement on corporate affairs. The composition of the Board is reviewed annually by the Nominating Committee to ensure that the Board has an appropriate mix of expertise, experience and independence needed to discharge its duties effectively. The diversity of the Directors' experience in the field of management, financial, accounting, investment and industry knowledge allows for the useful exchange of ideas and views. The Board is satisfied that no individual member of the Board dominates the Board's decision-making and that there is sufficient accountability and capacity for independent decision-making.

The Board, taking into account the nature of operations of the Group, considers its current size to be adequate for effective decision-making.

Chairman and Chief Executive Officer – Principle 3

The Chairman and Chief Executive Officer ("CEO") functions are assumed by different individuals, thus ensuring an appropriate balance of power and authority.

The Chairman, Mr Frank Benjamin, is a Non-Executive Director. Besides giving guidance on the corporate direction of the Group, his role includes the scheduling and chairing of Board meetings and the controlling of the quality, quantity and timeliness of information supplied to the Board and assists in ensuring compliance with the Company's corporate governance guidelines.

The CEO, Mr Eli Manasseh (Nash) Benjamin, brother of Mr Frank Benjamin, is an Executive Director. He supervises the day-to-day business operations with the support of the other Executive Director and Management, as well as formulating long-term corporate strategies and policies of the Group.

The Group believes that the appointment of a lead independent director for ease of contact by shareholders is unnecessary as the respective Independent Directors are well-known personages in their fields of expertise and they have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority.

Access to Information – Principle 6

The Board members are provided with board papers a few days in advance of meetings so that sufficient time is given to the Board members. The board papers set out the relevant financial information that review the Group's performance in the most recent quarter and other information which includes background or explanatory information relating to the matters to be brought before the Board. The Directors make enquiries and request for additional information, if needed, during the presentations.

The Board also has access to minutes and documents concerning all Board and Board Committee meetings.

The Board also has separate and independent access to the Management and Company Secretary. The appointment and removal of Company Secretary are subject to the Board's approval as a whole. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Board also has access to independent professional advice, if necessary, at the Company's expense.

Changes to regulations are closely monitored by the Management and the Directors are briefed during the Board meetings on changes which have an important bearing on the Company or the Directors' disclosure obligations.

NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Liew Choon Wei and its members are Mr Frank Benjamin and Mr Daniel Ong. With the exception of Mr Frank Benjamin, the other two are Independent Directors.

Board Membership – Principle 4

In accordance with the Constitution, the Directors are required to submit themselves for re-election and re-nomination at regular intervals of at least once every three years. Under its written terms of reference approved by the Board, the NC has the following main responsibilities:

(a) to review the Board structure, size, composition and independence;

(b) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;

(c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession;

(d) to review training and professional development programs for the Directors;

(e) to determine independence of each Director; and

(f) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

To address the time commitments of Directors who sit on multiple boards, the Board and Board Committees meeting dates are scheduled in advance at the beginning of each calendar year. The Board believes that each Director should personally determine the demands of his/her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has reviewed and is satisfied with the time commitment of the Directors and has not made a determination of the maximum number of board representations a Director may hold.

The NC is responsible for the selection, appointment and reappointment of Directors as follows:

(a) The NC carries out a review of the Board composition at least annually as well as on each occasion that an existing Director gives notice of his/her intention to retire or resign.

(b) The NC identifies suitable candidates for appointment to the Board after considering the skills required in the Board to achieve the Group's strategic and operational objectives.

(c) All Directors must submit themselves for re-election at regular intervals of at least once every three years. Article 102 of the Company's Constitution provides that one-third of the Directors shall retire from office by rotation and be subject to re-election at the Company's AGM. Pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited which is effective from 1 January 2019, every Director must retire from office at least once every three years and are eligible for re-election.

(d) The NC takes into consideration the Directors' contribution and performance in its deliberations on the re-appointment of existing Directors. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees as well as the quality of intervention and special contribution.

The profile and information of the Directors as at the date of this report are set out on pages 12 to 14 of the Annual Report.

There are no alternate directors on its Board.

Board Performance – Principle 5

The NC is responsible for reviewing and evaluating the effectiveness of the Board as a whole and the contribution by each Director.

The evaluation of Board's performance as a whole deals with matters on Board composition, procedures and accountability as well as information available to the Board. The evaluation of the Board also covers the Board's contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc. The Board Committee's evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual Directors include, amongst others, attendance at Board and Board Committee meetings, Directors' duties and know-how and interaction with fellow Directors.

The last Board of Directors' evaluation was conducted in May 2019. The Board was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the relevant Board Committees. The Board did not engage an external facilitator for the assessment process for the financial year ended 30 June 2019 ("FY2019").

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

REMUNERATION COMMITTEE (RC)

Procedures for Developing Remuneration Policies – Principle 7
Level and Mix of Remuneration – Principle 8

The RC is chaired by Mr Daniel Ong and its members are Mr Ng Hin Lee and Mr Liew Choon Wei. All of them are Independent Directors.

Under its written terms of reference approved by the Board, the RC has the following main responsibilities:

(a) to ensure that remuneration policies and systems that support the Company's objectives and strategies are in place and being adhered to;

(b) to co-ordinate annual reviews of the Company's remuneration policies and practice to ensure they are comparable with the pay and employment conditions within the industry and in similar companies.

(c) to recommend the remuneration of Executive Directors and key executives, covering all aspect of remuneration, which includes salaries, allowances, bonuses, options and benefits-in-kind to the Board for endorsement in accordance with the approved remuneration policies and processes.

(d) to provide advice as necessary to Management on remuneration policy for employee categories other than those covered in paragraph (c) above;

(e) to review the remuneration, terms of employment and promotion of all employees of the Group who are related to any of the Directors; and

(f) to recommend the Directors' fees of Non-Executive Directors to the Board. Directors' fees are only paid to Non-Executive Directors and are approved by Shareholders at the Annual General Meeting.

The RC adopts a transparent procedure for fixing the compensation packages of individual Directors. No Director is involved in deciding his or her own compensation.

The RC assists the Board in ensuring that Directors and key executives of the Group are fairly remunerated for their performance and individual contribution to the overall performance of the Group, taking into account the performance of the Group and the individual Directors respectively. The performance-related elements of compensation are designed to align the interests of the Executive Directors with those of the Shareholders and are determined using appropriate and meaningful measures to assess the performance of the Executive Directors. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary, at the expense of the Company.

The RC also reviews the Company's obligations arising in the event of termination of the CEO's and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The remuneration package comprises a fixed component and a variable component. The fixed component is in the form of a basic salary while the variable component is in the form of a performance bonus which is linked to the Group and individual performance.

The Board has considered that there was no circumstance that required the remuneration policy to be submitted to the Annual General Meeting for approval.

No remuneration consultants were engaged by the Company in the financial year ended 30 June 2019.

Disclosure of Remuneration – Principle 9

The following table tabulates the composition of the Directors' compensation:

	Directors' Fee	Basic Salary@	Variable Performance Bonus	Benefit-in-Kind And Others	Total
Executive Directors					
$250,000 to $399,999					
Mr Eli Manasseh Benjamin	–	95%	–	5%	100%
Mr Douglas Benjamin	–	93%	–	7%	100%
Non-Executive Directors					
Below $150,000					
Mr Frank Benjamin	39%	–	–	61%	100%
Mr Ng Hin Lee	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%
Mr Liew Choon Wei	100%	–	–	–	100%

@ Basic salary includes employer's CPF contribution.

Total amount paid as Directors' Fees for the financial year ended 30 June 2019 was S$205,000.

The key management personnel of the Group who are not Directors of the Company are as follows:

No. of executives	3
Total remunerations	$838,259

The following indicates the composition (in percentage terms) of the annual remuneration of key executives.

	Basic Salary@	Variable Performance Bonus	Benefit-in-Kind and Others	Total
$250,000 to $399,999				
Karen Chong	94%	–	6%	100%
Goretta Yeoh	77%	15%	8%	100%
Below $250,000				
Jacqueline Tee	97%	–	3%	100%

@ Basic salary includes employer's CPF contribution.

There were no termination, retirement and post-employment benefits granted to directors, the CEO and the key management personnel.

The Board is of the view that disclosure of the remuneration details of each director and key management personnel as recommended by the Code will reveal commercially-sensitive information to competitors. Given the highly competitive talent market in the niche industry, it is in the best interests of the Group that specific details of the remuneration of each director and key management personnel be kept confidential.

The following indicates the composition (in percentage terms) of the annual remuneration of employees who are immediate family members of the Directors.

Relationship	Basic Salary@	Variable Performance Bonus	Benefit-in-Kind and Others	Total
Below $150,000				
Mavis Benjamin				
Wife of Chairman	80%	–	20%	100%
Samuel Benjamin #				
Son of Chairman	69%	–	31%	100%
Ben-Judah Benjamin *				
Son of Chairman	95%	–	5%	100%

* On 50% work week. Resigned on 1 January 2019.
\# Resigned on 16 January 2019. Relocated to USA with family.
@ Basic salary includes employer's CPF contribution.

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 12

The Board is accountable to the Shareholders while the Management is accountable to the Board. The Board approves the quarterly financial statements and authorises the release of the results to the Shareholders. From time to time, the Board also provides its Shareholders with updates of new business developments, material contracts entered into and other material information via SGXNET announcements.

The AC comprises Mr Ng Hin Lee (Chairman), Mr Daniel Ong and Mr Liew Choon Wei.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities, with the members, including the Chairman, having accounting or related financial management expertise and experience. The members of the AC keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements, through regular updates from the External Auditor or other professionals.

Under its written terms of reference approved by the Board, the AC has the following main responsibilities:

(a) to review the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;

(c) to maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;

(d) to review and evaluate the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

(e) to review the audit plan and audit report with the External Auditor;

(f) to review the scope of the internal audit plan with the Internal Auditor and approve it;

(g) to review the quarterly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;

(h) to review and approve interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders; and

(i) to review the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment or re-appointment.

The AC has explicit authority to investigate any matter within its terms of reference. The Committee has full access to, and the co-operation of the Management, as well as the External and Internal Auditors respectively. The Committee also has full discretion to invite any Director or any member of Management to attend its meetings.

The AC also reviewed the adequacy of the whistle blowing policy instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of such policy is to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up actions. The AC confirms that no reports have been received under the policy.

In FY2019, a total of four AC meetings were held. The AC also held one meeting with the External Auditor and the Internal Auditor without the presence of the Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited in relation to its engagement of auditors.

The AC, having reviewed the non-audit services provided to the Group and the Company by the External Auditor, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditor, is pleased to recommend their re-appointment. Fees of $359,000 were paid to the External Auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $119,000.

Risk Management and Internal Controls – Principle 11

The Board, with the assistance from the Audit Committee, is responsible for the governance of risk by ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has established and implemented a risk management framework for the identification, assessment, monitoring and reporting of significant risks. The Board oversees the Management in the formulation, update and maintenance of an adequate and effective risk management framework, while the AC reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls, on an annual basis.

The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is updated by the business and corporate executive heads in the Group regularly and the AC reviews the risk register on a half yearly basis. The Internal Audit function takes into consideration the risks identified and assessed in the register and prepares the audit plan. The audit plan is approved by the AC. The Internal Audit function reports all audit findings and recommendations to the AC on a quarterly basis and follows up on all recommendations to ensure timely remediation of audit issues.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication is reliable. In designing the internal controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.

The Board has received assurance from the CEO and the CFO during the meetings of the Board and Audit Committees that:

(1) the financial records have been properly maintained and the financial statements for the year ended 30 June 2019 give a true and fair view of the Company's operations and finances; and

(2) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor, External Auditor's report on their financial audit, reviews performed by management, various Board Committees and the Board, as well as the assurance received from the CEO and the CFO, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks were adequate and effective as at 30 June 2019.

Internal Audit – Principle 13

The Company has an internal audit function that is independent of the activities it audits. The Internal Auditor reports directly to the Chairman of the AC on audit matters, and the CEO on administrative matters. The AC approves the hiring, removal and evaluation of the Internal Auditor.

His responsibilities include the review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management.

The AC reviews annually the adequacy and effectiveness of internal audit function and is satisfied that the internal audit function has adequate resources and has appropriate standing within the Group and meets the standards set by the Institute of Internal Auditors.

SHAREHOLDERS

Shareholder rights – Principle 14
Communication With Shareholders – Principle 15

The Company endeavours to provide material information to its Shareholders in a timely and adequate manner. When inadvertent disclosure has been made to a selected group of people, the Company will make the same disclosure publicly as soon as practicable. The Company also has an Investor Relations section on its website for Shareholders to express their views. In addition, the website provides Shareholders and investors with access to all publicly-disclosed information, annual reports, new public releases and announcements.

Dividend policy

The Board aims to declare and pay annual dividend. In considering the level of dividend payments, the Board takes into account various factors including:

– the level of available cash;

– the return on equity and retained earnings; and

– the projected levels of capital expenditure and other investment plans.

Encourage Greater Shareholders' Participation – Principle 16

At Annual General Meetings, Shareholders are given the opportunity to air their views and direct questions regarding the Group and its businesses to the Board. To encourage greater Shareholders' participation, the Company's Constitution permit a member entitled to attend and vote to appoint up to two proxies to attend and vote on his or her behalf. The Company's Constitution also provides that a proxy need not be a member of the Company. Separate resolutions are proposed as individual agenda items. Members of the Board and various Board committees together with the External Auditor are present and available to address questions at General Meetings. Voting at the Annual General Meeting will be by way of poll. Members are briefed on the procedures of voting by independent polling agent. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the meeting via SGXNet.

Voting in absentia by mail, email or fax is currently not permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted the Best Practices Guide with respect to dealings in securities. All employees of the Group who may be in possession of unpublished and/or material price-sensitive information are prohibited from dealing in securities of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year or one month before the announcement of the Company's full year results and ending on the date of the announcement of the results, in accordance with the guidelines set out in the Best Practices Guide. Officers are also prohibited to deal in securities of the Company on short-term consideration.

Material Contracts

No material contracts of the Company and its subsidiaries involving the interest of the CEO or any Director or controlling Shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

Sustainability Reporting

The inaugural Sustainability Report for the Group for the financial year ended 30 June 2018 was published on 28 June 2019. The sustainability report has been prepared with reference to Global Reporting Index ("GRI") Standards: 'Core' option and the Sustainability Reporting Guide of SGX-ST Practice Note 7.6. The Group will be issuing its Sustainability Report 2019 in the fourth quarter of 2019.

Use of Proceeds from Rights Issue

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares with 682,451,828 free detachable warrants. The total net proceeds from the Rights Issue amounted to $8.118 million.
The amount utilised as at 30 June 2019 are as follows:

		Amount $'000
Net Proceeds received		8,118
Share issuance expenses		(435)
Net funds available		7,683
Allocated as follows:		
(a)	General working capital purposes	
	Total allocated	3,842
	Repayment of trade invoices financed by banks and trade suppliers' invoices (FY18)	(3,842)
		–
(b)	Expansion of Group's business activities	
	Total allocated	3,841
	Fit out and inventory for new store opened (FY18)	(800)
		3,041

A total of $5.077 million has been utilised, leaving a balance of $3.041 million which is set aside for expansion of the Group's business activities.

The use of proceeds from the Rights cum Warrants Issue as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement.

Interested Person Transactions

Transactions with the Company's interested persons (a term that is defined in the listing manual of the SGX-ST) are subjected to review and approval by the Board comprising those Directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interest of the Company and Shareholders, before making recommendations to the Board for endorsement. For the financial year ended 30 June 2019, there were no material interested person transactions entered into.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2019.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on the date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

Mr Frank Benjamin	–	Non-Executive Chairman
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Mr Ng Hin Lee	–	Independent Director
Mr Daniel Ong Jen Yaw	–	Independent Director
Mr Liew Choon Wei	–	Independent Director
Mr Yee Kee Shian Leon	–	Independent Director (appointed on 2 September 2019)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company as stated below:

	Holdings registered in the name of Director or nominee		Holdings in which a Director is deemed to have an interest	
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Mr Frank Benjamin	125,429,770	125,429,770	–	–
Mr Eli Manasseh Benjamin	31,460,050	31,460,050	–	–
Mr Douglas Jackie Benjamin	168,000	168,000	10,000	10,000
Warrants of the Company				
Mr Frank Benjamin	172,477,540	172,477,540	–	–
Mr Eli Manasseh Benjamin	14,300,000	14,300,000	–	–
Mr Douglas Jackie Benjamin	96,000	96,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

OPTIONS

There were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries during the financial year.

AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;
- reviewed the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;

AUDIT COMMITTEE (CONTINUED)

- reviewed and evaluated the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;
- reviewed the audit plan and audit report with the External Auditor;
- reviewed the scope of the internal audit plan with the Internal Auditor and approve it;
- reviewed the quarterly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;
- reviewed and approved interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders; and
- reviewed the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment or re-appointment.

The AC having reviewed all non-audit services provided by the External Auditors to the Group is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year. The AC has also met with the Internal and External Auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Douglas Jackie Benjamin
Director

Singapore
25 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F J BENJAMIN HOLDINGS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of F J Benjamin Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS (CONTINUED)

Assessment of impairment of investment in associate

The carrying value of the Group's investment in associate amounts to $21.6 million as at 30 June 2019, which represents 41% of the total net assets of the Group. The impairment assessment of this investment was significant to our audit due to the magnitude and its significance to the Group's balance sheet.

Management assessed the impairment of the carrying value of the investment by determining the recoverable amount of the investment. As the recoverable amount calculation involves significant judgement and estimates that are affected by future market and economic conditions, changes to the assumptions could lead to changes in the estimated recoverable amount.

Our audit procedures included, amongst others, reviewing management's identification of indicators of impairment and considered management's assessment of impairment of interests in the associate. We assessed the valuation methodology and the reasonableness of key assumptions used to estimate the recoverable amount of the investment. The key assumptions include revenue growth, long-term growth and the discount rate used. We considered the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and evaluated the revenue growth rates by comparing them to recent and actual performance and available external industry data. Our valuation specialists assisted us in assessing the reasonableness of certain significant estimates used in management's impairment assessment, such as the long-term growth rates and discount rates. We also assessed the adequacy of the disclosures on the investment in associated company in Note 14 to the financial statements.

Recoverability of trade debtors

As at 30 June 2019, the Group had trade debtors amounting to $14.3 million. The determination as to whether a trade debt is collectable involves significant management judgement. In determining the expected credit loss allowances ("ECL"), management has considered various factors such as past due balances, historical payment and credit loss patterns over a period, debtors' financial ability to repay, existence of disputes, recent historical payment patterns, economic environment and forecast of future macro-economic conditions where the debtors operate and any other available information concerning the creditworthiness of debtors. We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.

We evaluated the Group's processes and controls relating to the monitoring of the outstanding trade debts due. Our audit procedures included, among others, obtaining trade receivables confirmations and obtaining evidence of receipts from debtors subsequent to the year end. We also evaluated management's assessment of the recoverability of the trade debts through testing of the accuracy of ageing of debtors, analyses of ageing profile to identify collection risk, reviewing historical payment patterns and correspondences with customers on expected settlement dates. In addition, we evaluated management's assumptions and inputs used in the computation of historical loss rate and information that management has used to make forward looking adjustment.

We also assessed the adequacy of the disclosures on the trade debtors and the related risks such as credit risk and liquidity risk in Notes 18, 29(a) and 29(c) to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Adequacy of allowances for inventory obsolescence and net realisable value

The Group sells retail merchandise that is subject to changing consumer demands and fashion trends, increasing the level of judgement involved in estimating inventory allowances (refer to Note 16 to the financial statements). As at 30 June 2019, the carrying amount of inventories amounted to $32.4 million, after considering the allowance for inventory obsolescence of $3.3 million. Judgement is required to assess the appropriate level of allowance for merchandise which may be ultimately destroyed, sold below cost or remained unsold as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales, inventory liquidation plans and management's forecast of inventory levels required to meet consumer demand. In addition, the judgements used by management may vary between business units depending on the nature of the merchandise. As such, we determine this to be a key audit matter.

Our audit procedures included, amongst others, assessing the process, methods and assumptions used by management to develop the policy for allowance for obsolescence. We considered the appropriateness of management's estimates used in determining the allowance for obsolescence. Such estimates include historical markdowns of inventory values, gross margin analysis, historical sales pattern of inventories and future sales expectations.

We tested the reliability of the underlying data used by management to calculate the inventory obsolescence allowances by re-performing the ageing calculation driven by the system. We also tested the accuracy of the resultant aging calculation by assessing that allowances made are in line with their policy and recalculating the allowances for a sample of merchandise.

We also assessed the adequacy of the related disclosures set out in Note 3.2(ii) and Note 16 to the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wong Mun Yick Christopher.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(In Singapore Dollars)

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	5	131,509	165,981
Other (expenses)/ income, net	6	(154)	1,160
Interest income		256	222
		131,611	167,363
Costs and expenses			
Cost of goods sold		(66,841)	(89,685)
Staff costs	7	(21,377)	(25,847)
Rental of premises		(22,307)	(27,434)
Advertising and promotion		(1,988)	(3,012)
Depreciation of furniture, fixtures and equipment	12	(3,153)	(3,223)
Other operating expenses		(11,879)	(15,097)
Total costs and expenses	8	(127,545)	(164,298)
Operating profit		4,066	3,065
Interest expense	9	(938)	(1,382)
		3,128	1,683
Foreign exchange gain, net		651	2,312
Share of results of associate, net of tax		(1,673)	(3,056)
Profit before tax		2,106	939
Income tax expenses	10	(1,929)	(2,174)
Profit/ (loss) for the year		177	(1,235)
Profit/ (loss) attributable to:			
Owners of the Company		177	(1,235)
Earnings/ (loss) per share (cents)			
Basic and diluted	11	0.02	(0.18)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(In Singapore Dollars)

	Group	
	2019	**2018**
	$'000	$'000
Profit/ (loss) for the year	177	(1,235)
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(488)	(207)
Share of other comprehensive income of associate, net of tax	212	198
Total comprehensive income for the year	(99)	(1,244)
Total comprehensive income attributable to:		
Owners of the Company	(99)	(1,244)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 30 JUNE 2019

(In Singapore Dollars)	Note	Group 30 June 2019 $'000	Group 30 June 2018 $'000	Group 1 July 2017 $'000	Company 30 June 2019 $'000	Company 30 June 2018 $'000	Company 1 July 2017 $'000
Non-current assets							
Furniture, fixtures and equipment	12	8,236	9,475	10,131	1	–	33
Subsidiaries	13	–	–	–	31,050	23,054	11,102
Investment in associate	14	21,586	22,609	23,932	–	–	–
Other receivables	15	–	648	1,024	–	–	–
Deferred tax assets	23	266	434	719	–	–	–
		30,088	33,166	35,806	31,051	23,054	11,135
Current assets							
Inventories	16	32,410	31,645	40,620	–	–	–
Investment securities	17	–	–	167	–	–	–
Trade debtors	18	14,293	17,447	14,264	–	–	–
Other debtors	19	11,452	11,762	13,788	19,169	14,057	31,752
Loan to related party of associate	24	5,500	5,500	5,500	–	–	–
Prepayments and advances		575	497	435	50	25	3
Tax recoverable		59	113	751	–	–	–
Cash on hand and at banks	28	7,722	9,298	7,204	3,039	2,796	3,236
		72,011	76,262	82,729	22,258	16,878	34,991
Current liabilities							
Trade and other creditors	20	28,582	33,584	45,941	10,843	2,500	3,736
Finance lease creditors	21	442	425	324	–	–	27
Bank borrowings	22	18,409	20,973	28,893	–	–	–
Provision for taxation		402	804	–	–	–	–
		47,835	55,786	75,158	10,843	2,500	3,763
Net current assets		24,176	20,476	7,571	11,415	14,378	31,228
Non-current liabilities							
Finance lease creditors	21	362	735	734	–	–	–
Bank borrowings	22	1,134	–	–	–	–	–
Deferred tax liabilities	23	–	40	40	–	–	–
		1,496	775	774	–	–	–
Net assets		52,768	52,867	42,603	42,466	37,432	42,363
Equity attributable to owners of the Company							
Share capital	25	176,955	176,955	165,447	176,955	176,955	165,447
Foreign currency translation reserve	26	(695)	(207)	–	–	–	–
Other reserves	27	410	198	–	–	–	–
Accumulated losses		(123,902)	(124,079)	(122,844)	(134,489)	(139,523)	(123,084)
Total equity		52,768	52,867	42,603	42,466	37,432	42,363

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(In Singapore Dollars)

	Attributable to owners of the Company				
	Share capital $'000	Foreign currency translation reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Group					
Balance as at 1 July 2018	176,955	(207)	198	(124,079)	52,867
Profit for the year	–	–	–	177	177
Other comprehensive income					
Foreign currency translation	–	(488)	–	–	(488)
Share of other comprehensive income of associate, net of tax	–	–	212	–	212
Total comprehensive income for the year	–	(488)	212	177	(99)
At 30 June 2019	176,955	(695)	410	(123,902)	52,768
Balance as at 1 July 2017 (FRS framework)	165,447	(28,241)	–	(94,603)	42,603
Cumulative effects of adopting SFRS(I) 1	–	28,241	–	(28,241)	–
Balance as at 1 July 2017 (SFRS(I) framework)	165,447	–	–	(122,844)	42,603
Loss for the year	–	–	–	(1,235)	(1,235)
Other comprehensive income					
Foreign currency translation	–	(207)	–	–	(207)
Share of other comprehensive income of associate, net of tax	–	–	198	–	198
Total comprehensive income for the year	–	(207)	198	(1,235)	(1,244)
Issuance of rights cum warrants	11,943	–	–	–	11,943
Share issuance expenses	(435)	–	–	–	(435)
Total transactions with owners	11,508	–	–	–	11,508
At 30 June 2018	176,955	(207)	198	(124,079)	52,867

Included in the Group's accumulated losses are certain profits of nil (2018: $7,000), which was set aside by the Group's Chinese subsidiary when it generated profits. The said profits are restricted in use as required by the relevant laws and regulations of the People's Republic of China.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(In Singapore Dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
At 1 July 2018	176,955	(139,523)	37,432
Profit for the year, representing total comprehensive income for the year	–	5,034	5,034
At 30 June 2019	176,955	(134,489)	42,466
At 1 July 2017	165,447	(123,084)	42,363
Loss for the year, representing total comprehensive income for the year	–	(16,439)	(16,439)
Issuance of rights cum warrants	11,943	–	11,943
Share issuance expenses	(435)	–	(435)
Total transactions with owners	11,508	–	11,508
At 30 June 2018	176,955	(139,523)	37,432

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(In Singapore Dollars)

	Group	
	2019	**2018**
	$'000	$'000
Cash flows from operating activities:		
Profit before tax	2,106	939
Adjustments for:		
Depreciation of furniture, fixtures and equipment	3,153	3,223
Share of results of associate, net of tax	1,673	3,056
Currency realignment	(46)	(833)
Loss on disposal of furniture, fixtures and equipment	900	445
Interest income	(256)	(222)
Interest expense	938	1,382
Provision for impairment in investment securities	–	167
Reversal for inventory obsolescence and inventories written off, net	(672)	(1,770)
Allowance for doubtful debts and bad debts written off	6	140
Operating cash flows before working capital changes	7,802	6,527
Decrease/ (Increase) in debtors	3,768	(699)
Increase in prepayments and advances	(78)	(62)
(Increase)/ Decrease in inventories	(93)	10,935
Decrease in creditors	(5,002)	(8,722)
Cash flows generated from operations	6,397	7,979
Interest received	36	–
Income tax paid	(2,143)	(413)
Net cash flows generated from operating activities	4,290	7,566
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	(3,086)	(2,740)
Proceeds from disposal of furniture, fixtures and equipment	192	543
Investment in associate	–	(1,356)
Net cash flows used in investing activities	(2,894)	(3,553)
Cash flows from financing activities:		
Proceeds from issuance of rights cum warrants	–	8,118
Share issuance expenses	–	(435)
Repayment of bank borrowings	(900)	(10,661)
Proceeds from bank borrowings	1,064	6,294
Repayment of obligations under finance leases	(440)	(403)
Interest paid	(938)	(1,382)
Net cash flows (used in)/ generated from financing activities	(1,214)	1,531
Net increase in cash and cash equivalents	182	5,544
Cash and cash equivalents at beginning of financial year	6,185	538
Net effect of exchange rate changes on opening cash and cash equivalents	(164)	103
Cash and cash equivalents at end of financial year (Note 28)	6,203	6,185

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

F J Benjamin Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and the principal place of business of the Company is located at 1 Jalan Kilang Timor, #07-01/02 Pacific Tech Centre, Singapore 159303.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 30 June 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 30 June 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 30 June 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 30 June 2019, together with comparative period data for the year ended 30 June 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheet were prepared as at 1 July 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 July 2018 are disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (continued)

Exemptions applied on adoption of SFRS(I)

SFRS (I) allows first-time adopters exemptions from retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 July 2017. The carrying amount of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-12 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 July 2017. As a result, an amount of $28,241,000 was adjusted against the opening retained earnings as at 1 July 2017.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 July 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 July 2018. Except for the impact arising from the exemptions applied as described above, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial instruments

On 1 July 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 July 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 July 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (continued)

SFRS(I) 9 Financial instruments (continued)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group previously measured its investments in unquoted equity securities at cost. Upon adoption of SFRS(I) 9, the Group measures the unquoted equity securities at FVPL. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. No additional impairment was recognised on the Group's financial assets upon application of the expected credit loss model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (continued)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 July 2018.

The Group is in the business of import, distribution and retail of consumer fashion wear, accessories and timepieces. There is no material impact to the Group upon adoption of SFRS(I) 15.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 July 2017 to the balance sheet of the Group.

(In Singapore Dollars)		Group	
	1 July 2017 (FRS)	**SFRS(I) 1 adjustments**	**1 July 2017 (SFRS(I))**
	$'000	$'000	$'000
Non-current assets	35,806	–	35,806
Current assets	82,729	–	82,729
Total assets	118,535	–	118,535
Current liabilities	75,158	–	75,158
Non-current liabilities	774	–	774
Total liabilities	75,932	–	75,932
Equity attributable to owners of the Company			
Share capital	165,447	–	165,447
Foreign currency translation reserve	(28,241)	28,241	–
Other reserves	–	–	–
Accumulated losses	(94,603)	(28,241)	(122,844)
Total equity	42,603	–	42,603

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 10 & SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 July 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

SFRS(I) 16 Leases (continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 July 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 on 1 July 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities of approximately $23,000,000 for its leases previously classified as operating leases.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Furniture, fixtures and equipment

All items of furniture, fixtures and equipment are initially recorded at cost. Subsequent to recognition, furniture, fixtures and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	– 3 to 10 years
Electrical installation and office equipment	– 6 to 7 years
Motor vehicles	– 5 years
Data processing equipment	– 3 years
Leasehold improvements	– 1 to 6 years

Assets under construction included in leasehold improvements are not depreciated as these assets are not yet available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Furniture, fixtures and equipment (continued)

The carrying values of furniture, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of furniture, fixtures and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

<u>De-recognition</u>

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

<u>Initial recognition and measurement</u>

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

<u>Subsequent measurement</u>

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

<u>De-recognition</u>

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when the counterparty fails to make contractual payments and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and demand deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the invoiced value of goods on a weighted average basis together with the related charges incurred in importing such goods. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as "Other income".

2.16 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.19 Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group assess its revenue arrangements to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the satisfaction of each performance obligation, which is usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Contract liability is recognised when the Group has not yet delivered the goods but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group satisfies the performance obligation.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Market support and administrative service income

Market support and administrative service income is recognised upon rendering of services.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(a) Current income tax (continued)

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Assessment of impairment of non-financial assets

The Group and Company assesses whether there are indicators of impairment for investment in subsidiaries, and investment in associate at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the recoverable amounts of the cash generating units which is determined based on the higher of fair value less cost to sell ("FVLCTS') and value-in-use ("VIU") methods. In determining the recoverable amounts of the cash generating units, the Group and Company evaluates, amongst other factors, the market and economic environment in which the cash generating units operate and the economic performance of these assets.

The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associate at 30 June 2019 was approximately $31,050,000 (30 June 2018: $23,054,000, 1 July 2017: $11,102,000) and $21,586,000 (30 June 2018: $22,609,000, 1 July 2017: $23,932,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(ii) Allowance for inventory obsolescence and net realisable value

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to the historical markdowns of inventory values, gross margin analysis, historical sales pattern of inventories and future sales expectations.

Inventories are stated at the lower of cost and net realisable value. The net realisable value is estimated based on the estimated average realisable value of each type of inventory. The carrying amount of the Group's inventories at 30 June 2019 was approximately $32,410,000 (30 June 2018: $31,645,000, 1 July 2017: $40,620,000).

(iii) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions. The Group's historical loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 29.

The carrying amount of trade receivables as at 30 June 2019 is $14,293,000 (30 June 2018: $17,447,000, 1 July 2017: $14,264,000).

4. GROUP COMPANIES

The subsidiaries as at 30 June are:

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 30 June 2019 %	30 June 2018 %	1 July 2017 %
	Held by the Company				
~	Fashion Dynamics International Pte Ltd [Singapore]	Investment holding company	100	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	100	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	100	100	100
~	F J Benjamin Ideas Pte Ltd [Singapore]	Investment holding company	100	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100	100
@	F J Benjamin (H.K.) Limited [Hong Kong]	Dormant	100	100	100
*	BMI (Hong Kong) Limited [Hong Kong]	Dormant	–	–	100
@	Ferro Designs Limited [Hong Kong]	Investment holding company	100	100	100
*	F J Benjamin (Taiwan) Ltd [Taiwan]	Dormant	–	–	100
*	FJ Benjamin (Aust) Pty Ltd [Australia]	Dormant	–	–	100
+	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	100	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 30 June 2019 %	30 June 2018 %	1 July 2017 %
	Held through subsidiaries				
~	Nootrees Pte Ltd [Singapore]	Dormant	100	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Dormant	100	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	100	100	100
~	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Dormant	100	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Dormant	100	100	100
***	F J Benjamin Timepieces (HK) Limited [Hong Kong]	Wholesale and retail of watches and accessories	100	–	–
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100	100
^	Fashion Dynamics (Shenzhen) Co. Ltd. [People's Republic of China]	Dormant	–	–	100
**	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Dormant	–	100	100
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Dormant	100	100	100
+	F J Benjamin Italy S.R.L. [Italy]	Dormant	100	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 30 June 2019 %	30 June 2018 %	1 July 2017 %
	Held through subsidiaries (continued)				
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear, timepieces and accessories	100	100	100

~ Audited by Ernst & Young LLP, Singapore.
# Audited by member firms of Ernst & Young Global in the respective countries.
+ Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
^ Sold to a related party during the financial year ended 30 June 2018.
* Struck off during the financial year ended 30 June 2018.
** Struck off during the financial year ended 30 June 2019.
*** Newly incorporated during the financial year ended 30 June 2019.
@ Audited by YATA Certified Public Accountants, Hong Kong.

5. REVENUE

Revenue of the Group represents the invoiced value of sale of goods to external customers.

	Group	
Timing of transfer of goods	**2019** $'000	**2018** $'000
At a point in time	131,509	165,981

(a) Disaggregation of revenue

The Group has determined that disaggregation of revenue using existing segments and geographical markets meet the disclosure objective of SFRS(I) 15.114. Information regarding operating segments is disclosed in Note 31.

(b) Contract liabilities

	Group		
	30 June 2019 $'000	**30 June 2018** $'000	**1 July 2017** $'000
Contract liabilities (Note 20)	47	28	–

5. REVENUE (CONTINUED)

(b) Contract liabilities (continued)

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of gift vouchers and loyalty programme.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:

	Group	
	2019	2018
	$'000	$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	28	–

6. OTHER (EXPENSES)/ INCOME, NET

	Group	
	2019	2018
	$'000	$'000
Market support and administrative service income (Note 35)	450	450
Government grants [1]	116	296
Loss on disposal of furniture, fixtures and equipment	(900)	(445)
Write back of payables and accruals	101	22
Reversal of provision for restoration cost (Note 20)	11	484
Provision for impairment in investment securities (Note 17)	–	(167)
Reversal of provision for restructuring costs (Note 20)	–	189
Others	68	331
	(154)	1,160

(1) Comprise mainly grant income received by the Group under Wage Credit Scheme and Temporary Credit Scheme.

7. STAFF COSTS

	Group	
	2019	2018
	$'000	$'000
Salaries and bonuses	14,484	17,882
Provident fund contributions	2,419	2,975
Other short term benefits	4,474	4,990
	21,377	25,847

8. TOTAL COSTS AND EXPENSES

The following items have been included in arriving at total costs and expenses:

	Group	
	2019	**2018**
	$'000	$'000
Audit fees:		
– Auditors of the Company	240	255
– Other auditors	41	57
Non-audit fees:		
– Auditors of the Company	119	198
– Other auditors	34	16
Write-back of allowance for inventory obsolescence, net (Note 16)	(683)	(2,115)
Inventories written down (Note 16)	11	345
Allowance for doubtful debts, net	6	57
Bad debts written off	–	83
Rental of equipment	111	133
Outlet related expenses	2,748	3,125
Transportation and accommodation expenses	715	737
Utilities	616	823
Freight, warehousing, handling and shipping costs *	4,317	5,096
Discounts allowed	115	177
Royalties	335	334
Professional and legal fees	480	788
Samples/repairs of inventories	(84)	(59)
Repair and maintenance	661	827

* Included fees paid to third party warehousing and logistic provider.

9. INTEREST EXPENSE

	Group	
	2019	**2018**
	$'000	$'000
Interest expense on:		
– Bank borrowings	862	1,316
– Finance leases	76	66
	938	1,382

10. INCOME TAX EXPENSES

Major components of income tax expense

The major components of income tax expense for financial years ended 30 June are:

	Group	
	2019	2018
	$'000	$'000
Current income tax:		
– Current tax	1,942	1,836
– (Over)/ under provision in respect of prior years	(129)	23
Deferred income tax:		
– Movements in temporary differences	156	194
– (Over)/ under provision in respect of prior years	(40)	121
Income tax expense recognised in profit or loss	1,929	2,174

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2019 and 2018 is as follows:

	Group	
	2019	2018
	$'000	$'000
Profit before share of results of associate and before tax	3,779	3,995
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,119	1,008
Adjustments:		
Income not subjected to tax	(144)	(258)
Expenses not deductible for tax purposes	767	895
Effect of partial tax exemption and relief	–	(213)
Deferred tax assets not recognised	356	598
(Over)/ under provision in respect of prior years	(169)	144
Income tax expense recognised in profit or loss	1,929	2,174

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 30 June 2019, certain subsidiaries had unutilised tax losses of approximately $78.1 million (2018: $76.2 million) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

11. EARNINGS/ (LOSS) PER SHARE

The basic earnings/ (loss) per share amounts are calculated by dividing the profit/ (loss) for the financial year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/ (loss) per share amounts are calculated by dividing profit/ (loss) for the financial year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit/ (loss) and share data used in the computation for basic and diluted earnings/ (loss) per share for the financial years ended 30 June:

	Group	
	2019	**2018**
	$'000	$'000
Net profit/ (loss) for the financial year attributable to owners of the Company used in the computations of basic and diluted earnings/ (loss) per share	177	(1,235)
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings/ (loss) per share computation	909,936	671,354

For the financial year ended 30 June 2018, the weighted average number of shares have been restated to reflect the effect of the rights issue. Refer to Note 25 for details.

The Company's warrants are not included in the calculation of diluted earnings/ (loss) per share above because they are antidilutive for the financial years presented.

12. Furniture, fixtures and equipment

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost						
At 1 July 2017	2,441	3,073	1,046	3,326	36,023	45,909
Currency realignment	3	77	11	55	900	1,046
Additions	178	139	–	167	2,709	3,193
Disposals	(863)	(1,240)	(165)	(969)	(16,880)	(20,117)
At 30 June 2018 and 1 July 2018	1,759	2,049	892	2,579	22,752	30,031
Currency realignment	(5)	(44)	(7)	(35)	(522)	(613)
Additions	81	178	–	58	2,888	3,205
Disposals	(329)	(214)	–	(118)	(3,009)	(3,670)
At 30 June 2019	1,506	1,969	885	2,484	22,109	28,953
Accumulated depreciation and impairment loss						
At 1 July 2017	2,330	2,501	1,043	3,199	26,705	35,778
Currency realignment	2	56	11	53	562	684
Charge for the financial year	43	190	3	95	2,892	3,223
Impairment loss utilised during the year	(1)	(38)	–	–	(532)	(571)
Disposals	(850)	(1,134)	(165)	(969)	(15,440)	(18,558)
At 30 June 2018 and 1 July 2018	1,524	1,575	892	2,378	14,187	20,556
Currency realignment	(5)	(31)	(7)	(33)	(338)	(414)
Charge for the financial year	66	158	–	112	2,817	3,153
Disposals	(286)	(165)	–	(117)	(2,010)	(2,578)
At 30 June 2019	1,299	1,537	885	2,340	14,656	20,717
Net carrying amount						
At 30 June 2019	207	432	–	144	7,453	8,236
At 30 June 2018	235	474	–	201	8,565	9,475
At 1 July 2017	111	572	3	127	9,318	10,131

<u>Assets under construction</u>

The Group's leasehold improvements included $312,000 (30 June 2018: $34,000, 1 July 2017: $340,000) which relate to expenditure for retail outlets in the course of renovation.

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

Company	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost						
At 1 July 2017	139	395	397	34	2,552	3,517
Additions	–	–	–	3	–	3
Disposal	(139)	(162)	–	(5)	(2,504)	(2,810)
At 30 June 2018 and 1 July 2018	–	233	397	32	48	710
Additions	–	–	–	2	–	2
At 30 June 2019	–	233	397	34	48	712
Accumulated depreciation and impairment loss						
At 1 July 2017	111	390	397	34	2,552	3,484
Charge for the financial year	–	5	–	1	–	6
Disposal	(111)	(162)	–	(3)	(2,504)	(2,780)
At 30 June 2018 and 1 July 2018	–	233	397	32	48	710
Charge for the financial year	–	–	–	1	–	1
At 30 June 2019	–	233	397	33	48	711
Net carrying amount						
At 30 June 2019	–	–	–	1	–	1
At 30 June 2018	–	–	–	–	–	–
At 1 July 2017	28	5	–	–	–	33

Assets under finance lease

During the financial year, the Group acquired plant and equipment amounting to $3,205,000 (2018: $3,193,000) of which $119,000 (2018: $453,000) were acquired by way of finance lease agreements.

The carrying amount of furniture, fixtures and equipment held under finance lease at the reporting period were $1,248,000 (30 June 2018: $1,492,000, 1 July 2017: $1,027,000).

Assets pledged as security

Leased assets are pledged as security for the related finance lease liabilities.

There were no other assets pledged as security for bank facilities as at 30 June 2019, 30 June 2018 and 1 July 2017.

13. SUBSIDIARIES

	Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Investment in subsidiaries:			
Unquoted shares, at cost	73,450	73,450	99,912
Impairment losses	(64,934)	(64,934)	(91,396)
	8,516	8,516	8,516
Receivables from subsidiaries:			
Loans receivable, unsecured	–	11,010	14,152
Other receivables	127,088	109,100	34,536
Accrual for financial undertakings	(440)	(1,461)	(3,254)
	126,648	118,649	45,434
Allowance for doubtful debts	(104,114)	(104,111)	(42,848)
	22,534	14,538	2,586
	31,050	23,054	11,102
Movement in allowance account:			
At 1 July	104,111	42,848	55,822
Allowance for the financial year	39	17,221	8,115
Transfer of allowance (Note 19)	–	47,629	–
Reversal of allowance in prior years	(36)	–	(18)
Written off against allowance	–	(3,587)	(21,071)
At 30 June	104,114	104,111	42,848

Details of the subsidiaries are set out at Note 4. During the financial year, management performed an impairment test for its investment in subsidiaries. In 2017, the Company recognised impairment loss of $1,138,000 to write down the investment in subsidiaries to their recoverable amounts.

During the financial year ended 30 June 2018, the Group struck off its subsidiaries, namely BMI (Hong Kong) Limited, F J Benjamin (Taiwan) Ltd and F J Benjamin (Aust) Pty Ltd amounting to $26,462,000. The cost of these investments have been fully impaired in prior year.

At the end of the reporting period, the Company has provided an allowance of $39,000 (30 June 2018: $17,221,000, 1 July 2017: $8,115,000) for impairment of receivables due from its subsidiaries. In addition, the Company has written off receivables of nil (30 June 2018: $3,587,000, 1 July 2017: $21,071,000) due from subsidiaries that are struck off during the financial year and to be struck off within the next one year.

Receivables from subsidiaries represent part of net investment are unsecured and non-interest bearing. Settlement of the amounts due are neither planned nor likely to occur in the foreseeable future and they are repayable only when the cash flow of the subsidiaries permit. Accrual for financial undertakings relates to the financial support given to certain subsidiaries.

13. SUBSIDIARIES (CONTINUED)

The Company has undertaken not to recall amounts receivable from certain subsidiaries amounting to $127,088,000 (30 June 2018: $109,100,000, 1 July 2017: $34,536,000) until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

In the financial year ended 30 June 2018, Fashion Dynamics HK Ltd, the indirect wholly-owned subsidiary of the Company, has sold its entire shareholdings, comprising of 50,000 shares in Fashion Dynamics (Shenzhen) Co. Ltd to Estair Private Ltd, a related party, for a consideration of $24,000. There is no gain or loss arising from this disposal. The related party is owned by Odile Benjamin, the wife of Douglas Jackie Benjamin. The directors of the related party are Odile Benjamin and Karen Chong Mee Keng. Further to the disposal, Fashion Dynamics (Shenzhen) Co. Ltd is no longer a subsidiary of the Company.

14. INVESTMENT IN ASSOCIATE

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000
Cost of investment in associate	1,172	1,172	325
Share of post-acquisition reserves	(4,663)	(3,202)	(344)
Currency realignment	(1,761)	(1,750)	(1,929)
	(5,252)	(3,780)	(1,948)
Long-term interests, representing part of the Group's net investment in associate:			
Mandatory convertible bonds, representing investment in associate	29,862	29,862	29,862
Other receivables	958	509	–
Less: Provision for impairment	(3,982)	(3,982)	(3,982)
	26,838	26,389	25,880
PT Gilang Agung Persada and its subsidiaries	21,586	22,609	23,932

The investment in associate relates to a 50% (30 June 2018: 50%, 1 July 2017: 50%) interest in an Indonesia-incorporated company, PT Gilang Agung Persada and its subsidiaries, whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities.

On 24 July 2014, the Group entered into an agreement with its Indonesian associate to subscribe for $39.9 million of mandatory convertible bonds issued by the associate. Consideration was satisfied by the offsetting of trade and other debts due from that associate. On 11 August 2014, $10.0 million of these bonds were sold to Indonesian investors, PT Saratoga Investama Sedaya Tbk and its co-investors for an aggregate consideration of US$18.0 million. As at 30 June 2019, 30 June 2018 and 1 July 2017, the Group holds $29.9 million of these bonds, which are entirely denominated in Indonesian Rupiah.

14. INVESTMENT IN ASSOCIATE (CONTINUED)

The mandatory convertible bonds bear interest at 8% per annum up to the date of conversion. During the financial year ended 30 June 2016, the Indonesian associate issued a revision to the terms relating to the interest to be paid on the mandatory convertible bonds, stating that with effect from 1 July 2015, all interest arising shall accrue and accumulate and shall be converted into principal and such principal shall be paid on date of conversion by way of an issuance of the fixed underlying shares of the associate.

The bonds shall be converted to shares of the associate at the earlier of (i) the initial public offering of the associate; or (ii) 30 June 2018 or such other date as may be agreed. During the financial year ended 30 June 2018, the parties agreed to extend the conversion date relating to (ii) to 31 January 2020 or such other dates as may be agreed.

During the financial year ended 30 June 2018, the Group injected an additional share capital of $847,000 into PT Gilang Agung Persada and its subsidiaries.

Other receivables represent part of net investment are unsecured and non-interest bearing. Settlement of the amounts due are neither planned nor likely to occur in the foreseeable future and they are repayable only when the cash flow of the associate permit.

Management performed an impairment test to calculate the recoverable amount of the investment in light of the declined operating performance and the declined net assets of the associate in the financial year. An impairment loss of nil (30 June 2018: nil, 1 July 2017: $3,982,000) has been recognised in income statement.

The entity is audited by an associated firm of Moore Stephens International Limited.

The summarised aggregated financial information of PT Gilang Agung Persada and its subsidiaries, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	30 June 2019 $'000	**30 June 2018** $'000	**1 July 2017** $'000
Summarised balance sheet			
Current assets	61,882	63,515	78,359
Non-current assets	13,749	16,012	15,217
Total assets	75,631	79,527	93,576
Current liabilities	54,455	53,981	60,200
Non-current liabilities	2,085	4,492	6,250
Total liabilities	56,540	58,473	66,450
Net assets	19,091	21,054	27,126
Less: mandatory convertible bonds	29,595	28,614	31,022
Net liabilities of the associated company	(10,504)	(7,560)	(3,896)

14. INVESTMENT IN ASSOCIATE (CONTINUED)

	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Proportion of Group's ownership	50%	50%	50%
Group's share of net liabilities	(5,252)	(3,780)	(1,948)
Carrying amount of the investment	(5,252)	(3,780)	(1,948)

Summarised statement of comprehensive income

	2019 $'000	2018 $'000
Revenue	88,318	107,474
Loss after tax	(3,347)	(6,112)
Other comprehensive income	424	396
Total comprehensive income	(2,923)	(5,716)

The activities of PT Gilang Agung Persada and its subsidiaries are strategic to the Group's activities. No dividends were received from PT Gilang Agung Persada and its subsidiaries during the financial years ended 30 June 2019 and 30 June 2018.

15. OTHER RECEIVABLES

		Group	
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Sales tax refunds receivable	–	648	1,024

Sales tax refunds receivable from a subsidiary's tax authority is non-interest bearing and is collectible more than one year. These balances are to be settled in cash.

16. INVENTORIES

	Group		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Trading stocks:			
On hand	28,569	28,196	37,500
On consignment	1,104	1,071	523
In transit	2,737	2,378	2,597
Total inventories at lower of cost and net realisable value	32,410	31,645	40,620
Inventories recognised as an expense in cost of sales	63,852	86,623	117,652
Write-back of allowance for inventory obsolescence charged to the income statement, net	(683)	(2,115)	(2,164)
Inventories written down charged to the income statement	11	345	1,631

The write-back of allowance for inventory obsolescence was made when the related inventories were sold above their carrying amounts during the year.

17. INVESTMENT SECURITIES

Upon adoption of SFRS(I) 9, the Group's measures its investment in unquoted equity securities at fair value through profit or loss.

Financial instruments as at 30 June 2019

	Group 30 June 2019 $'000
At fair value through profit or loss	
Equity instruments (unquoted)	–

Financial instruments as at 30 June 2018 and 1 July 2017

	Group	
	30 June 2018 $'000	1 July 2017 $'000
Available-for-sale financial assets		
Unquoted equity investments, at cost	167	167
Less: Provision for impairment	(167)	–
	–	167

During the financial year ended 30 June 2018, the Company recognised an impairment loss of $167,000 as the investee has ceased its main operations and is unlikely to be recoverable.

18. TRADE DEBTORS

	Group		
	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000
External trade debtors	2,647	3,089	4,380
Trade debts due from associate	11,646	14,358	9,884
	14,293	17,447	14,264
Allowance for doubtful debts charged to the income statement	6	100	16

Trade debtors are non-interest bearing and are generally on 60 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade debts due from associate are non-interest bearing and are generally on 60 days' terms.

Receivables that are past due but not impaired

As at 30 June 2018, the Group has trade receivables amounting to $14,303,000 (1 July 2017: $9,000,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2018	2017
	$'000	$'000
Within 30 days	1,480	1,472
31 to 60 days	580	1,044
61 to 90 days	1,223	855
More than 90 days	11,020	5,629
	14,303	9,000

18. TRADE DEBTORS (CONTINUED)

Receivables that are impaired

The Group's trade debtors that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	30 June 2018	**1 July 2017**
	$'000	$'000
Trade debtors – nominal amounts	111	132
Allowance for impairment	(111)	(132)
	–	–
Movement in allowance accounts:		
At 1 July	132	128
Allowance for the financial year	100	16
Allowance utilised	(121)	(12)
At 30 June	111	132

Trade debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group
	30 June 2019
	$'000
Movement in allowance accounts:	
At 1 July	111
Allowance for the financial year	6
Allowance utilised	(11)
At 30 June	106

19. OTHER DEBTORS

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Other receivables	1,978	1,497	1,966	330	51	30
Sales tax refunds receivable	677	913	613	–	–	–
Deposits	2,233	2,190	3,539	6	6	72
Due from subsidiaries	–	–	–	18,828	13,930	31,563
Due from associate	6,564	7,156	7,664	5	70	87
Derivative financial assets	–	6	6	–	–	–
	11,452	11,762	13,788	19,169	14,057	31,752

Other receivables and amounts due from associate are non-trade related, non-interest bearing and unsecured.

Sales tax refunds receivable from a subsidiary's tax authority is non-interest bearing and is collectible within one year. These balances are to be settled in cash.

Derivative financial assets relate to the fair value change of forward currency contracts.

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

The Group's and the Company's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

Receivables that are impaired

	Group Individually impaired		Company Individually impaired	
	30 June 2018	**1 July 2017**	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts	107	154	11,574	59,203
Allowance for impairment	(107)	(154)	(11,574)	(59,203)
	–	–	–	–
Movement in allowance accounts:				
At 1 July	154	573	59,203	52,338
(Reversal)/ allowance for the financial year	(43)	–	–	6,865
Transfer of allowance (Note 13)	–	–	(47,629)	–
Utilised	(5)	(417)	–	–
Exchange differences	1	(2)	–	–
At 30 June	107	154	11,574	59,203

19. OTHER DEBTORS (CONTINUED)

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The movement in allowance for expected credit losses of other receivables computed based on 12-month ECL are as follows:

	Group 30 June 2019	Company 30 June 2019
Movement in allowance accounts:		
At 1 July	107	11,574
Reversal for the financial year	–	(103)
At 30 June	107	11,471

20. TRADE AND OTHER CREDITORS

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Trade creditors	14,666	18,444	19,711	–	–	–
Accruals	4,651	5,173	5,468	1,873	911	582
Provisions	767	893	5,182	–	–	–
Sundry creditors	5,453	7,661	11,047	651	398	278
Loans due to shareholders and directors	2,835	1,385	4,361	–	–	1,800
Contract liabilities (Note 5)	47	28	–	–	–	–
Derivative financial liabilities	18	–	–	–	–	–
Due to subsidiaries	–	–	–	8,319	1,191	1,076
Due to associate	145	–	172	–	–	–
	28,582	33,584	45,941	10,843	2,500	3,736

Trade creditors and sundry creditors are non-interest bearing and are generally on 60 to 90 days' terms.

The amounts due to subsidiaries and associate are non-trade related, unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

Loans due to shareholders and directors are unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

20. TRADE AND OTHER CREDITORS (CONTINUED)

Movement in provision accounts:

	Restoration cost $'000
At 1 July 2018	893
Provided during the year	75
Utilisation	(176)
Provision no longer required	(11)
Exchange differences	(14)
At 30 June 2019	767

	Restoration cost $'000	**Onerous leases** $'000	**Restructuring cost** $'000	**Total** $'000
At 1 July 2017	1,778	3,215	189	5,182
Provided during the year	289	–	–	289
Utilisation	(711)	(3,215)	–	(3,926)
Provision no longer required	(484)	–	(189)	(673)
Exchange differences	21	–	–	21
At 30 June 2018	893	–	–	893

Provision for restoration cost is the estimated costs of restoring leasehold premises, retail outlets and warehouse, which are capitalised as part of leasehold improvements and amortised over the remaining leasehold periods.

Management had taken the decision during financial year 2017 not to renew the agreements for the distributorship of two franchise brands. These agreements expired during financial year 2018. Accordingly, the obligation for the committed lease rental payments in the lease agreements of the retail stores of these brands, net of expected operating income, had been provided as onerous lease provision for the financial year ended 30 June 2017.

21. FINANCE LEASE CREDITORS

The Group has entered into various finance lease facilities for its motor vehicles and leasehold improvements. These leases expire in one to four years and are secured by a charge over the leased assets (Note 12). Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of minimum lease payments are as follows:						
Not later than one year	442	425	324	–	–	27
Later than one year but not later than five years	362	735	734	–	–	–
Total present value of minimum lease payments	804	1,160	1,058	–	–	27
Future minimum lease repayments are as follows:						
Not later than one year	517	499	376	–	–	28
Later than one year but not later than five years	424	861	858	–	–	–
Total future minimum lease payments	941	1,360	1,234	–	–	28
Amount representing interest	(137)	(200)	(176)	–	–	(1)
	804	1,160	1,058	–	–	27

22. BANK BORROWINGS

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000
<u>Current</u>			
Bank overdrafts (Note 28)	1,519	3,113	6,666
Trust receipts and bills payable	12,630	11,566	22,227
Term loans	4,260	6,294	–
	18,409	20,973	28,893
<u>Non-current</u>			
Term loans	1,134	–	–
	19,543	20,973	28,893

22. BANK BORROWINGS (CONTINUED)

Corporate guarantees are given by the Company amounting to approximately $45,958,000 (30 June 2018: $50,586,000, 1 July 2017: $98,853,000) for facilities granted to certain subsidiaries and associate.

As at 30 June 2019, the Group's secured term loan of $2,394,000 (30 June 2018 and 1 July 2017: nil) is secured by second legal mortgage over a personal property of a Director of the Group and personal guarantees from certain Directors of the Group.

Term loans and bank overdrafts

The term loans bore interest at rates that ranged from 3.48% to 5.00% (30 June 2018: 2.91% to 3.18%, 1 July 2017: 4.94% to 6.75%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 5.25% to 8.49% (30 June 2018: 4.25% to 9.53%, 1 July 2017: 4.25% to 9.10%) per annum during the financial year.

Trust receipts and bills payable

The trust receipts and bills payable bear interest at rates that ranged from 2.25% to 6.22% (30 June 2018: 2.00% to 6.20%, 1 July 2017: 1.50% to 6.31%) per annum during the financial year. The Group's credit facilities are subject to certain terms and conditions, including compliance with debt covenants. Management monitors and assesses its debt covenants for all its loans and borrowings periodically.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	1 July 2018	**Cash flows**	**Acquisition of furniture, fixtures and equipment**	**Foreign exchange movement**	**Other**	**30 June 2019**
	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	6,294	(900)	–	–	–	5,394
Trust receipts and bills payable	11,566	1,064	–	–	–	12,630
Obligations under finance leases						
– current	425	(440)	27	(12)	442	442
– non-current	735	–	92	(23)	(442)	362
Total	19,020	(276)	119	(35)	–	18,828

The 'other' column relates to reclassification of non-current portion of obligations under finance leases due to passage of time.

23. DEFERRED TAXATION

	Group				
	Consolidated balance sheet			Consolidated income statement	
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000
Gross deferred tax liabilities:					
Depreciation	(170)	(214)	(40)	(37)	174
	(170)	(214)	(40)		
Gross deferred tax assets:					
Provisions	436	608	483	153	(97)
Depreciation	–	–	156	–	156
Unutilised tax losses	–	–	80	–	82
	436	608	719	116	315

	Group		
	Consolidated balance sheet		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Presented after appropriate offsetting as follows:			
Deferred tax assets	266	434	719
Deferred tax liabilities	–	(40)	(40)
	266	394	679

Unrecognised temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, no deferred tax liability (30 June 2018 and 1 July 2017: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's investments as:

– the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and

– the Group's investment in associate is held by a wholly-owned subsidiary in the same tax jurisdiction, and the Group has determined that undistributed profit of the subsidiary will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to $12,058,000 (30 June 2018: $12,059,000, 1 July 2017: $18,007,000). The deferred tax liability is estimated to be $1,206,000 (30 June 2018: $1,206,000, 1 July 2017: $2,194,000).

24. LOAN TO RELATED PARTY OF ASSOCIATE

The loan to related party of associate is secured by shares in the associate, bears interest at 4.0% per annum and is repayable on 11 August 2016. During the financial year, the repayment date has been extended to earlier of 9 June 2020 or the date of Initial Public Offering of PT Gilang Agung Persada. The loan is to be settled in cash.

25. SHARE CAPITAL

	Group and Company			
	2019 No. of shares '000	2019 $'000	2018 No. of shares '000	2018 $'000
<u>Ordinary shares issued and fully paid</u>				
At 1 July	909,936	176,955	568,710	165,447
Issuance of rights cum warrants	–	–	341,226	11,943
Share issuance expenses	–	–	–	(435)
At 30 June	909,936	176,955	909,936	176,955

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares at $0.035 per new share and 682,451,828 free detachable warrants to its shareholders. Each warrants carries the rights to subscribe one new ordinary share in the capital of the Company at an exercise price of $0.04 per warrant for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and the date of expiry immediately preceding the third anniversary of the date of issue of the warrants. The newly issued shares ranked pari passu in all respects with the previously issued shares. During the financial year, nil warrants were exercised.

26. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency, and the translation of monetary items that in substance forms part of the Company's net investment in the foreign operations.

27. OTHER RESERVES

Other reserves comprises share of movements in the net defined benefits plan liabilities of associate resulting from re-measurements at each year end.

28. CASH AND CASH EQUIVALENTS

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Cash on hand and at banks	7,722	9,298	7,204	3,039	2,796	3,236

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000
Cash on hand and at banks	7,722	9,298	7,204
Bank overdrafts (Note 22)	(1,519)	(3,113)	(6,666)
	6,203	6,185	538

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by management. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade debtors, other debtors and loan to a related party of associate. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

The Group manages its credit risk through application of credit approvals, credit limits and monitoring procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Internal credit rating

– External credit rating

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

– Actual or expected significant changes in the operating results of the debtor

– Significant increases in credit risk on other financial instruments of the same debtor

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payments.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the debtor

– A breach of contract, such as a default of past due event

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The Group categorises a loan or receivable for potential write-off when the receivable remains uncollectible after all reasonable collection efforts have been exhausted. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade debtors

The Group provides for lifetime expected credit losses for trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using the provision matrix:

30 June 2019	Current S'000	More than 30 days past due S'000	More than 60 days past due S'000	More than 90 days past due S'000	Total S'000
Gross carrying amount	5,086	174	142	8,997	14,399
Loss allowance provision	–	–	–	(106)	(106)
	5,086	174	142	8,891	14,293

Information regarding loss allowance movement of trade debtors are disclosed in Note 18 (Trade debtors).

Other debtors and loan to related party of associate

The Company assessed the latest performance and financial position of other debtors and related party of associate, adjusted for the future outlook of the industry in which the counterparties operate in. Accordingly, the Company measured the impairment loss allowance using general approach of ECL and determined that the ECL is insignificant.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and

– $45,958,000 (30 June 2018: $50,586,000, 1 July 2017: $98,853,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associate.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly.

Credit risk concentration profile

The Group has (i) approximately 81% (30 June 2018: 82%, 1 July 2017: 69%) of the trade receivables due from an associate in Indonesia and (ii) approximately 17% (30 June 2018: 15%, 1 July 2017: 15%) of the financial assets due from a related party of an associate in Indonesia.

Financial assets that are neither past due nor impaired

Trade and other debtors and loan to related party of associate that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash on hand and at banks and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade debtors) and Note 19 (Other debtors).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from bank borrowings which are subject to floating interest rates and are re-priced at intervals of less than one year.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts, and interest rate economic effect of converting borrowings from fixed rates to floating rates or vice versa.

The effect of a reasonably possible increase in interest rates in each type of currency financial instrument, with all other variables held constant, would increase the profit before tax by the amounts shown below.

	Group			
	Basis points		Decrease in profit before tax	Decrease in profit before tax
	2019	2018	2019	2018
			$'000	$'000
Singapore dollar borrowings	75	75	(58)	(83)
Malaysian dollar borrowings	75	75	(60)	(64)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its liquidity risk by maintaining a healthy balance of cash and cash equivalents and an adequate amount of committed credit facilities.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2019				
Financial assets:				
Loan to related party of associate	5,720	–	–	5,720
Trade debtors	14,293	–	–	14,293
Other debtors	11,452	–	–	11,452
Derivative financial assets	–	–	–	–
Cash on hand and at banks	7,722	–	–	7,722
Total undiscounted financial assets	39,187	–	–	39,187
Financial liabilities:				
Trade and other creditors	27,750	–	–	27,750
Finance lease creditors	517	424	–	941
Derivative financial liabilities	18	–	–	18
Bank borrowings	19,229	1,191	–	20,420
Total undiscounted financial liabilities	47,514	1,615	–	49,129
Total net undiscounted financial liabilities	(8,327)	(1,615)	–	(9,942)
30 June 2018				
Financial assets:				
Other receivables	–	648	–	648
Loan to related party of associate	5,720	–	–	5,720
Trade debtors	17,447	–	–	17,447
Other debtors	11,756	–	–	11,756
Derivative financial assets	6	–	–	6
Cash on hand and at banks	9,298	–	–	9,298
Total undiscounted financial assets	44,227	648	–	44,875
Financial liabilities:				
Trade and other creditors	32,663	–	–	32,663
Finance lease creditors	499	861	–	1,360
Bank borrowings	21,853	–	–	21,853
Total undiscounted financial liabilities	55,015	861	–	55,876
Total net undiscounted financial liabilities	(10,788)	(213)	–	(11,001)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
1 July 2017				
Financial assets:				
Investment securities	167	–	–	167
Other receivables	–	1,024	–	1,024
Loan to related party of associate	5,720	–	–	5,720
Trade debtors	14,264	–	–	14,264
Other debtors	13,782	–	–	13,782
Derivative financial assets	6	–	–	6
Cash on hand and at banks	7,204	–	–	7,204
Total undiscounted financial assets	41,143	1,024	–	42,167
Financial liabilities:				
Trade and other creditors	40,759	–	–	40,759
Finance lease creditors	376	858	–	1,234
Bank borrowings	30,204	–	–	30,204
Total undiscounted financial liabilities	71,339	858	–	72,197
Total net undiscounted financial (liabilities)/ assets	(30,196)	166	–	(30,030)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2019				
Financial assets:				
Subsidiaries	–	–	22,974	22,974
Other debtors	19,169	–	–	19,169
Cash on hand and at banks	3,039	–	–	3,039
Total undiscounted financial assets	22,208	–	22,974	45,182
Financial liabilities:				
Trade and other payables	10,843	–	–	10,843
Total undiscounted financial liabilities	10,843	–	–	10,843
Total net undiscounted financial assets	11,365	–	22,974	34,339
30 June 2018				
Financial assets:				
Subsidiaries	–	–	15,999	15,999
Other debtors	14,057	–	–	14,057
Cash on hand and at banks	2,796	–	–	2,796
Total undiscounted financial assets	16,853	–	15,999	32,852
Financial liabilities:				
Trade and other payables	2,500	–	–	2,500
Total undiscounted financial liabilities	2,500	–	–	2,500
Total net undiscounted financial assets	14,353	–	15,999	30,352

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
1 July 2017				
Financial assets:				
Subsidiaries	–	–	5,840	5,840
Other debtors	31,752	–	–	31,752
Cash on hand and at banks	3,236	–	–	3,236
Total undiscounted financial assets	34,988	–	5,840	40,828
Financial liabilities:				
Trade and other payables	3,736	–	–	3,736
Finance lease creditors	28	–	–	28
Total undiscounted financial liabilities	3,764	–	–	3,764
Total net undiscounted financial assets	31,224	–	5,840	37,064

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2019				
Financial guarantee	440	–	–	440
30 June 2018				
Financial guarantee	1,461	–	–	1,461
1 July 2017				
Financial guarantee	3,254	–	–	3,254

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The Group seeks to maintain a natural hedge through the matching of liabilities against assets in the same currency or against the entity's functional currency. Where appropriate, the Group engages in foreign currency forward contracts to reduce exposure from currency fluctuations.

The table below summarised the Group's and Company's exposure to the significant foreign currencies balances at the end of the reporting period.

	USD $'000	CHF $'000	EURO $'000	SGD $'000	HKD $'000	IDR $'000	GBP $'000
Group							
2019							
Trade and other receivables	12,347	1	406	27,772	–	–	–
Trade and other payables	9,531	468	2,408	26	7,265	4,224	1,292
Net borrowings	(1,225)	(159)	(2,133)	–	–	–	(1,134)
30 June 2018							
Trade and other receivables	10,802	1	494	24,754	418	–	–
Trade and other payables	13,629	293	1,731	–	6,714	4,180	2,094
Net borrowings	(1,587)	(130)	(375)	–	–	–	(548)
1 July 2017							
Trade and other receivables	12,737	–	416	19,763	182	–	–
Trade and other payables	15,431	509	1,370	24	5,863	5,919	1,756
Net borrowings	(2,694)	(298)	(2,657)	–	–	–	(1,458)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

	AUD $'000	HKD $'000	EURO $'000
Company			
2019			
Other receivables	171	26,318	36
30 June 2018			
Other receivables	182	26,393	38
1 July 2017			
Other receivables	190	26,462	38

The following table demonstrates the sensitivity to a reasonably possible change in the major foreign currencies that the Group is exposed to, with all other variables held constant.

	2019		2018	
	Changes	Profit before tax increase/(decrease) $'000	Changes	Profit before tax increase/(decrease) $'000
USD	+5%	80	+5%	(221)
CHF	+5%	(31)	+5%	(21)
EURO	+5%	(207)	+5%	(81)
SGD	+5%	1,387	+5%	1,238
HKD	+5%	(363)	+5%	(315)
IDR	+5%	(211)	+5%	(209)
GBP	+5%	(121)	+5%	(132)

The weakening of the above currencies with the same percentage point changes result in an opposite change to the profit/(loss) before tax with the same quantum.

30. FINANCIAL INSTRUMENTS

Carrying value of assets and liabilities

The carrying amounts of financial assets and liabilities are as follows:

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Loans and receivables						
Subsidiaries	–	–	–	22,974	15,999	5,840
Loan to related party of associate	5,500	5,500	5,500	–	–	–
Trade debtors	14,293	17,447	14,264	–	–	–
Other debtors	11,452	12,404	14,806	19,169	14,057	31,752
Cash on hand and at banks	7,722	9,298	7,204	3,039	2,796	3,236
	38,967	44,649	41,774	45,182	32,852	40,828
Available-for-sale financial assets						
Investment securities		–	167		–	–
Financial assets carried at fair value through profit or loss						
Derivative financial assets	–	6	6	–	–	–
Investment securities	–			–		
	–	6	6	–	–	–
Financial liabilities measured at amortised cost						
Trade and other creditors	27,750	32,663	40,759	10,843	2,500	3,736
Finance lease creditors	804	1,160	1,058	–	–	27
Bank borrowings	19,543	20,973	28,893	–	–	–
	48,097	54,796	70,710	10,843	2,500	3,763
Financial liabilities carried at fair value through profit or loss						
Derivative financial liabilities	18	–	–	–	–	–

30. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of assets and liabilities

A. Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 30 June 2019			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant other observable inputs (Level 2)** $'000	**Significant unobservable inputs (Level 3)** $'000	**Total** $'000
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	–	18	–	18
Financial liabilities as at 30 June 2019	–	18	–	18

30. FINANCIAL INSTRUMENTS (CONTINUED)

B. Assets and liabilities measured at fair value (continued)

	Group 30 June 2018			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets as at 30 June 2018	–	6	–	6

	Group 1 July 2017			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets as at 1 July 2017	–	6	–	6

There have been no transfers between Level 1 and Level 2 during the financial years ended 2019, 2018 and 2017.

30. Financial instruments (continued)

C. Level 2 fair value measurements

Derivative financial assets/liabilities (forward currency contracts) are valued by reference to current forward exchange rates for contracts with similar maturity profiles.

D. Assets and liabilities that are not carried at fair value and whose carrying amounts approximate fair values

Management has determined that the carrying amounts of loan to related party of associate, all current financial assets, financial liabilities, all bank borrowings and finance lease creditors reasonably approximate their fair values because these are either short term in nature or are repriced frequently.

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their channel of distribution, and has three reportable operating segments as follows:

i. The Ongoing Retail segment is involved in the operation of retail stores specialising in the retail of consumer fashion wear, accessories and timepieces.

ii. The Distribution segment is involved in the distribution of consumer fashion wear, accessories, home furnishings and timepieces.

iii. The Export segment is involved in the export of consumer fashion wear, accessories and timepieces.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between parties involved in the transactions.

31. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Brands $'000	Corporate and Others $'000	Group $'000
2019						
Sales to external consumers	111,751	7,943	11,815	–	–	131,509
Segment results	6,416	110	697	–	(2,762)	4,461
Interest income						256
Interest expense						(938)
Share of results of associate, net of tax						(1,673)
Profit before tax						2,106
Income tax expenses						(1,929)
Net profit for the year						177

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Brands $'000	Corporate and Others $'000	Group $'000
2018						
Sales to external consumers	119,299	12,446	16,415	17,821	–	165,981
Segment results	4,991	879	1,526	583	(2,824)	5,155
Interest income						222
Interest expense						(1,382)
Share of results of associate, net of tax						(3,056)
Profit before tax						939
Income tax expenses						(2,174)
Net loss for the year						(1,235)

31. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Brands $'000	Corporate and Others $'000	Group $'000
2019						
Segment assets	52,854	4,947	6,487	–	10,400	74,688
Investment in associate	–	–	–	–	21,586	21,586
	52,854	4,947	6,487	–	31,986	96,274
Unallocated assets						5,825
Total assets						102,099
Segment liabilities	22,009	2,275	3,944	–	2,677	30,905
Unallocated liabilities						18,426
Total liabilities						49,331
Capital expenditure	2,750	1	–	–	454	3,205
Depreciation	2,728	71	–	–	354	3,153

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Brands $'000	Corporate and Others $'000	Group $'000
2018						
Segment assets	57,019	6,474	7,357	679	9,243	80,772
Investment in associate	–	–	–	–	22,609	22,609
	57,019	6,474	7,357	679	31,852	103,381
Unallocated assets						6,047
Total assets						109,428
Segment liabilities	26,144	3,631	4,565	2,049	1,468	37,857
Unallocated liabilities						18,704
Total liabilities						56,561
Capital expenditure	2,592	–	–	–	601	3,193
Depreciation	2,926	113	–	178	6	3,223

31. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Brands $'000	Corporate and Others $'000	Group $'000
2017						
Segment assets	48,435	7,512	8,960	12,396	10,330	87,633
Investment in associate	–	–	–	–	23,932	23,932
	48,435	7,512	8,960	12,396	34,262	111,565
Unallocated assets						6,970
Total assets						118,535
Segment liabilities	27,126	4,371	7,484	11,846	2,811	53,638
Unallocated liabilities						22,294
Total liabilities						75,932
Capital expenditure	4,416	3	2	257	–	4,678
Depreciation	3,388	140	8	760	16	4,312

Assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented as unallocated assets and liabilities, as shown in the table below.

	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Unallocated assets			
Loan to related party of associate	5,500	5,500	5,500
Deferred tax assets	266	434	719
Tax recoverable	59	113	751
	5,825	6,047	6,970
Unallocated liabilities			
Finance lease creditors	–	–	27
Bank borrowings (excluding bank overdrafts)	18,024	17,860	22,227
Provision for taxation	402	804	–
Deferred tax liabilities	–	40	40
	18,426	18,704	22,294

31. SEGMENT INFORMATION (CONTINUED)

Geographical segments

Revenue, non-current assets and capital expenditure information based on geographical location of customers and assets respectively are as follows:

	Southeast Asia $'000	Other $'000	Group $'000
2019			
Turnover	131,509	–	131,509
Other geographical information:			
Non-current assets	30,087	1	30,088
Capital expenditure	3,204	1	3,205
2018			
Turnover	165,962	19	165,981
Other geographical information:			
Non-current assets	33,138	28	33,166
Capital expenditure	3,193	–	3,193

32. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2024 and contain provisions for rental adjustments, renewal options, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. There was turnover rent of $1,863,000 (2018: $2,126,000) recognised as an expense during the period. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

		Group	
	30 June 2019 $'000	**30 June 2018** $'000	**1 July 2017** $'000
Within one year	14,387	17,897	28,021
Between one year to five years	14,093	20,793	32,143
Later than five years	42	–	–
	28,522	38,690	60,164

33. CONTINGENT LIABILITIES, UNSECURED

The Company has undertaken to provide financial support to certain subsidiaries for deficiencies in their shareholders' funds and to extend adequate funding to meet their operational needs.

The accrual for financial undertaking is disclosed in Note 13.

34. COMMITMENTS

As at 30 June 2019, the Group has entered into several licensing and distribution agreements with its principals. These agreements stipulate certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions.

As at 30 June 2019, the Group has outstanding forward contracts with settlement dates within the next one year of USD 1,652,500 (2018: USD 275,000, GBP 300,000 and EUR 136,000).

35. RELATED PARTY TRANSACTIONS DISCLOSURE

In addition to related party transactions disclosed in other notes to the financial statements, during the financial year, the Group has entered into transactions with related parties on terms agreed between the parties, as shown below:

	2019 $'000	**2018** $'000
Sale of goods to associate	10,907	15,308
Market support and administrative service income from associate	450	450
Directors' fees		
– Directors of the Company	205	205
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	738	624
– Other Directors of subsidiaries	776	1,024
– Non Directors	323	128
	1,837	1,776

Provident fund contributions of $96,000 (2018: $96,000) are included in remuneration of key management personnel.

36. CAPITAL MANAGEMENT

The Group aims to maintain healthy capital ratios, using gearing ratio and return on equity, in order to support its business and maximise shareholders' value, while at the same time maintaining an appropriate dividend policy to reward its shareholders.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2019 and 30 June 2018.

The Group monitors capital using a gearing ratio and return on equity. Gearing ratio is computed as net debt divided by total equity attributable to owners of the Company while return on equity is computed as net profit attributable to owners of the Company for the financial year divided by the total equity attributable to owners of the Company. Net debt is calculated as borrowings less cash on hand and at banks.

The capital ratios of the Group for the financial years ended are as follow:

		Group	
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	$'000	$'000
Bank borrowings	19,543	20,973	28,893
Finance lease creditors	804	1,160	1,058
Less: cash on hand and at banks	(7,722)	(9,298)	(7,204)
Net debt	12,625	12,835	22,747
Equity attributable to owners of the Company	52,768	52,867	42,603
Net profit/ (loss) attributable to owners of the Company for the financial year	177	(1,235)	(17,420)
Gearing ratio	23.9%	24.3%	53.4%
Return on equity	0.3%	-2.3%	-40.9%

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors dated 25 September 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2019

Number of Equity Securities	:	909,935,771
Number of Treasury Shares	:	Nil
Subsidiary Holding	:	Nil
Class of Equity Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	44	1.03	1,486	0.00
100 – 1,000	693	16.19	676,202	0.07
1,001 – 10,000	1,808	42.24	9,396,160	1.03
10,001 – 1,000,000	1,690	39.49	149,737,718	16.46
1,000,001 AND ABOVE	45	1.05	750,124,205	82.44
TOTAL	**4,280**	**100.00**	**909,935,771**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	DBS NOMINEES (PRIVATE) LIMITED	145,797,660	16.02
2.	BENJAMIN FRANK	125,429,770	13.78
3.	LIM ENG HOCK	116,664,320	12.82
4.	RAFFLES INVESTMENTS PRIVATE LIMITED	99,648,000	10.95
5.	UOB KAY HIAN PRIVATE LIMITED	59,412,450	6.53
6.	WESTERN PROPERTIES PTE LTD	44,880,000	4.93
7.	SSP INNOVATIONS PTE LTD	30,822,400	3.39
8.	LIM CHER KHIANG	12,784,000	1.40
9.	CITIBANK NOMINEES SINGAPORE PTE LTD	11,438,800	1.26
10.	RAFFLES NOMINEES (PTE.) LIMITED	11,258,460	1.24
11.	LIM YEW HOE	10,703,900	1.18
12.	DB NOMINEES (SINGAPORE) PTE LTD	6,939,000	0.76
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,607,200	0.62
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,268,900	0.58
15.	LOW CHIN YEE	4,049,400	0.45
16.	DEREK MARTIN DA CUNHA	4,000,000	0.44
17.	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	3,856,000	0.42
18.	CHANG SEE HIANG	3,360,000	0.37
19.	CHIEW POH CHENG	3,263,840	0.36
20.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,211,400	0.35
	TOTAL	**708,395,500**	**77.85**

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2019

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		DIRECT INTEREST	%	DEEMED INTEREST	%
1.	Frank Benjamin*	125,429,770	13.78	–	–
2.	Lim Eng Hock	116,664,320	12.82	42,126,400	4.63
3.	Segulah Pte Ltd @	91,937,900	10.10	–	–
4.	Raffles Investments Private Limited #	99,648,000	10.95	–	–
5.	Temasek Holdings (Private) Ltd @	–	–	91,937,900	10.10
6.	DBS Trustee Limited @	–	–	91,937,900	10.10
7.	DBS Group Holdings Limited @	–	–	91,937,900	10.10
8.	DBS Bank Ltd. @	–	–	91,937,900	10.10
9.	Tan Chin Tuan Pte. Ltd. #	–	–	99,648,000	10.95
10.	Aequitas Pte Ltd #	–	–	99,648,000	10.95
11.	Tecity Pte Ltd #	–	–	99,648,000	10.95
12.	Dr Tan Kheng Lian #	–	–	99,648,000	10.95
13.	Mavis Benjamin, Mrs *	–	–	125,429,770	13.78

@ Temasek Holdings (Private) Ltd, DBS Trustee Limited, DBS Group Holdings Limited and DBS Bank Ltd are deemed to be interested in the shares held by Segulah Pte Ltd.

Tan Chin Tuan Pte. Ltd., Aequitas Pte Ltd, Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments Private Limited.

* Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 16 September 2019, approximately 44.21% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

STATISTICS OF WARRANTHOLDINGS

AS AT 16 SEPTEMBER 2019

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	0.50	318	0.00
100 – 1,000	4	0.33	3,680	0.00
1,001 – 10,000	319	26.58	1,858,304	0.27
10,001 – 1,000,000	830	69.17	97,562,356	14.30
1,000,001 AND ABOVE	41	3.42	583,027,170	85.43
TOTAL	**1,200**	**100.00**	**682,451,828**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1.	BENJAMIN FRANK	172,477,540	25.27
2.	LIM ENG HOCK	87,498,240	12.82
3.	RAFFLES INVESTMENTS PRIVATE LIMITED	74,736,000	10.95
4.	DBS NOMINEES (PRIVATE) LIMITED	42,206,120	6.18
5.	WESTERN PROPERTIES PTE LTD	33,660,000	4.93
6.	SSP INNOVATIONS PTE LTD	23,116,800	3.39
7.	BENJAMIN ELI MANASSEH	14,300,000	2.10
8.	DEREK MARTIN DA CUNHA	13,000,000	1.90
9.	UOB KAY HIAN PRIVATE LIMITED	12,526,000	1.84
10.	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,260,760	1.80
11.	LIM CHER KHIANG	11,503,440	1.69
12.	LIM YEW HOE	8,609,800	1.26
13.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,542,800	1.25
14.	TAN ENG CHUA EDWIN	8,412,200	1.23
15.	KGI SECURITIES (SINGAPORE) PTE. LTD	7,026,000	1.03
16.	RAFFLES NOMINEES (PTE.) LIMITED	6,935,020	1.02
17.	DB NOMINEES (SINGAPORE) PTE LTD	5,040,000	0.74
18.	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	2,892,000	0.42
19.	TAN YONG SENG	2,800,000	0.41
20.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,799,200	0.41
	TOTAL	**550,341,920**	**80.64**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd (the "Company") will be held at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Friday, 25 October 2019 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following directors who are retiring under Article 102 of the Constitution of the Company:

   (i) Mr Frank Benjamin **(Resolution 2)**
   (ii) Mr Ng Hin Lee **(Resolution 3)**

3. To re-elect Mr Yee Kee Shian Leon who is retiring under Article 106 of the Constitution of the Company. **(Resolution 4)**

4. To approve the sum of up to S$205,000 to be paid as directors' fees for the financial year ending 30 June 2020 (FY2019: up to S$205,000). **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Independent Auditor of the Company and to authorise the directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to issue shares

That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in 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) securities, options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act ("subsidiary holdings")) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of any instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) any new shares arising from the conversion or exercise of any instruments or convertible securities;

(b) any new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the listing rules of the SGX-ST as may for the time being be applicable (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

8. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) ("Market Purchase"), transacted on the SGX-ST through the ready market, through one (1) or more duly licensed stock brokers appointed by the Company for that purpose; and/or

(ii) off-market purchase(s) ("Off-Market Purchase") in accordance with an equal access scheme, as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders of the Company in a general meeting.

(c) in this Ordinary Resolution:

"Maximum Limit" means the number of issued shares representing 8% of the total number of issued shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued shares shall be taken to be the amount of the issued shares as altered (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last Annual General Meeting of the Company was held and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

"Maximum Price" in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a share for the five (5) consecutive Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities) on which the shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **(Resolution 8)**

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 10 October 2019

Explanatory Notes:

Ordinary Resolution 2 is to re-elect Mr Frank Benjamin who is retiring under Article 102 of the Constitution of the Company. Mr Frank Benjamin will, upon re-election as Director of the Company, remain as the Non-Executive Chairman of the Company and a member of the Nominating Committee and will be considered non-independent.

Ordinary Resolution 3 is to re-elect Mr Ng Hin Lee who is retiring under Article 102 of the Constitution of the Company. Mr Ng will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered independent.

Ordinary Resolution 4 is to re-elect Mr Yee Kee Shian Leon who is retiring under Article 106 of the Constitution of the Company. Mr Yee will, upon re-election as Director of the Company, remain as Non-Executive Director and will be considered as independent.

Ordinary Resolution 7 is to empower the directors to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Ordinary Resolution 8 is to renew the mandate to allow the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares on the terms of the Share Purchase Mandate as set out in the attached letter to shareholders of the Company (the "Letter"). The authority conferred by the shareholders of the Company will continue in force until (i) the date of the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest, unless previously revoked or varied by the Company in a general meeting.

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of shares. The Directors of the Company do not propose to exercise the Share Purchase Mandate to such extent that it would result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The amount of financing required for the Company to purchase its shares pursuant to the Share Purchase Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2019 is set out in the Letter.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1 Jalan Kilang Timor, Pacific Tech Centre, #07-01/02 Singapore 159303 not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION

Mr Frank Benjamin, Mr Ng Hin Lee and Mr Yee Kee Shian Leon are the Directors seeking re-election at the annual general meeting of F J Benjamin Holdings Ltd ("Company") on 25 October 2019.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors, as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST is as follows:

Name	: Mr Frank Benjamin	Mr Ng Hin Lee	Mr Yee Kee Shian Leon
Date Of Appointment	: 5 June 1973	11 July 2014	2 September 2019
Age	: 85	63	43
Country Of Principal Residence	: Singapore	Singapore	Singapore
Date of last re-appointment (if applicable)	: 27 October 2016	27 October 2017	NA
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	: Founder, shareholder with deep insight and knowledge of the Group's history and business strategies.	Chairman of Audit Committee for the past five years. Useful perspective and insight from his accounting and professional background.	Useful contribution to the strength and overall quality of the Board from his legal and professional background.
Whether appointment is executive, and if so, the area of responsibility	: No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	: Non-Executive Chairman, Member of Nominating Committee	Independent Non-Executive Director, Chairman of Audit Committee and member of Remuneration Committee	Independent Non-Executive Director
Professional qualifications	: None	Fellow member of the Institute of Singapore Chartered Accountants	– Advocate & Solicitor of the Supreme Court of Singapore – Solicitor of England and Wales

INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	Mr Frank Benjamin is a substantial shareholder of the Company. His brother, Mr Eli Manasseh (Nash) Benjamin, is Group Chief Executive Officer of the Company. His son, Mr Douglas Jackie Benjamin, is Group Chief Operating Officer of the Company.	No	No
Conflict of interest (including any competing business)	:	No	No	No
Working experience and occupation(s) during the past 10 years	:	July 2017 to Present: Non-Executive Chairman of the Company April 2006 to June 2017: Executive Chairman of the Company.	August 2014 to Present: Executive Director of Leading Dragon Corporation Ltd January 2006 to July 2014: Group CFO of Singapore Post Limited	March 2017 to Present: Chairman of Duane Morris & Selvam LLP April 2013 to Present: Managing Director of Duane Morris & Selvam LLP and Selvam LLC January 2011 to April 2013: Director with Duane Morris & Selvam LLP January 2007 to April 2013: Director with Selvam LLC
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1)	:	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	Yes	No	No
Shareholding Details	:	125,429,770 ordinary shares 172,477,540 warrants	NA	NA

Other Principal Commitments Including Directorships:			
Past (for the last 5 years)	None	None	– The Knightsbridge Group Pte. Ltd. – Knightsbridge Construction Pte. Ltd. – Cambridge Alliance China Group Pte. Ltd. – Knightsbridge Fund No. 1 Pte. Ltd. – Knightsbridge Fund No. 2 Pte. Ltd. – Cambridge RE Assets Pte. Ltd. – Cambridge RE Assets Fund No. 1 Pte. Ltd. – Cambridge RE Assets Fund No. 6 Pte. Ltd. – Cambridge RE Assets Fund No. 8 Pte. Ltd. – Cambridge RE Assets Fund No. 9 Pte. Ltd. – Cambridge RE Assets Fund No. 10 Pte. Ltd. – Cambridge RE Assets Fund No. 11 Pte. Ltd. – Krystal Titan Pte. Ltd. – Rabbit Colors Pte. Ltd – Sweet Orchid Pte. Ltd. – Purple Sunshine Pte. Ltd. – Yellow Lullaby Pte. Ltd. – Pentagon Football Centre Pte. Ltd. – Pacific Star Development Limited (F.K.A LH Group Limited) – Richz Technology (S) Pte. Ltd. – Farenheit Group Pte. Ltd. – Cambridge Alliance Realtor Pte. Ltd. – Cambridge Alliance Global Holdings Pte. Ltd.

Present	None	– KOP Limited – Durian Master Pte Ltd – Leading Dragon Corporation Ltd – Jiaxing Shi Cheng Hotel Management Co. Ltd – Jiangsu Water Paradise Restaurant Management Co. Ltd – Suzhou Bitekuai Hotel Management Co. Ltd – Henan Zhongyuan Four Seasons Aquatic Logistics Harbour Co. Ltd – Tianjin Junhe Industrial Co. Ltd – Qingdao Timi Supply Chain Co. Ltd	– Selvam LLC – Laura Ashley Limited – Federal International (2000) Ltd – Cambridge Alliance Capital Pte. Ltd. – Cambridge Alliance Fund No. 1. Pte. Ltd. – Cambridge RE Assets Fund No. 2 Pte. Ltd. – Cambridge RE Assets Fund No. 3 Pte. Ltd. – Cambridge RE Assets Fund No. 4 Pte. Ltd. – Cambridge RE Assets Fund No. 5 Pte. Ltd. – Cambridge RE Assets Fund No. 7 Pte. Ltd. – Ladderman Limited – Ladderman (HK) Limited – Caelius Pte. Ltd. – Char Yong (Dabu) Foundation Limited – St. Joseph's Institution Foundation For the Lasallian Mission Ltd. – Knightsbridge Auto Pte. Ltd.
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	: No	No	No

INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION

Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	: No	No	No
Whether there is any unsatisfied judgment against him?	: No	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	: No	No	No

INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION

Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	: No	No	No
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	: No	No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	: No	No	No

Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	: No	No	No
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	: No	No	No
Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	: No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	: No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	: No	No	No

iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	: No	No	No
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	: No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an listed issuer listed on the Exchange? **If No, please state if the director has attended or will be attending training on the roels and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)**	: Not applicable. This is re-election of a director.	Not applicable. This is re-election of a director.	Not applicable. This is re-election of a director.

F J BENJAMIN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197301125N)

Board of Directors:
Frank Benjamin, *Non-Executive Chairman*
Eli Manasseh (Nash) Benjamin, *Chief Executive Officer*
Douglas Jackie Benjamin, *Chief Operating Officer*
Ng Hin Lee, *Independent Director*
Daniel Ong Jen Yaw, *Independent Director*
Liew Choon Wei, *Independent Director*
Yee Kee Shian Leon, *Independent Director*

Registered Office:
1 Jalan Kilang Timor,
#07-01 Pacific Tech Centre,
Singapore 159303

10 October 2019

To: The Shareholders of F J Benjamin Holdings Ltd

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Dear Sir/Madam,

1. INTRODUCTION

1.1 AGM

We refer to (a) the notice of annual general meeting of the Company ("**AGM**") dated 10 October 2019 (the "**Notice of AGM**") convening the AGM to be held on 25 October 2019 (the "**2019 AGM**"), and (b) the ordinary resolution number 8 under the heading "**Special Business**" set out in the Notice of AGM.

1.2 Letter

The purpose of this Letter is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate, details of which are set out in paragraph 2 of this Letter and to seek their approval in relation thereto at the 2019 AGM.

1.3 SGX-ST

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Letter.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), its Constitution, the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. At the extraordinary general meeting of the Company ("**EGM**") held on 29 October 2007, Shareholders approved a Share Purchase Mandate (as defined herein) to allow the Company to purchase or otherwise acquire its issued Shares (as defined herein). The Share Purchase Mandate was subsequently renewed at the AGMs of the Company in each subsequent year, including the AGM held on 26 October 2018 (the "**2018 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2018 AGM (the "**2018 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 11 October 2018.

The authority conferred pursuant to the 2018 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2018 AGM and expiring on the date (a) when the next AGM of the Company is held or required by law to be held, (b) when the purchases or acquisitions of Shares pursuant to the 2018 Share Purchase Mandate are carried out to the full extent mandated or (c) when the authority conferred by the 2018 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is earliest.

Accordingly, the Directors are seeking the approval of Shareholders for the renewal of the Share Purchase Mandate at the 2019 AGM.

2.2 Rationale for Proposed Renewal of the Share Purchase Mandate

The approval of the proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 8% limit described in paragraph 2.3(a) below, at any time during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) in managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(b) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;

(c) share purchase programmes help to buffer short-term share price volatility; and

(d) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.2 Rationale for Proposed Renewal of the Share Purchase Mandate (continued)

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 8% limit during the duration referred to in paragraph 2.3(b) below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 8% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that, after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on the share purchases by the Company under the proposed Share Purchase Mandate, if renewed at the forthcoming 2019 AGM, are similar in terms to those previously approved by Shareholders at the 2018 AGM, and for the benefit of Shareholders, are summarised below:

(a) Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 8% of the total number of Shares (ascertained as at the date of the 2019 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 8% limit.

For illustrative purposes only, on the basis of 909,935,771 Shares in issue as at the Latest Practicable Date (as defined herein) and assuming that on or prior to the date of the 2019 AGM:

(i) no further Shares are issued;
(ii) the Company does not reduce its share capital; and
(iii) no Shares are held as treasury shares or subsidiary holdings,

not more than 72,794,861 Shares (representing approximately 8% of the total number of shares excluding treasury shares and subsidiary holdings as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.3(b) below.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2019 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.3 Authority and Limits on the Share Purchase Mandate (continued)

(b) Duration of Authority (continued)

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM or at an EGM to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

(c) Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(i) market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through the ready market, through one (1) or more duly licensed stock brokers appointed by the Company for that purpose; and/or

(ii) off-market acquisition(s) ("**Off-Market Purchase**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules (as defined herein) and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase in accordance with an equal access scheme must, however, satisfy all the following conditions:

(A) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(B) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(C) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.3 Authority and Limits on the Share Purchase Mandate (continued)

(c) Manner of Purchases or Acquisitions of Shares (continued)

Pursuant to Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it shall issue an offer document to all Shareholders containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code (as defined herein) or other applicable take-over rules;

(5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the maximum purchase price (the "**Maximum Price**") to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.3 Authority and Limits on the Share Purchase Mandate (continued)

(d) Maximum Purchase Price (continued)

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days.

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.5 Treasury Shares (continued)

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme whether for its employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

(A) reduce the amount of its share capital where the Shares were purchased out of the capital of the Company;

(B) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(C) reduce the amount of its share capital and profits proportionately where the Shares were purchased out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Shares which are cancelled will be automatically delisted, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares used in each such usage.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.6 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar of Companies.

The Company shall notify the Registrar of Companies within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled and/or held as treasury shares, the Company's issued ordinary share capital as at the date of the Shareholders' resolution approving the purchase of the Shares and after the purchase of Shares, and the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase under an equal access scheme in accordance with Section 76C of the Companies Act, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.7 Source of Funds

The Company may only apply funds for the purchase or acquisition of the Shares as provided in the Constitution (as defined herein) and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible assets ("**NTA**") and earnings per Share ("**EPS**") as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchases or acquisitions are made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued share capital will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. Where the purchase or acquisition of Shares is paid out of the Company's profits or capital, the total amount of consideration paid by the Company shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view of enhancing the EPS and/or the NTA value per Share.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2019 are based on the assumptions set out below:

(a) based on 909,935,771 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares or subsidiary holdings on or prior to the date of the 2019 AGM, not more than 72,794,861 Shares (representing approximately 8% of the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 72,794,861 Shares at the Maximum Price of S$0.033 for a Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 72,794,861 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.4 million; and

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects (continued)

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 72,794,861 Shares at the Maximum Price of S$0.038 for a Share (being the price equivalent to 20% above the average of the closing market prices of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 72,794,861 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.8 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and external borrowings; (ii) the Share Purchase Mandate had been effective on 30 June 2019; and (iii) the Company had purchased or acquired 72,794,861 Shares (representing approximately 8% of the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings at the Latest Practicable Date) on 30 June 2019, the financial effects of the purchase or acquisition of 72,794,861 Shares by the Company pursuant to the Share Purchase Mandate:

(i) by way of purchases made entirely out of capital and held as treasury shares; and

(ii) by way of purchases made entirely out of capital and cancelled,

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects (continued)

on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2019 are set out below:

(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

	Group		Company	
	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
As at 30 June 2019				
Issued capital and reserves	52,768	52,768	42,466	42,466
Treasury shares	–	(2,402)	–	(2,402)
Total shareholders' equity	52,768	50,366	42,466	40,064
NTA	52,768	50,366	42,466	40,064
Profit after taxation and minority interest	177	177	5,034	5,034
Net debt / (cash)	12,625	15,027	(3,039)	(637)
Number of Shares ('000)	909,936	909,936	909,936	909,936
Financial Ratios				
NTA per Share (cents)	5.80	5.54	4.67	4.40
Gross debt gearing (%)	38.56	40.40	–	–
Net debt gearing (%)	23.93	29.84	–	–
Current ratio (times)	1.51	1.46	2.05	1.83
Profit before interest, tax, depreciation and amortisation divided by interest expenses (times)	6.33	6.33	1,019	1,019
Basic (EPS) (cents)				
(before exceptional items)	0.02	0.02	0.43	0.43
(after exceptional items)	0.02	0.02	0.55	0.55
ROE (%)	0.34	0.35	11.85	12.56

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects (continued)

(1) Purchases made entirely out of capital and held as treasury shares

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Issued capital and reserves	52,768	52,768	42,466	42,466
Treasury shares	–	(2,766)	–	(2,766)
Total shareholders' equity	52,768	50,002	42,466	39,700
NTA	52,768	50,002	42,466	39,700
Profit after taxation and minority interest	177	177	5,034	5,034
Net debt / (cash)	12,625	15,391	(3,039)	(273)
Number of Shares ('000)	909,936	909,936	909,936	909,936
Financial Ratios				
NTA per Share (cents)	5.80	5.50	4.67	4.36
Gross debt gearing (%)	38.56	40.69	–	–
Net debt gearing (%)	23.93	30.78	–	–
Current ratio (times)	1.51	1.45	2.05	1.80
Profit before interest, tax, depreciation and amortisation divided by interest expenses (times)	6.33	6.33	1,019	1,019
Basic (EPS) (cents)				
(before exceptional items)	0.02	0.02	0.43	0.43
(after exceptional items)	0.02	0.02	0.55	0.55
ROE (%)	0.34	0.35	11.85	12.68

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects (continued)

(2) Purchases made entirely out of capital and cancelled

(A) Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Issued capital and reserves / Total shareholders' equity	52,768	50,366	42,466	40,064
NTA	52,768	50,366	42,466	40,064
Profit after taxation and minority interest	177	177	5,034	5,034
Net debt / (cash)	12,625	15,027	(3,039)	(637)
Number of Shares ('000)	909,936	837,141	909,936	837,141
Financial Ratios				
NTA per Share (cents)	5.80	6.02	4.67	4.79
Gross debt gearing (%)	38.56	40.40	–	–
Net debt gearing (%)	23.93	29.84	–	–
Current ratio (times)	1.51	1.46	2.05	1.83
Profit before interest, tax, depreciation and amortisation divided by interest expenses (times)	6.33	6.33	1,019	1,019
Basic (EPS) (cents)				
(before exceptional items)	0.02	0.02	0.43	0.47
(after exceptional items)	0.02	0.02	0.55	0.60
ROE (%)	0.34	0.35	11.85	12.56

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.8 Financial Effects (continued)

(2) Purchases made entirely out of capital and cancelled (continued)

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Issued capital and reserves / Total shareholders' equity	52,768	50,002	42,466	39,700
NTA	52,768	50,002	42,466	39,700
Profit after taxation and minority interest	177	177	5,034	5,034
Net debt / (cash)	12,625	15,391	(3,039)	(273)
Number of Shares ('000)	909,936	837,141	909,936	837,141
Financial Ratios				
NTA per Share (cents)	5.80	5.97	4.67	4.74
Gross debt gearing (%)	38.56	40.69	–	–
Net debt gearing (%)	23.93	30.78	–	–
Current ratio (times)	1.51	1.45	2.05	1.80
Profit before interest, tax, depreciation and amortisation divided by interest expenses (times)	6.33	6.33	1,019	1,019
Basic (EPS) (cents)				
(before exceptional items)	0.02	0.02	0.43	0.47
(after exceptional items)	0.02	0.02	0.55	0.60
ROE (%)	0.34	0.35	11.85	12.68

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 8% of its issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 8% of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

(i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.9 Take-over Implications (continued)

(b) Persons Acting in Concert (continued)

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(i) the voting rights of such Directors and their concert parties would increase to 30% or more; or

(ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(A) the voting rights of such Shareholder would increase to 30% or more; or

(B) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.9 Take-over Implications (continued)

(c) Effect of Rule 14 and Appendix 2 (continued)

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

Based on the Register of Directors' Shareholdings and the issued share capital of the Company as at the Latest Practicable Date, none of the Directors and persons acting in concert with them would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 8% of its issued Shares excluding treasury shares and subsidiary holdings as at the Latest Practicable Date.

As at the Latest Practicable Date, the Directors are not aware of any other fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective interests in Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 Listing Rules

While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board of Directors until such time as the price sensitive information has been publicly announced. In particular, in line with the best practices guides on securities dealings issued by the SGX-ST the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's full year financial statements; and

(b) two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or controlling shareholders of the Company or its Subsidiaries, as well as the associates of the foregoing.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONTINUED)

2.10 Listing Rules (continued)

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 402,300,331 Shares, representing 44.21% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares from the public through Market Purchases up to the full 8% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 329,505,470 Shares, representing 39.36% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 8% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.11 Previous Share Purchases

The Company has not entered into transactions to acquire any Shares pursuant to the 2018 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Number of Shares		Total Percentage
Director	**Direct Interest**	**Deemed Interest**	**Interest (%)**
Frank Benjamin	125,429,770	–	13.78
Eli Manasseh (Nash) Benjamin (1)	–	31,460,050	3.46
Douglas Jackie Benjamin (2)	48,000	130,000	0.02
Ng Hin Lee	–	–	–
Daniel Ong Jen Yaw	–	–	–
Liew Choon Wei	–	–	–
Yee Kee Shian Leon	–	–	–

Notes:
(1) Eli Manasseh (Nash) Benjamin – deemed interest – The shares are held in a nominee's name.
(2) Douglas Jackie Benjamin – 10,000 shares are held in his spouse's name, 40,000 shares are held in a nominee's name and 80,000 shares are purchased under the CPF Investment Scheme.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders of the Company (other than those who are Directors) in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Number of Shares		Total Percentage
Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Interest (%)**
Lim Eng Hock [3]	116,664,320	42,126,400	17.45
Segulah Pte Ltd	91,937,900	–	10.10
Temasek Holdings (Private) Limited [4]	–	91,937,900	10.10
DBS Trustee Limited [4]	–	91,937,900	10.10
DBS Group Holdings Ltd [4]	–	91,937,900	10.10
DBS Bank Ltd. [4]	–	91,937,900	10.10
Raffles Investments Private Limited	99,648,000	–	10.95
Tan Chin Tuan Pte. Ltd. [5]	–	99,648,000	10.95
Aequitas Pte. Ltd. [5]	–	99,648,000	10.95
Tecity Pte Ltd [5]	–	99,648,000	10.95
Dr Tan Kheng Lian [5]	–	99,648,000	10.95
Mavis Benjamin [6]	–	125,429,770	13.78

Notes:
(3) Lim Eng Hock – deemed interest – The shares are held in nominees' names and by related companies.
(4) Temasek Holdings (Private) Limited, DBS Trustee Limited, DBS Group Holdings Ltd and DBS Bank Ltd. are deemed to be interested in the shares held by Segulah Pte Ltd.
(5) Aequitas Pte. Ltd., Tan Chin Tuan Pte. Ltd., Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments Private Limited.
(6) Mavis Benjamin – Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

4. ANNUAL GENERAL MEETING

The 2019 AGM of the Company, notice of which is set out in pages 129 to 134 of the 2019 Annual Report, will be held on 25 October 2019 at 11am for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, the resolution on the renewal of the Share Purchase Mandate as set out in the Notice of AGM.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution number 8, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm, after making all reasonable enquires that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours up to and including the date of the 2019 AGM:

(a) the Constitution; and

(b) the 2019 Annual Report.

Yours faithfully
For and on behalf of the Board of Directors of
FJ BENJAMIN HOLDINGS LTD

Frank Benjamin
Non-Executive Chairman

SHARE PURCHASE MANDATE

SCHEDULE – DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires:

"2018 AGM"	:	The annual general meeting of the Company held on 26 October 2018
"2018 Share Purchase Mandate"	:	The Share Purchase Mandate renewed at the 2018 AGM
"2019 AGM"	:	The annual general meeting of the Company to be held on 25 October 2019
"2019 Annual Report"	:	The annual report of the Company for the financial year ended 30 June 2019
"AGM"	:	The annual general meeting of the Company
"Board of Directors"	:	The board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50 of Singapore), as may be amended, varied, supplemented or modified from time to time
"Company"	:	F J Benjamin Holdings Ltd
"Constitution"	:	The constitution of the Company
"Director"	:	A director of the Company as at the date of this Letter
"EGM"	:	An extraordinary general meeting of the Company
"EPS"	:	Earnings per Share
"Group"	:	The Company, its Subsidiaries and associated companies
"Latest Practicable Date"	:	16 September 2019, being the latest practicable date prior to the printing of this Letter
"Listing Manual"	:	The listing manual of the SGX-ST, as may be amended, varied, supplemented or modified from time to time
"Listing Rules"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Shall have the meaning ascribed to it in paragraph 2.3(c)(i)
"Maximum Price"	:	Shall have the meaning ascribed to it in paragraph 2.3(d)
"Notice of AGM"	:	The notice of the 2019 AGM
"NTA"	:	Net tangible assets

"Off-Market Purchase"	:	Shall have the meaning ascribed to it in paragraph 2.3(c)(ii)
"ROE"	:	Return on equity
"Securities and Futures Act"	:	The Securities and Futures Act (Chapter 289 of Singapore), as may be amended, varied, supplemented or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders for the time being of the Shares (other than CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
"Shares"	:	Ordinary shares in the share capital of the Company
"Share Purchase Mandate"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
"Substantial Shareholder"	:	Shall have the meaning ascribed to it in the Companies Act
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended, varied, supplemented or modified from time to time
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	Percentage or per centum

The terms "**depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms "**controlling shareholder**" and "**subsidiary holdings**" shall have the meaning ascribed to them in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act, the Securities and Futures Act or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancy in the tables in this Letter between the listed amounts and the totals or percentages thereof are due to rounding.

F J BENJAMIN HOLDINGS LTD

(Company Registration No.: 197301125N)
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________

of ______________________________

being a member/members of F J Benjamin Holdings Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Friday, 25 October 2019 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against (1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019		
2	Re-election of Mr Frank Benjamin as Director		
3	Re-election of Mr Ng Hin Lee as Director		
4	Re-election of Mr Yee Kee Shian Leon as Director		
5	Approval of a sum of up to S$205,000 to be paid as directors' fees for the financial year ending 30 June 2020		
6	Re-appointment of Messrs Ernst & Young LLP as Independent Auditor of the Company		
7	Authority to issue shares		
8	Renewal of Share Purchase Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ______________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Jalan Kilang Timor, Pacific Tech Centre, #07-01/02 Singapore 159303 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 October 2019.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

OPERATIONS DIRECTORY

SINGAPORE

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F J Benjamin Lifestyle Pte. Ltd.
Fashion Dynamics Singapore Pte Ltd

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