

INTENTION TO TRANSFER LISTING FROM MAIN BOARD TO CATALIST BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors of F J Benjamin Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following:
- (a) the Company’s announcement dated 2 December 2016 in relation to the notification of inclusion of the Company on the watch-list due to the financial entry criteria (“**Financial Watch-List**”) with effect from 5 December 2016, as required under Rule 1311(1) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual; and
 - (b) the Company’s announcement dated 20 June 2019 in relation to the SGX-ST’s grant of extension of the cure period to 4 December 2020 (“**Cure Period**”) for the Company to meet the requirements for removal from the Financial Watch-List pursuant to Rule 1314(1) of the SGX-ST Listing Manual.

2. REQUIREMENTS UNDER THE SGX-ST LISTING MANUAL

- 2.1 Pursuant to Rule 1314(1) of the SGX-ST Listing Manual, an issuer on the Financial Watch-List may be removed from the Financial Watch-List if the issuer (i) records pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts); and (ii) has an average market capitalization of S\$40 million or more over the last 6 months.
- 2.2 The Group reported audited pre-tax profit of S\$2.1 million and S\$0.9 million for the financial years ended 30 June (“**FY**”) 2019 and FY2018, respectively, and unaudited pre-tax profit of S\$0.7 million in the half year ended 31 December 2019. However, due to the adverse impact of COVID-19 pandemic on the Group’s businesses, the Group’s financial performance in the second half of FY2020 (i.e. January 2020 to June 2020) was adversely affected and the Group reported audited pre-tax loss of S\$14.3 million for FY2020. This took into account, *inter alia*, operating loss of S\$2.9 million before allowances for expected credit losses of S\$3.2 million, impairment of fixed assets and right-of-use assets of S\$0.2 million, and write-down in value of investment in associate of S\$0.9 million. Had it not been for the negative impact of COVID-19, the Group’s financial results would likely have continued to improve.
- 2.3 The Company does not meet the market capitalization requirement to exit the Financial Watch-List under Rule 1314(1) of the SGX-ST Listing Manual, as the Company’s average daily market capitalization over the last 6 months did not exceed S\$40 million.
- 2.4 On 4 January 2016, SGX issued a Regulator’s Column titled “*Transfer from Mainboard to Catalist – what to expect of companies and sponsors*” (“**Regulator’s Column on Transfers**”), which sets out among others, that an issuer who is placed on the Financial Watch-List may seek to exit from the watch-list notwithstanding that its market capitalisation is less than S\$40 million, if the issuer (i) achieves a consolidated audited pre-tax profit for the most recent financial year; (ii) appoints a sponsor and the sponsor is satisfied that the issuer meets the criteria for transfer to Catalist; and (iii) consults the SGX.

3. PROPOSED TRANSFER TO CATALIST

- 3.1 The Board wishes to announce that the Company intends to undertake a proposed transfer of listing of the Company from the Main Board of the SGX-ST to the Catalist Board of the SGX-ST ("**Catalist**") (the "**Proposed Transfer**").
- 3.2 The Board believes that the Proposed Transfer will provide the Company with a more suitable platform for the listing and trading of the shares of the Company ("**Shares**") as the Catalist provides a more conducive listing platform for companies which require a flexible regulatory system to float their shares. In addition, the Proposed Transfer and a listing on the Catalist will better allow the Company to attract investors in the future. With the Company being on the Financial Watch List with an impending end to the Cure Period, it has proven difficult for the Company to raise funds through private placements or otherwise. If the Company is allowed to exit the Financial Watch List and keep its listing status on the Catalist, fund raising activities by way of private placements or otherwise, will be viewed more positively. This will also allow the Company to explore opportunities for potential mergers and acquisitions to enlarge its current business base and increase profitability.
- 3.3 Since FY2018, the Group has been profitable in the period prior to the COVID-19 pandemic. The Company believes that its current retail business model is viable and profitable, as its retail and wholesale businesses have gone through much downsizing or "right-sizing" as well as restructuring, and stores that were not generating profits had been closed. With the current pandemic, the Group started gearing up on its e-commerce businesses starting with one (1) brand during the period of lockdown in countries where the Group operates in ("**Lockdown Period**"), since April 2020. By September 2020, the Group had substantially scaled its online store with 10 brands in its portfolio. The Group's rapid pivoting to digital channels has helped to cushion the loss of sales when the physical stores were shut during the Lockdown Period. In addition to the above initiatives, the Group recently established its health and wellness division in August 2020, with the exclusive distribution of the "AirFree" proprietary air purifiers. With the performance of its core businesses plus new channels of e-commerce and new product of "AirFree", the Group has in place plans to remain viable in the midst of the current pandemic and economic crisis.
- 3.4 In consideration of the above as well as the guidelines set out in the Regulator's Column on Transfers, the Company submitted an enquiry to the SGX-ST on the Proposed Transfer through its proposed sponsor, ZICO Capital Pte. Ltd., to seek the SGX-ST's no-objection to the Proposed Transfer ("**Enquiry**"). In its letter dated 16 October 2020 ("**SGX Letter**"), the SGX-ST confirmed that it had no further comments to the Enquiry and that the Company may proceed to submit an application in writing and a draft shareholders' circular in relation to the Proposed Transfer ("**Circular**") to the SGX-ST.
- 3.5 The confirmation/decision of the SGX-ST in the SGX Letter is not to be taken as an indication of the merits of the Proposed Transfer, the Company, its subsidiaries, or its securities. The SGX-ST reserves the right to amend and/or vary its confirmation/decision and such confirmation/decision is subject to changes in the policies of the SGX-ST.

4. APPROVALS

- 4.1 The Proposed Transfer is subject to, *inter alia*, the in-principle approval of the SGX-ST for the Proposed Transfer, and the approval of the shareholders of the Company (the "**Shareholders**") by way of a special resolution at an extraordinary general meeting of the Company to be convened ("**EGM**").
- 4.2 The Company will make an application to the SGX-ST in relation to the Proposed Transfer and publish on the SGXNet and the Company's website, the Circular containing, *inter alia*, details of the Proposed Transfer together with the notice of the EGM in due course.

5. APPLICATION FOR EXTENSION OF TIME

- 5.1 The Company will be applying to the SGX-ST for an extension of a further three (3) months to exit the Financial Watch-List pending the Proposed Transfer ("**Extension Application**").
- 5.2 The Extension Application is to allow the Company more time to complete the Proposed Transfer, which entails, among others, the preparation of the Circular and the application to the SGX-ST for the Proposed Transfer, review time of the SGX-ST in respect of the application for the Proposed Transfer, as well as requisite time to serve notice for the EGM.

6. OTHER INFORMATION

- 6.1 The Company will provide updates to Shareholders on the outcome of the Extension Application, the application in respect of the Proposed Transfer and as and when there are any material developments in respect of the Proposed Transfer.
- 6.2 Shareholders and potential investors should exercise caution when trading in the Shares as there is no certainty or assurance as at the date of this announcement that approval for the Extension Application and the Proposed Transfer will be obtained or if the Proposed Transfer will be undertaken at all.
- 6.3 Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Karen Chong Mee Keng
Company Secretary
22 October 2020