FJ BENJAMIN

ANNUAL REPORT 2016/17

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 three cities, manages over 20 iconic brands and operates 250 stores.

The Group employs over 3,000 employees and runs two core businesses:

LUXURY AND LIFESTYLE FASHION RETAILING AND DISTRIBUTION

F J Benjamin exclusively retails and distributes brands such as Babyzen, Banana Republic, Céline, Gap, Givenchy, Guess, La Senza, Loewe, Marc Jacobs, 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, Casio (in Indonesia only) , Frédérique Constant, Gc, Guess, Nautica, Superdry and Victorinox Swiss Army across Southeast Asia.

CORPORATE DIRECTORY

REGISTERED OFFICE

10 Science Park Road,
#04-01 The Alpha
Singapore Science Park II
Singapore 117684
Tel: (65) 6737 0155
Fax: (65) 6732 9616
Email: info@fjbenjamin.com
Website: www.fjbenjamin.com

DIRECTORS

Mr Frank Benjamin
Non-Executive Chairman
(effective 1st July 2017)

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Ms Karen Chong Mee Keng
Executive Director

Mr Ng Hin Lee
Independent Director

Mr Chew Kwee San
Non-Executive Director

Mr Daniel Ong Jen Yaw
Independent Director

Mr Liew Choon Wei
Independent Director
(appointed on 29th November 2016)

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

Oversea-Chinese Banking Corporation Ltd

RHB Bank Berhad

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

CHAIRMAN'S REVIEW

Our restructuring programme is nearly completed, the results of which will become evident in the new financial year starting 1 July 2017 (FY18).

DEAR SHAREHOLDERS

The retail landscape in which we have operated for the better part of the last five decades has evolved dramatically in recent years.

In addition, the economic cycle has been against us. We have witnessed slowing regional economies, higher costs of doing business in our home base, Singapore, and currency devaluations resulting in a drop in consumer spending. The strong Singapore dollar has also dampened tourist spending and these challenges have been clearly documented in my past messages.

Advances in technology and rapidly changing consumer behaviour have caused online shopping to become an ingrained behaviour. This is happening more and more in Southeast Asia with Singapore leading the way. We have started selling some products online and are working towards developing an omnichannel strategy to drive both online and offline sales.

Given the above, for four years now, management has embarked on a rigorous and sweeping restructuring programme which has continued during the year under review. We have aggressively pruned our portfolio of underperforming and non-core brands, closed stores providing unacceptable returns, improved our inventory turn, and streamlined operations across our markets for greater efficiency.

For the financial year ended 30 June 2017 (FY17), Group turnover fell 18% to $207.5 million, largely due to closures and discontinuance of business and decrease in sales to our Indonesian associate. Net loss for FY17 was reduced from $23.0 million to $17.4 million. Gross margins improved by three percentage points to 42%

from 39% last year, and operating losses decreased by 43% to $11.4 million. While these financial numbers are still far from what we demand from the business, the clear result is that moving forward, we will have a more productive operation.

Our restructuring programme is nearly completed, the results of which will become evident in the new financial year starting 1 July 2017 (FY18). There are last steps of the restructuring that we are determined to take within FY18, including continuing to drive down our selling, general and administrative costs meaningfully, and rationalising our brand portfolio, both of which will have a favourable impact on our financial performance.

Strong brands continue to perform well globally despite disruptive forces of technology or weak macro-economic factors. Innovation has been key to their success. We have identified these brands, some of which have already been launched and are demonstrating promising results, and some of which will be launched in FY18.

CORPORATE UPDATE

The Company remains on the Singapore Exchange watch list where it was placed first in December 2016 for sustaining pre-tax losses for more than three consecutive financial years, and in June 2017 for having a minimum trading price of less than $0.20 or market capitalisation of less than $40 million for more than six months. Management is mindful of the three-year deadline from 5 December 2016 to meet the requirements to maintain its listing and is working hard towards this goal. We plan to secure a transaction that would return the Group to profitability.

To that end, we announced on 14 November 2016 that we have entered into a non-binding term sheet with an international third party regarding a potential transaction which may enhance or unlock shareholder value. Discussions are ongoing and the Board continues to explore other strategic options to unlock shareholder value. We will make further announcements as and when there are significant developments.

BOARD CHANGES

During the year, we have also made some Board changes as part of the Group's renewal and succession plans. We appointed Mr Liew Choon Wei as Independent Director and Chairman of the Nominating Committee. Mr Liew has a wealth of experience in business and finance and was previously an Audit Partner at Ernst & Young LLP Singapore. Two long-serving directors – Mr Keith Tay Ah Kee and Ms Wong Ai Fong – stepped down after dedicated service to the Board for many years. We thank them for their invaluable contributions and wish them all the best in their future endeavours.

On 30 June 2017, I relinquished my Executive Chairman position to become Non-Executive Chairman. Having founded the Group and being at the helm for nearly 60 years, the time has come for me to take a more passive role and I am confident the present management team is able to lead the Group out of the current downturn and towards another prosperous era.

Finally, I wish to thank my fellow Board members for their unstinting contributions and wise counsel during the year. To our landlords, bankers, business partners and principals, many thanks for supporting us through thick and thin. And most of all, to all our employees for their hard work, perseverance and patience. Together, we will continue to give our best to secure the interests of all stakeholders who have helped make the F J Benjamin Group a household brand.

FRANK BENJAMIN

Non-Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

“”

Overall, we see more positive outcomes in terms of improved margins, inventory turns, as well as lower operational losses.

DEAR SHAREHOLDERS

The results for our financial year ended 30 June 2017 (FY17) reflected an ongoing restructuring programme which started four years ago when the global economy and financial markets were going through a challenging period. At the same time, changing consumer behaviour and the trend towards online shopping was altering the dynamics of retailing.

We have been reviewing our portfolio of fashion and timepiece brands, terminating those which were not performing including Raoul, our home-grown label. In addition, we have closed non-performing stores, opened new stores of brands we recently launched and downsized our operation in line with market fundamentals.

Whilst the discontinuation of brands and businesses reduced Group turnover, restructuring costs again hurt the bottom line. Overall, we see more positive outcomes in terms of improved margins, inventory turns, as well as lower operational losses. We also managed to bring down our net borrowings substantially over the year.

FINANCIAL & OPERATING REVIEW

Group turnover in FY17 fell 18% to $207.5 million, compared to $253.6 million the year before. Of the $46.1 million decline in turnover, $22.0 million was mainly from the discontinuance of businesses and $21.2 million from lower sales to our Indonesian associated company, as they have begun making partial purchases of merchandise directly from their principals. Group net loss attributable to shareholders fell to $17.4 million from $23.0 million in the previous year.

Revenue from the fashion business in Southeast Asia increased by one per cent excluding purchases by our Indonesian associate, discontinued brands and adjusting for translation losses. Revenue from our timepiece business slid 12%.

Sales in Singapore and Malaysia were down $400,000 after restating a $2.5 million currency translation loss from the depreciation of the Malaysian ringgit against the Singapore dollar.

Gross profit margin improved to 42% from 39% in the prior year with tighter inventory management and improved sell throughs.

Gross profit margin improved to 42% from 39% in the prior year with tighter inventory management and improved sell throughs.

Group operating expenses were cut by 13% to $103.0 million with more stringent cost controls and the closure of non-performing stores.

Operating loss was lower at $11.4 million against a loss of $19.9 million in the previous year.

As at 30 June 2017, inventory was reduced by 26% to $40.6 million as we reduced the number of brands that we represented.

Net borrowings totalled $22.7 million compared to $31.7 million at the end of June 2016. Net gearing stood at 53% against 52% last year.

The Board has not recommended a dividend for FY17.

The Group sold NooTrees, our eco-friendly paper and tissue business, in March 2017 as its greatest growth potential was coming from North America. To manage this out of Singapore was not feasible considering the size and scope of the business potential in North America.

The Group terminated its distribution rights for Goyard on 15 June 2017 and sold its business back to the principal. Both sales of Goyard and NooTrees generated a net gain of $10.8 million.

During our ongoing business review, in March 2017, we decided not to renew our agreements (expiring February 2018) for the Gap and Banana Republic brands in the region, as part of our strategy to evolve our business portfolio due to market dynamics and consumer preferences. These brands contributed to an operating loss of $6.0 million in FY17. In addition, we have made additional provisions for the impairment of the leases of these brands. It is anticipated all 20 stores in Singapore, Malaysia and Indonesia will be closed by the first quarter of 2018.

CHIEF EXECUTIVE OFFICER'S REPORT

The gains from the sale of NooTrees and Goyard more than offset the impairment costs and the provision made for impairment in value of investment, resulting in a net gain of $3.0 million.

Whilst having started selling certain products online, we are equally committed to develop and launch a sustainable and dynamic omnichannel strategy that will serve to both drive online sales and create a profitable omnichannel relationship with our existing and new customers. It is interesting to note a large majority of purchases continue to be made in stores, and this is disproportionately so with apparel brands. Here is where we will adapt our fleet of nearly 230 stores (excluding Gap and Banana Republic stores) to serve not only to offline but also the online market, creating a real omnichannel experience for consumers.

RETAIL NETWORK

The Group's distribution network in the region comprised 250 stores as at 30 June 2017 compared with 226 in the previous corresponding year. We have 30 stores in Singapore, 76 stores in Malaysia and 144 stores in Indonesia. The Group also opened eight outlet mall stores in Genting Premium Outlet, Kuala Lumpur, and Penang Design Village in Penang, Malaysia. The outlet mall operations are now part of our retail model where we are able to clear past season merchandise once new collections arrive.

BRANDS

We opened four Marc Jacobs stores in Singapore, Malaysia and Indonesia which carry a full collection of bags, accessories and ready-to-wear. We opened a Superdry flagship store in Orchard Road in June, as well as a Rebecca Minkoff store in Singapore. These new businesses are performing well above expectation. Our Associate Company in Indonesia also obtained rights for the full range of Casio watches for their market.

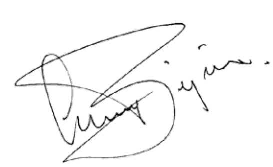
OUTLOOK

Whilst the operating environment remains challenging in Singapore, we are beginning to see the market stabilising. Our stores have now all been right-sized and operating optimally which will lead to improved operations going forward. Consumer spending in Malaysia and Indonesia is expected to remain buoyant with increasing affluence and a growing middle class.

We will continue to stay vigilant on costs, secure new businesses which are relevant and work towards turning the Group to profitability.

APPRECIATION

In end June 2017, Mr Frank Benjamin, the Founder of the Group, relinquished his position as Executive Chairman to become a Non-Executive Chairman. I would like to thank him for being an inspiration to all of us and his stewardship of the Group all these years. I am grateful to all employees for their hard work, perseverance and patience, and thankful to our principals, business associates, bankers and landlords for their support during these difficult years. I would also like to thank all shareholders for their patience these last few years.



ELI MANASSEH (NASH) BENJAMIN

Chief Executive Officer
F J Benjamin Holdings Ltd

GEOGRAPHICAL PRESENCE

RETAIL FOOTPRINT

	FY 2017	FY 2016
Singapore	30	32
Malaysia	76	69
Indonesia	144	125
TOTAL	**250**	**226**

CORPORATE STRUCTURE

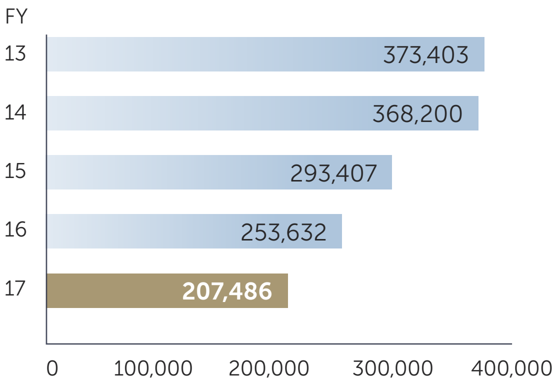
F J BENJAMIN HOLDINGS LTD

- 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%**
  - Thailand
    - F.J.Benjamin Concepts (Thailand) **100%**
  - Indonesia
    - PT Meteor Prima Sejati Group of Companies **100%**
- NORTH ASIA
  - Hong Kong
    - F J Benjamin (H.K.) **100%**
      - F J Benjamin (Shanghai) **100%**
    - Ferro Designs **100%**
    - BMI (Hong Kong) **100%**
    - Fashion Dynamics HK Ltd **100%**
      - Fashion Dynamics (Shenzhen) **100%**
  - Taiwan
    - F J Benjamin (Taiwan) **100%**
- EUROPE
  - Italy
    - F J Benjamin Italy S.R.L **100%**
- AUSTRALIA
  - F J Benjamin (Aust) **100%**
- USA
  - F. J. Benjamin Fashions (US) **100%**

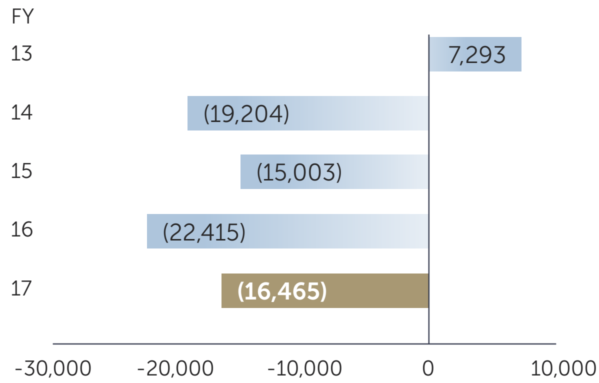
Active · Investment holding · Dormant

GROUP FIVE-YEAR FINANCIAL SUMMARY

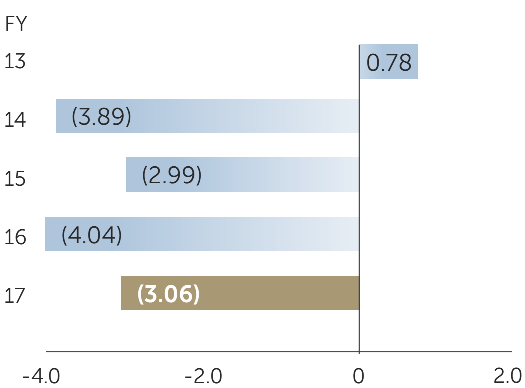
TURNOVER ($'000)



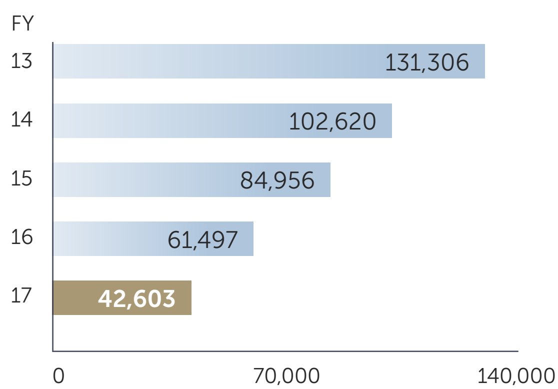
PROFIT / (LOSS) BEFORE TAXATION ($'000)



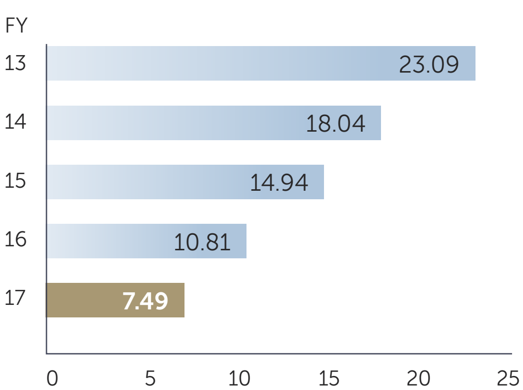
BASIC EARNINGS / (LOSS) PER SHARE (CENTS)



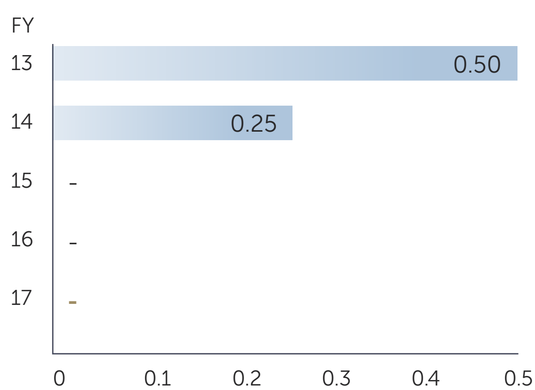
SHAREHOLDERS' EQUITY ($'000)



NTA PER SHARE (CENTS)



DIVIDENED PER SHARE (CENTS)



GROUP FIVE-YEAR FINANCIAL SUMMARY

	2013	2014	2015	2016	2017
	$'000	$'000	$'000	$'000	$'000
PROFIT & LOSS					
Turnover	373,403	368,200	293,407	253,632	**207,486**
Operating Profit / (Loss) before Borrowing Costs	9,833	(13,946)	(13,932)	(19,796)	**(12,028)**
Borrowing Costs	(3,307)	(3,572)	(3,227)	(2,507)	**(1,744)**
Share of Results of Associates	767	(1,686)	2,156	(112)	**(2,693)**
Profit / (Loss) Before Taxation	7,293	(19,204)	(15,003)	(22,415)	**(16,465)**
Profit / (Loss) After Taxation and Non-controlling Interest	4,447	(22,102)	(16,988)	(22,959)	**(17,420)**
Basic Earnings / (Loss) Per Share (cents)	0.78	(3.89)	(2.99)	(4.04)	**(3.06)**
Operating Margin (%)	1.9%	-3.4%	-4.7%	-7.8%	**-5.8%**
BALANCE SHEET					
Non-Current Assets	55,648	50,058	56,217	45,194	**35,806**
Net Current Assets	82,834	62,622	32,158	16,483	**7,571**
Shareholders' Equity attributable to equity holders of the Company	131,306	102,620	84,956	61,497	**42,603**
Net Debt	69,328	80,029	46,064	31,749	**22,747**
Return on Equity (%)	3.4%	-21.5%	-20.0%	-37.3%	**-40.9%**
Net Debt to Equity	0.53	0.78	0.54	0.52	**0.53**
Net Tangible Assets Per Share (cents)	23.09	18.04	14.94	10.81	**7.49**
Dividend Per Share (cents)	0.50	0.25	-	-	**-**

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:
Executive. Redesignated to Non-Executive on 1st July 2017

Board committees served on:
Nominating Committee

Mr Frank Benjamin is the Executive Chairman and founder of F J Benjamin. With more than 50 years of experience in the retail industry, Mr Benjamin formulates the Group's strategy for growth and future expansion. He is also responsible for defining the overall strategy and vision of the Group.

On 1st July 2017, Mr Benjamin relinquished his position as Executive Chairman and was re-designated to Non-Executive Chairman.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973

Date of last re-election:
31 October 2013

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.

In 2007, Mr Nash Benjamin was awarded the Ernst & Young Entrepreneur of the Year Award in the Lifestyle category. He also won the Chief Executive Officer Award (market cap. below S$300 million) in 2009 at the Singapore Corporate Awards.

BOARD OF DIRECTORS

MR DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000

Date of last re-election:
20 October 2014

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.

In 2012, Mr Douglas Benjamin was awarded the Ernst & Young Entrepreneur of the Year Award in the Lifestyle and Retail category.

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

MS KAREN CHONG MEE KENG

Date of appointment as Director:
1 April 2005

Date of last re-election:
20 October 2014

Nature of appointment:
Executive

Board committees served on:
None

Ms Karen Chong is the Chief Financial Officer and Company Secretary of the Group. She has been with the Group since 1997. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, she was with a public accounting firm for several years and had accumulated more than 30 years of financial and operational experience in the local and overseas retail industry.

MR NG HIN LEE

Date of appointment as Director:
11 July 2014

Date of last re-election:
20 October 2014

Nature of appointment:
Independent

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

Mr Ng Hin Lee has more than 30 years of financial experience and is a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, he was the Chief Financial Officer of Singapore Post Limited, Advanced Systems Automation Limited and Gul Technologies Singapore Limited where he was also the co-founder, Executive Director and member of the Audit Committee and Investment Committee. He currently sits on the boards of two non-listed companies.

MR CHEW KWEE SAN

Date of appointment as Director:
3 November 2008

Date of last re-election:
28 October 2015

Nature of appointment:
Non-Executive

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

Mr Chew Kwee San is the Executive Director of the Tecity Group and Council Member of the Tan Chin Tuan Foundation. The Tecity Group was founded by the late banker and philanthropist, Tan Sri (Dr) Tan Chin Tuan; its philanthropic arm is the Tan Chin Tuan Foundation.

BOARD OF DIRECTORS

MR DANIEL ONG JEN YAW

Date of appointment as Director:
30 November 2011

Date of last re-election:
28 October 2015

Nature of appointment:
Independent

Board committees served on:
Audit Committee
and Nominating Committee

Mr Daniel Ong Jen Yaw is the Executive Director of food and beverage company, Sushi-Tei Pte Ltd. Mr Ong has over 20 years of working experience in diverse fields ranging from banking and finance, property investment and development, manufacturing, cruise operations and food and beverage business.

MR LIEW CHOON WEI

Date of appointment as Director:
29 November 2016

Date of last re-election:
Not applicable

Nature of appointment:
Independent

Board committees served on:
Nominating Committee (Chairman)

Mr Liew Choon Wei has more than 30 years of financial experience and is a Fellow member of the Institute of Singapore Chartered Accountants. He was an Audit Partner of Ernst & Young LLP Singapore from 1990 to 2013. He sits on the Board of Halcyon Agri Corporation Limited, Frasers Hospitality Trust and The Hour Glass Limited.

SENIOR MANAGEMENT

SINGAPORE/MALAYSIA

Ian Lim
Chief Executive Officer
F J Benjamin (Singapore) Pte Ltd

Mr Ian Lim joined the Group in 2009 with 15 years of experience in the fashion and retail industry. Mr Lim is responsible for the operations and business development in Singapore. He also heads the Group's Gap, Banana Republic and La Senza businesses in Singapore, Malaysia and Indonesia.
He resigned on 21 July 2017.

Samuel Benjamin
Director – Luxury Fashions and Timepieces

Mr Samuel Benjamin joined the Group in 1991. He was appointed Senior Vice-President of F J Benjamin Fashions (U.S.) Inc. in 2009 and was responsible for the New York office and the Raoul operations in the United States. He relocated back to Singapore in November 2012.

Mr Benjamin now oversees the operations of the luxury fashion and timepiece businesses in the region.

Ben Benjamin
Director – Corporate Strategy & Business Development
F J Benjamin Holdings Ltd

Mr Ben Benjamin joined the Group in 2005 and was responsible for the overall business operations of the Group's luxury brands as well as the development and identification of new brands for the luxury fashion division.

Mr Benjamin oversees the corporate strategy and business development for the Group.

Winnie Ke
Assistant General Manager-Timepieces

Ms Winnie Ke joined the Group in 2015 and is responsible for the timepiece business in Singapore overseeing the overall operations, sales, brand building and growth of the distribution network.

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 functions of the Group's entities in Malaysia.

CÉLINE

GIVENCHY
PARIS

LOEWE

MARC JACOBS

TOM FORD

PrettyBallerinas

GUESS

REBECCAMINKOFF

La Senza

U.S. POLO ASSN.
SINCE 1890

LUXURY

LIFESTYLE

TIMEPIECE

BANANA REPUBLIC
EST. 1978 | SAN FRANCISCO

GAP

ANNUAL REPORT 2016/17 – 025

極度乾燥(しなさい)
Superdry®

vnc

SHERIDAN

BABYZEN™

GUESS

Gc
SMART LUXURY™

FREDERIQUE CONSTANT
GENEVE

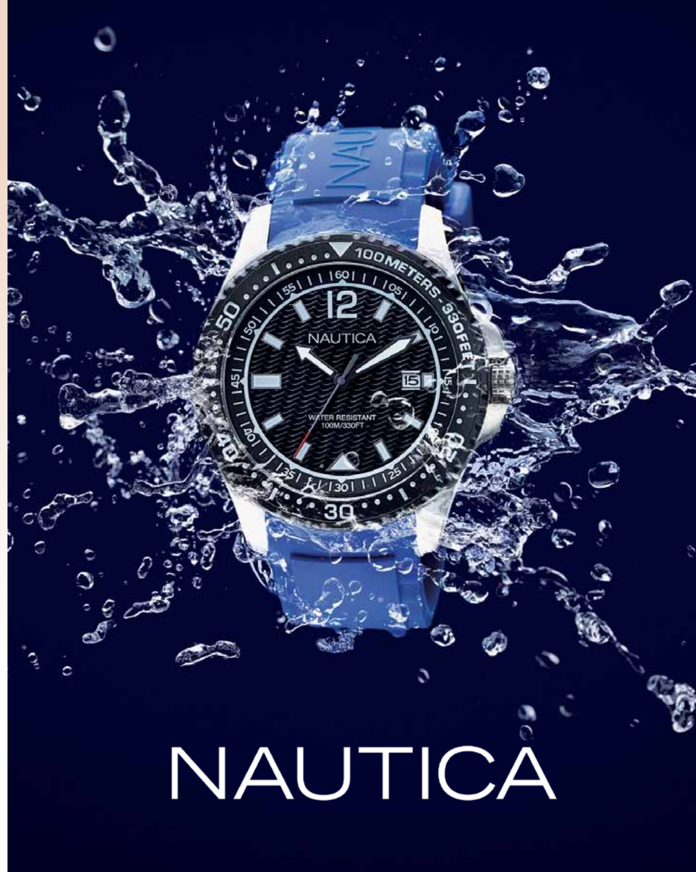
Alpina
1883 GENEVE

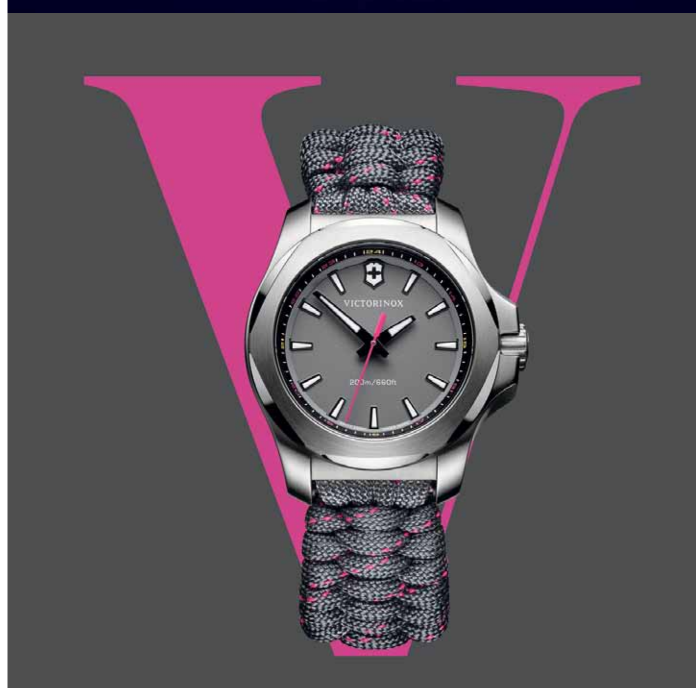
Bell & Ross
TIME INSTRUMENTS


G-SHOCK
SHOCK RESIST
CASIO
WR20BAR
SUN 6-30
ADJUST
MODE
START
SNZ — ALM — SIG
ILLUMINATOR
ABSOLUTE TOUGHNESS
GA-700

CASIO

極度乾燥(しなさい)
Superdry.
watches





VICTORINOX
SWISS ARMY

WATCH ZONE

WATCH engine

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.

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	5	3	1	1	NA	NA	NA	NA
Eli Manasseh (Nash) Benjamin	5	4	NA	NA	NA	NA	NA	NA
Douglas Benjamin	5	5	NA	NA	NA	NA	NA	NA
Karen Chong	5	5	NA	NA	NA	NA	NA	NA
Ng Hin Lee	5	5	NA	NA	1	1	4	4
Chew Kwee San	5	5	NA	NA	1	1	4	4
Daniel Ong Jen Yaw	5	4	1	1	NA	NA	4	4
Liew Choon Wei ^	5	4	1	1	NA	NA	NA	NA

^ Appointed as a Director of the Company on 29 November 2016.

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

As at the end of the financial year, the Board comprises eight Directors, three of whom are Independent Directors.

In keeping 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), two of the Non-Independent Directors, Ms Karen Chong and Mr Chew Kwee San will be stepping down after the Annual General Meeting. Announcement will be made to the SGX-ST once the resignations are finalised. With this change, half of the Board will comprise of Independent Directors.

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.

CORPORATE GOVERNANCE REPORT

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. He is redesignated as Non-Executive Director with effect from 1 July 2017. 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 Directors 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-appointment 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-appointment at the Company's AGM.

(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 13 to 16 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 June 2017. 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 Committee(s). The Board did not engage an external facilitator for the assessment process for FY2017.

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 Chew Kwee San (Non-Independent Director) and its member is Mr Ng Hin Lee, an Independent Director.

In accordance with the Code, the Board notes that RC should comprise at least three members. The Board will take the necessary actions to ensure compliance and will make the relevant announcement on SGXNet at the appropriate time.

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 2017.

Disclosure of Remuneration – Principle 9

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

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
Executive Directors					
$500,000 to $699,999					
Mr Eli Manasseh Benjamin	–	96%	–	4%	100%
Mr Douglas Benjamin	–	97%	–	3%	100%
$350,000 to $499,999					
Mr Frank Benjamin	–	95%	–	5%	100%
Ms Karen Chong	–	95%	–	5%	100%
Non-Executive Directors					
Below $100,000					
Mr Ng Hin Lee	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%
Mr Liew Choon Wei	100%	–	–	–	100%

Total amount paid as Directors' Fees for the financial year ended 30 June 2017 was S$170,000 despite shareholders' approval for payment of directors' fees up to S$230,000 at the last AGM held on 27 October 2016.

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

No. of executives	4
Total remunerations	$1,073,515

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

	Basic Salary and allowance	Variable Performance Bonus	Benefit-in-Kind	Total
$300,000 to $499,999				
Ian Lim #	95%	–	5%	100%
Samuel Benjamin	94%	–	6%	100%
$100,000 to $299,999				
Goretta Yeoh	78%	13%	9%	100%
Ben-Judah Benjamin *	97%	–	3%	100%

resigned on 21 July 2017.
* on 50% work week.

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 and allowance	Variable Performance Bonus	Benefit-in-kind	Total
$300,000 to $349,999				
Samuel Benjamin Son of Chairman	94%	–	6%	100%
$250,000 to $299,999				
Mavis Benjamin Wife of Chairman	93%	–	7%	100%
Below $150,000				
Odile Benjamin Wife of Executive Director, Douglas Jackie Benjamin	97%	–	3%	100%
Ben-Judah Benjamin * Son of Chairman	97%	–	3%	100%

* on 50% work week.

The Company does not have any share scheme.

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 Chew Kwee San and Mr Daniel Ong. With the exception of Mr Chew Kwee San, the other two Directors are Independent Directors.

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 FY2017, a total of four AC meetings were held. The AC also held one meeting with the External Auditors 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 $405,000 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 $122,000.

Risk Management and Internal Controls – Principle 11

The Board, with the assistance from the Audit Committees, 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 2017 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 Auditors, External Auditors' 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 2017.

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.

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 2017, 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 2017.

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 2017 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 (Re-designated on 1 July 2017)
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Ms Karen Chong Mee Keng	–	Executive Director
Mr Ng Hin Lee	–	Independent Director
Mr Chew Kwee San	–	Non-Executive Director
Mr Daniel Ong Jen Yaw	–	Independent Director
Mr Liew Choon Wei	–	Independent Director (Appointed on 29 November 2016)

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' INTERESTS 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	39,191,000	39,191,000	–	–
Mr Eli Manasseh Benjamin	24,310,050	24,310,050	–	–
Mr Douglas Jackie Benjamin	120,000	120,000	10,000	10,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2017.

Except as disclosed in this report, 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 members of the Audit Committee ("AC") at the date of this statement are:

Mr Ng Hin Lee (Chairman)
Mr Chew Kwee San
Mr Daniel Ong Jen Yaw

The AC carried out its functions in accordance with Section 201B(5) of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance as detailed in the Corporate Governance Report of the Annual Report.

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.

AUDIT COMMITTEE (CONTINUED)

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 is satisfied with the independence and objectivity of the External Auditor and has recommended to the Board of Directors that the Auditor Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

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

Karen Chong Mee Keng
Director

Singapore
26 September 2017

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 2017, 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 Financial Reporting Standards in Singapore (FRSs) 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 2017 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.

KEY AUDIT MATTERS (CONTINUED)

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.

Loan covenants and liquidity considerations

For the financial year ended 30 June 2017, the Group continued to incur a net loss of $17.4 million, which is its fourth consecutive year of incurring losses. Since 5 December 2016, the Company was placed on the Singapore Exchange Limited ("SGX") watch-list due to the financial entry criterion, as it recorded pre-taxes losses for three consecutive years and an average daily market capitalisation of less than $40 million over the last 120 market days. The Group's total borrowings amounted to $28.9 million as at 30 June 2017. The Group monitors and assesses its debt covenants for all its loans and borrowings as stated in Note 22.

Significant judgement is involved in assessing the ability of the Group to meet its financial obligations and manage its liquidity position and consequently, the use of going concern assumption in the preparation of the financial statements. The assessment of future compliance with the debt covenants and the liquidity position are based on assumptions about future market, its business and/or economic conditions and continued supports from the lenders. These assumptions can be influenced by subjective elements such as estimated future cash flows, forecasted results, margins from operations and lenders' policy changes. As such, we determined this to be a key audit matter.

Our audit procedures included, amongst others, reviewing the cash flow forecasts prepared by management to monitor and manage the liquidity position of the Group. We assessed the reasonableness of the key assumptions and estimates underlying the cash flow forecast, such as projected revenue, margins and projected operating expenses by comparing them to historical data, economic and industry forecasts. We performed sensitivity analysis on these key assumptions adopted in the forecasts. We also reviewed the Group's loan facility agreements and computation of the financial covenants and management's assessment of covenant compliance as defined in the respective loan facility agreements.

We also assessed the adequacy of disclosures relating to the use of the going concern assumption as set out in Note 2.1 to the financial statements.

Assessment of impairment of investment in associate

The carrying value of the Group's investment in associate amounts to $23.9 million as at 30 June 2017, which represents 56% 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.

KEY AUDIT MATTERS (CONTINUED)

Assessment of impairment of investment in associate (continued)

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 expected future market and economic conditions, changes to the assumptions could lead to material changes in the estimated recoverable amount, impacting both potential impairment charges and also potential reversals of impairment taken in prior years.

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 methodology used by management in estimating the recoverable amount of the investment in conjunction with any intra-group balances. We have assessed the reasonableness of the assumptions used, such as revenue growth, long-term growth and the discount rate used, in management's estimates of recoverable value.

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 2017, the Group had trade debtors amounting to $14.3 million. The determination as to whether a trade debt is collectable involves management judgement. Specific factors management considers include the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of debtors. Management uses this information to determine whether an allowance for impairment is required either for a specific transaction or for a customer's balance overall.

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, requesting confirmation 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.

We tested aged balances where no allowance was recognised to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.

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, 28a and 28c 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 2017, the Group had gross inventory of $47.9 million and allowance for obsolescence of $7.3 million carried on its balance sheet. 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. We have identified this as a key audit matter given management's judgement in making these assessments.

Our audit procedures included, amongst others, assessing the process, methods and assumptions used by management to develop the policy for allowance for obsolescence. We reviewed the basis to recognise the inventory allowance and ascertained that allowances made are in line with their policy. We also 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 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.

Impairment assessment of furniture, fixtures and equipment

The Group operates numerous retail stores primarily in Singapore and Malaysia. The associated store assets are significant to our audit due to the size of the store assets carrying values. The judgement involved in the identification of any impairment indicators and subsequent assessment of the recoverability of the asset amounts is made based on future store performance, which is, amongst others, dependent on the expected store traffic and the competitive environment in local markets. Accordingly, we have identified this as a key audit matter. Based on management's impairment assessment as at 30 June 2017, management recognised impairment losses of $571,000 on furniture, fixtures and equipment during the financial year.

Our audit procedures included, amongst others, reviewing management's identification of impairment indicators related to non-performing stores by assessing management's review of the financial performance on a store by store basis. Where an impairment indicator is identified, we tested management's key assumptions underlying the impairment calculation for those stores. The key assumptions were compared to historic trend analyses of the stores, internal forecasts approved by management and considered the viability of future plans, local economic developments and the overall industry outlook.

Our valuation specialists assisted us in assessing the reasonableness of certain significant estimates used in management's impairment calculations, such as the long-term growth rates and discount rates.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of furniture, fixtures and equipment (continued)

We also assessed the adequacy and appropriateness of the related disclosures set out in Note 3.2(i) and Note 12 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 FRSs, 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.

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

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.

- 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.

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

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

26 September 2017

CONSOLIDATED
INCOME STATEMENT
for the financial year ended 30 June 2017

(In Singapore Dollars)

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	5	207,486	253,632
Other income, net	6	4,352	800
Interest income		223	299
		212,061	254,731
Costs and expenses			
Cost of goods sold		(120,424)	(155,776)
Staff costs	7	(31,790)	(36,267)
Rental of premises		(39,819)	(42,773)
Advertising and promotion		(3,878)	(5,988)
Depreciation of furniture, fixtures and equipment	12	(4,312)	(5,821)
Other operating expenses		(23,232)	(28,035)
Total costs and expenses	8	(223,455)	(274,660)
Operating loss		(11,394)	(19,929)
Interest expense	9	(1,744)	(2,507)
		(13,138)	(22,436)
Foreign exchange (loss)/gain, net		(634)	133
Share of results of associates, net of tax		(2,693)	(112)
Loss before tax		(16,465)	(22,415)
Income tax expenses	10	(955)	(544)
Net loss for the year		(17,420)	(22,959)
Loss attributable to:			
Owners of the Company		(17,420)	(22,959)
Loss per share (cents)	11		
Basic and diluted		(3.06)	(4.04)

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 2017

(In Singapore Dollars)

	Group	
	2017	**2016**
	$'000	**$'000**
Loss for the year	(17,420)	(22,959)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,474)	(500)
Total comprehensive income for the year	(18,894)	(23,459)
Total comprehensive income attributable to:		
Owners of the Company	(18,894)	(23,459)

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

BALANCE SHEETS

as at 30 June 2017

(In Singapore Dollars)	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Furniture, fixtures and equipment	12	10,131	12,819	33	49
Subsidiaries	13	–	–	11,102	21,141
Investment in associates	14	23,932	30,378	–	–
Other receivables	15	1,024	1,069	–	–
Deferred tax assets	23	719	928	–	–
		35,806	45,194	11,135	21,190
Current assets					
Inventories	16	40,620	54,808	–	–
Investment securities	17	167	167	–	–
Trade debtors	18	14,264	20,603	–	–
Other debtors	19	13,788	15,012	31,752	39,863
Loan to related party of associate	24	5,500	5,500	–	–
Prepayments and advances		435	716	3	51
Tax recoverable		751	1,099	–	–
Cash on hand and at banks	27	7,204	3,446	3,236	125
		82,729	101,351	34,991	40,039
Current liabilities					
Trade and other creditors	20	45,941	49,785	3,736	2,172
Finance lease creditors	21	324	146	27	146
Bank borrowings	22	28,893	34,937	–	–
		75,158	84,868	3,763	2,318
Net current assets		7,571	16,483	31,228	37,721
Non-current liabilities					
Finance lease creditors	21	734	112	–	112
Other liabilities		–	28	–	–
Deferred tax liabilities	23	40	40	–	–
		774	180	–	112
Net assets		42,603	61,497	42,363	58,799
Equity attributable to owners of the Company					
Share capital	25	165,447	165,447	165,447	165,447
Foreign currency translation reserve	26	(28,241)	(26,767)	–	–
Accumulated losses		(94,603)	(77,183)	(123,084)	(106,648)
Total equity		42,603	61,497	42,363	58,799

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 2017

(In Singapore Dollars)

	Attributable to owners of the Company			
	Share Capital $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Group				
At 1 July 2016	165,447	(26,767)	(77,183)	61,497
Loss for the year	–	–	(17,420)	(17,420)
Other comprehensive income				
Foreign currency translation	–	(1,474)	–	(1,474)
Total comprehensive income for the financial year	–	(1,474)	(17,420)	(18,894)
At 30 June 2017	165,447	(28,241)	(94,603)	42,603
At 1 July 2015	165,447	(26,267)	(54,224)	84,956
Loss for the year	–	–	(22,959)	(22,959)
Other comprehensive income				
Foreign currency translation	–	(500)	–	(500)
Total comprehensive income for the financial year	–	(500)	(22,959)	(23,459)
At 30 June 2016	165,447	(26,767)	(77,183)	61,497

Included in the Group's accumulated losses are certain profits of approximately $7,000 (2016: $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

for the financial year ended 30 June 2017

(In Singapore Dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
At 1 July 2016	165,447	(106,648)	58,799
Loss for the year, representing total comprehensive income for the financial year	–	(16,436)	(16,436)
At 30 June 2017	165,447	(123,084)	42,363
At 1 July 2015	165,447	(51,475)	113,972
Loss for the year, representing total comprehensive income for the financial year	–	(55,173)	(55,173)
Balance as at 30 June 2016	165,447	(106,648)	58,799

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 2017

(In Singapore Dollars)

	Group	
	2017	2016
	$'000	$'000
Cash flows from operating activities:		
Loss before tax	(16,465)	(22,415)
Adjustments for:		
Depreciation of furniture, fixtures and equipment	4,312	5,821
Share of results of associates, net of tax	2,693	112
Currency realignment	(1,180)	49
Gain on dissolution of associated company	–	(103)
Loss on disposal of furniture, fixtures and equipment	127	39
Interest income	(223)	(299)
Interest expense	1,744	2,507
Loss on sale of investment securities	–	176
Provision for impairment in investment in associate	3,982	–
Provision for onerous leases	3,215	–
Impairment loss on furniture, fixtures and equipment	571	–
Restructuring costs	–	717
(Reversal) / Allowance for inventory obsolescence and inventories written off, net	(533)	315
Gain on disposal of business and assets of subsidiary	(10,745)	–
Allowance for doubtful debts and bad debts written off	24	94
Operating cash flows before working capital changes	(12,478)	(12,987)
Decrease in debtors	7,807	13,026
Decrease in prepayments and advances	281	1,354
Decrease in inventories	14,243	19,134
Decrease in creditors	(7,060)	(2,181)
Cash flows generated from operations	2,793	18,346
Income tax (paid)/refunded	(465)	1,189
Net cash flows generated from operating activities	2,328	19,535
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	(4,678)	(4,678)
Proceeds from disposal of furniture, fixtures and equipment	2,083	553
Proceeds from sale of investment securities, net	–	1,299
Investment in associate	(172)	–
Proceeds from disposal of business and assets of subsidiary	11,196	–
Net cash flows generated from/(used in) investing activities	8,429	(2,826)

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 2017

(In Singapore Dollars)

	Group	
	2017	2016
	$'000	$'000
Cash flows from financing activities:		
Repayment of bank borrowings	(6,275)	(15,784)
Proceeds from bank borrowings	2,839	1,704
Repayment of obligations under finance leases	(389)	(176)
Interest paid	(1,744)	(2,507)
Proceeds from finance lease liabilities	1,189	–
Net cash flows used in financing activities	(4,380)	(16,763)
Net increase /(decrease) in cash and cash equivalents	6,377	(54)
Cash and cash equivalents at beginning of financial year	(5,828)	(5,887)
Net effect of exchange rate changes on opening cash and cash equivalents	(11)	113
Cash and cash equivalents at end of financial year (Note 27)	538	(5,828)

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 10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684.

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 ("FRS").

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.

For the financial year ended 30 June 2017, the Group incurred a net loss of $17.4 million (2016: $23.0 million). Management has prepared cash flow forecasts for the 12 months following the date of the financial statements and these have been prepared based on certain assumptions and estimates such as projected revenue growth and operating expenses for its retail stores. Based on the cash flow forecasts, the Group has projected positive cash flows. With these projected positive cash flows, together with the Group's access to borrowing facilities as well as continued support from its lenders, the directors of the Company have considered that the Group will be able to meet its commitments as well as repay any debts as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
Improvements to FRS (December 2016)	
– Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
– Amendments to FRS 40 *Transfer of Investment Property*	1 January 2018
– Amendment to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 115: Clarification to FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendment to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 115, FRS 109 and FRS 116, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

The Group has performed a preliminary assessment of the impact of FRS 115. Based on this preliminary assessment, which is subject to changes arising from a more detailed ongoing analysis, the impact upon adoption of FRS 115 is not expected to be material to the Group's financial statements.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 39.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a material impact on its equity. However, it will need to perform a more detailed analysis which considers all reasonable and supportable information, include forward looking elements to determine the extent of the impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation, and gearing ratio.

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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is 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 FRS.

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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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 is accounted as 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates (continued)

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. The most recent available audited financial statements or, if not available, the unaudited management financial statements of associates, are used by the Group in applying the equity method.

Upon loss of significant influence or joint control 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.

2.10 Financial instruments

a) Financial assets

<u>Initial recognition and measurement</u>

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (continued)

a) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired and through the amortisation process.

iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (continued)

a) Financial assets (continued)

De-recognition

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

Initial recognition and measurement

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.

Subsequent measurement

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.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets (continued)

c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is being recognised:

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

b) Deferred tax (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.24 Segment reporting

For management reporting purposes, the Group's businesses are generally segmented by its channel of distribution and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise bank borrowings, finance lease, taxation, corporate assets and corporate expenses. The turnover by geographical segments is based on the location of the customers regardless of where the goods are produced. The assets and capital expenditure are based on the location of those assets.

Segment accounting policies are the same as the policies of the Group. Intersegment transactions are carried out based on terms agreed upon between the management of the respective segment.

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 has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Income tax

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the income tax items in the financial statements are:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax assets	719	928	–	–
Tax recoverable	751	1,099	–	–
Deferred tax liabilities	40	40	–	–

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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 furniture, fixtures and equipment, investment in subsidiaries, and investment in associates 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 Group's and Company's furniture, fixtures and equipment at 30 June 2017 were approximately $10,131,000 (2016: $12,819,000) and $33,000 (2016: $49,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associates at 30 June 2017 was approximately $8,516,000 (2016: $9,654,000) and $23,932,000 (2016: $30,378,000) respectively.

(ii) Allowance for inventory obsolescence and net realisable value

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 2017 was approximately $40,620,000 (2016: $54,808,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 29 to the financial statements.

4. GROUP COMPANIES

The subsidiaries as at 30 June are:

	Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
			2017	2016	2017	2016
			$'000	$'000	%	%
	Held by the Company					
~	Fashion Dynamics International Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
~	F J Benjamin Ideas Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	8,516	8,516	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Cost 2017 $'000	Cost 2016 $'000	Percentage of equity interest 2017 %	Percentage of equity interest 2016 %
	Held by the Company (continued)					
@	F J Benjamin (H.K.) Limited [Hong Kong]	Dormant	58,612	58,612	100	100
+	BMI (Hong Kong) Limited [Hong Kong]	Dormant	1,119	1,119	100	100
@	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
@	F J Benjamin (Taiwan) Ltd [Taiwan]	Dormant	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Dormant	21,434	21,434	100	100
@	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	243	243	100	100
			99,912	99,912		

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2017 %	Percentage of equity interest 2016 %
	Held through subsidiaries			
~	Nootrees Pte Ltd [Singapore]	Dormant	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
~	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2017 %	2016 %
	Held through subsidiaries (continued)			
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Dormant	100	100
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100
@	Fashion Dynamics (Shenzhen) Co. Ltd. [People's Republic of China]	Dormant	100	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
+	F J Benjamin Italy S.R.L. [Italy]	Dormant	100	100
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear and accessories	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.
^ Cost of investment is two Singapore dollars.
@ Audited by other auditors.

5. REVENUE

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

6. OTHER INCOME, NET

	Group 2017 $'000	Group 2016 $'000
Market support and administrative service income (Note 34)	600	605
Loss on disposal of investment securities	–	(176)
Provision for impairment in investment in associate (Note 14)	(3,982)	–
Gain on disposal of business and assets of subsidiary (1)	10,745	–
Gain on dissolution of associated company	–	103
Government grants (2)	380	752
Loss on disposal of furniture, fixtures and equipment	(127)	(39)
Write back of payables and accruals	170	157
Sample sales income	249	201
Provision for onerous leases (Note 20)	(3,215)	–
Restructuring cost	–	(717)
Impairment loss on furniture, fixtures and equipment (Note 12)	(571)	–
Provision for restoration cost	(133)	–
Others	236	(86)
	4,352	800

(1) Comprise gain on expiration of the Group's exclusive retail distribution agreement of a franchise brand and the sale of a subsidiary's business to a third party.

The value of assets of the business and the franchise brand as at date of disposal and the effects of disposal are as follows:

	2017 $'000
Inventories, representing carrying amount of net assets	348
Total consideration received	11,196
Gain on disposal	10,848
Less: disposal related expenses	(103)
Net gain on disposal	10,745

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

7. STAFF COSTS

	Group 2017 $'000	Group 2016 $'000
Salaries and bonuses	23,170	26,738
Provident fund contributions	3,540	3,808
Other short-term benefits	5,080	5,721
	31,790	36,267

8. TOTAL COSTS AND EXPENSES

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

	Group 2017 $'000	Group 2016 $'000
Audit fees:		
– Auditors of the Company	283	283
– Other auditors	58	66
Non-audit fees:		
– Auditors of the Company	122	121
– Other auditors	14	15
Write-back of allowance for inventory obsolescence, net (Note 16)	(2,164)	(657)
Inventories written down (Note 16)	1,631	972
Allowance for doubtful debts, net	16	14
Bad debts written off	8	80
Rental of equipment	243	324
Outlet related expenses	4,162	4,604
Transportation and accommodation expenses	1,490	1,829
Utilities	1,000	1,221
Freight, warehousing, handling and shipping costs *	5,650	6,219
Discounts allowed	352	544
Royalties	539	986
Professional and legal fees	1,102	2,720
Samples/repairs of inventories	260	708
Repair and maintenance	1,039	1,066

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

9. INTEREST EXPENSE

	Group 2017 $'000	Group 2016 $'000
Interest expense on:		
– Bank borrowings	1,709	2,494
– Finance leases	35	13
	1,744	2,507

10. INCOME TAX EXPENSES

	Group 2017 $'000	Group 2016 $'000
Major components of income tax expense		
The major components of income tax expense for financial years ended 30 June are:		
Current income tax:		
– Current tax	749	446
– Under provision in respect of prior years	22	72
Deferred income tax:		
– Movements in temporary differences	151	17
– Under provision in respect of prior years	33	9
Income tax expense recognised in profit or loss	955	544

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 30 June 2017 and 2016 is as follows:

	Group 2017 $'000	Group 2016 $'000
Loss before share of results of associates and before tax	(13,772)	(22,303)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(2,256)	(4,695)
Adjustments:		
Income not subjected to tax	(2,183)	(408)
Expenses not deductible for tax purposes	2,696	2,189
Deferred tax assets not recognised	2,643	3,377
Under provision in respect of prior years	55	81
Income tax expense recognised in profit or loss	955	544

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

As at 30 June 2017, certain subsidiaries had unutilised tax losses of approximately $103.7 million (2016: $88.2 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. LOSS PER SHARE

The basic loss per share amounts are calculated by dividing the 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 loss per share amounts are calculated by dividing 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 loss and share data used in the computation for basic and diluted loss per share for the financial years ended 30 June:

	Group	
	2017 $'000	2016 $'000
Net loss for the financial year attributable to owners of the Company used in the computations of basic and diluted loss per share	(17,420)	(22,959)
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	568,710	568,710

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 2015	3,633	3,910	2,396	4,135	46,384	60,458
Currency realignment	(7)	(112)	(15)	(64)	(1,147)	(1,345)
Additions	904	215	–	91	3,468	4,678
Disposals	(203)	(442)	(205)	(604)	(7,094)	(8,548)
At 30 June 2016 and 1 July 2016	4,327	3,571	2,176	3,558	41,611	55,243
Currency realignment	(1)	(70)	(9)	(38)	(743)	(861)
Additions	1	190	–	53	4,434	4,678
Disposals	(1,886)	(618)	(1,121)	(247)	(9,279)	(13,151)
At 30 June 2017	2,441	3,073	1,046	3,326	36,023	45,909

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Accumulated depreciation and impairment loss						
At 1 July 2015	2,881	2,928	2,132	3,822	33,615	45,378
Currency realignment	(3)	(77)	(14)	(62)	(790)	(946)
Charge for the financial year	652	271	219	234	4,445	5,821
Disposals	(126)	(345)	(178)	(588)	(6,592)	(7,829)
At 30 June 2016 and 1 July 2016	3,404	2,777	2,159	3,406	30,678	42,424
Currency realignment	(2)	(49)	(9)	(38)	(490)	(588)
Charge for the financial year	226	238	12	127	3,709	4,312
Impairment loss	1	38	–	–	532	571
Disposals	(1,299)	(503)	(1,119)	(296)	(7,724)	(10,941)
At 30 June 2017	2,330	2,501	1,043	3,199	26,705	35,778
Net carrying amount						
At 30 June 2017	111	572	3	127	9,318	10,131
At 30 June 2016	923	794	17	152	10,933	12,819

Assets under construction

The Group's leasehold improvements included $340,000 (2016: nil) which relate to expenditure for retail outlets in the course of renovation.

Impairment of assets

During the financial year, the Group recognised an impairment loss of $571,000 on leasehold improvements to bring their carrying values to their recoverable values. Their recoverable amounts were based on the value in use of the leasehold improvements and the pre-tax discount rate used was 6.0% (2016: 4.0%). No impairment loss was recognised for the financial year ended 30 June 2016.

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 2015	139	390	1,162	34	2,552	4,277
Additions	–	5	–	–	–	5
At 30 June 2016 and 1 July 2016	139	395	1,162	34	2,552	4,282
Disposal	–	–	(765)	–	–	(765)
At 30 June 2017	139	395	397	34	2,552	3,517
Accumulated depreciation and impairment loss						
At 1 July 2015	91	386	980	34	2,544	4,035
Charge for the financial year	6	2	182	–	8	198
At 30 June 2016 and 1 July 2016	97	388	1,162	34	2,552	4,233
Charge for the financial year	14	2	–	–	–	16
Disposal	–	–	(765)	–	–	(765)
At 30 June 2017	111	390	397	34	2,552	3,484
Net carrying amount						
At 30 June 2017	28	5	–	–	–	33
At 30 June 2016	42	7	–	–	–	49

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net carrying amount includes furniture, fixtures and equipment under finance leases:				
Leasehold improvements	1,027	–	–	–

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 2017 and 30 June 2016.

13. SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Investment in subsidiaries:		
Unquoted shares, at cost	99,912	99,912
Impairment losses	(91,396)	(90,258)
	8,516	9,654
Receivables from subsidiaries:		
Loans receivable, unsecured	14,152	22,641
Other receivables	34,536	47,987
Accrual for financial undertakings	(3,254)	(3,319)
	45,434	67,309
Allowance for doubtful debts	(42,848)	(55,822)
	2,586	11,487
	11,102	21,141
Movement in allowance account:		
At 1 July	55,822	54,293
Allowance for the financial year	8,115	1,649
Reversal of allowance in the prior years	(18)	(120)
Written off against allowance	(21,071)	–
At 30 June	42,848	55,822

Details of the subsidiaries are set out at Note 4. During the financial year, management performed an impairment test for its investment in subsidiaries. The Company recognised impairment loss of $1,138,000 (2016: $58,433,000) to write down the investment in subsidiaries to their recoverable amounts.

At the end of reporting period, the Company has provided an allowance of $8,115,000 (2016: $1,649,000) for impairment of the receivables due from its subsidiaries. In addition, the Company has written off receivables of $21,071,000 (2016: nil) from its subsidiaries that are to be struck off within next one year.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable was non-interest bearing (2016: 4.0% per annum). The other receivables are non-trade related, unsecured, non-interest bearing, with no fixed terms of repayment and repayable only when the cash flow of the subsidiaries permit.

Accrual for financial undertakings relates to the financial support given to certain subsidiaries.

The Company has undertaken not to recall amounts receivable from certain subsidiaries amounting to $34,536,000 (2016: $47,987,000) until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

14. INVESTMENT IN ASSOCIATES

	Group 2017 $'000	Group 2016 $'000
Cost of investment in associates	325	153
Share of post-acquisition reserve	(344)	2,349
Currency realignment	(1,929)	(1,986)
	(1,948)	516
Mandatory convertible bonds, representing investment in associate	29,862	29,862
Less: Provision for impairment	(3,982)	–
	25,880	29,862
PT Gilang Agung Persada and its subsidiaries	23,932	30,378

The investment in associate relates to a 50% (2016: 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 2017 and 2016, the Group holds $29.9 million of these bonds, which are entirely denominated in Indonesian Rupiah.

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 until the date of conversion or redemption of the bonds. On the conversion date, all accrued interest shall be converted into principal and such principal shall be paid on such date by way of an issuance of the underlying shares of the associate. As a result, the previous interest receivable component was reclassified in the prior year to form part of the Group's investment in 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.

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 $3,982,000 (2016: nil) has been recognised in income statement under the line item "other income, net".

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

14. INVESTMENT IN ASSOCIATES (CONTINUED)

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:

	2017 $'000	2016 $'000
Summarised balance sheet		
Current assets	78,359	82,946
Non-current assets	15,217	13,509
Total assets	93,576	96,455
Current liabilities	60,200	57,875
Non-current liabilities	6,250	6,826
Total liabilities	66,450	64,701
Net assets	27,126	31,754
Less: Mandatory convertible bonds	31,022	30,722
Net (liabilities)/ assets attributable to equity owners of the Company	(3,896)	1,032
Proportion of Group's ownership	50%	50%
Group's share of net assets	(1,948)	516
Carrying amount of the investment	(1,948)	516
Summarised statement of comprehensive income		
Revenue	111,865	104,734
Loss after tax, which represents total comprehensive income	(5,386)	(224)

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 2017 and 30 June 2016.

During the financial year ended 30 June 2016, a 50%-owned Singapore-incorporated associated company, which has been dormant since prior years, was struck off. The effects of dissolution of associated company were:

	2016 $'000
Cost of investment	4,000
Impairment losses	(1,520)
	2,480
Amount due to associate	(2,583)
Gain on dissolution of associated company (Note 6)	(103)

15. OTHER RECEIVABLES

	Group 2017 $'000	Group 2016 $'000
Sales tax refunds receivable	1,024	1,069

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

16. INVENTORIES

	Group 2017 $'000	Group 2016 $'000
Trading stocks:		
On hand	37,500	46,826
On consignment	523	1,941
In transit	2,597	4,723
Work-in-progress	–	1,318
Total inventories at lower of cost and net realisable value	40,620	54,808
Inventories recognised as an expense in cost of sales	117,652	152,978
Write-back of allowance for inventory obsolescence charged to the income statement, net	(2,164)	(657)
Inventories written down charged to the income statement	1,631	972

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

	Group 2017 $'000	Group 2016 $'000
Available-for-sale financial assets		
– Unquoted equity investments, at cost	167	167
	167	167

18. TRADE DEBTORS

	Group 2017 $'000	Group 2016 $'000
External trade debtors	4,380	5,227
Trade debts due from associate	9,884	15,376
	14,264	20,603
Allowance for doubtful debts charged to the income statement	16	20

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.

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 2017 $'000	Group Individually impaired 2016 $'000
Trade debtors – nominal amounts	132	128
Allowance for impairment	(132)	(128)
	–	–
Movement in allowance accounts:		
At 1 July	128	110
Allowance for the financial year	16	20
Allowance utilised	(12)	–
Exchange differences	–	(2)
At 30 June	132	128

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.

19. OTHER DEBTORS

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Other receivables	1,966	2,923	30	–
Sales tax refunds receivable	613	623	–	–
Deposits	3,539	3,936	72	92
Due from subsidiaries	–	–	31,563	39,690
Due from associates	7,664	7,530	87	81
Derivative financial assets	6	–	–	–
	13,788	15,012	31,752	39,863

Other receivables and amounts due from associates 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:

	Group Individually impaired 2017 $'000	Group Individually impaired 2016 $'000	Company Individually impaired 2017 $'000	Company Individually impaired 2016 $'000
Other receivables – nominal amounts	154	573	59,203	52,338
Allowance for impairment	(154)	(573)	(59,203)	(52,338)
	–	–	–	–
Movement in allowance accounts:				
At 1 July	573	1,125	52,338	58,165
Allowance/(reversal of allowance) for the financial year	–	(6)	6,865	(5,827)
Utilised	(417)	(546)	–	–
Exchange differences	(2)	–	–	–
At 30 June	154	573	59,203	52,338

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.

20. TRADE AND OTHER CREDITORS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade creditors	19,711	32,480	–	–
Accruals	5,468	7,059	582	937
Provisions	5,182	2,426	–	–
Sundry creditors	11,047	7,541	278	173
Derivative financial liabilities	–	17	–	–
Loans due to shareholders and directors	4,361	–	1,800	–
Due to subsidiaries	–	–	1,076	1,062
Due to associates	172	262	–	–
	45,941	49,785	3,736	2,172

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

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

The amounts due to subsidiaries and associates 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.

Movement in provision accounts:

	Restoration cost	Onerous leases	Restructuring cost	Total
	$'000	$'000	$'000	$'000
At 1 July 2016	1,643	–	783	2,426
Provided during the year	452	3,215	–	3,667
Utilisation	(166)	–	(594)	(760)
Unused amounts reversed	(130)	–	–	(130)
Exchange differences	(21)	–	–	(21)
At 30 June 2017	1,778	3,215	189	5,182

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 the financial year not to renew the agreements for the distributorship of two franchise brands when the agreements expire in the next financial year. 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, has been provided as onerous leases 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 five 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Present value of minimum lease payments are as follows:				
Not later than one year	324	146	27	146
Later than one year but not later than five years	734	112	–	112
Total present value of minimum lease payments	1,058	258	27	258
Future minimum lease repayments are as follows:				
Not later than one year	376	153	28	153
Later than one year but not later than five years	858	114	–	114
Total future minimum lease payments	1,234	267	28	267
Amount representing interest	(176)	(9)	(1)	(9)
	1,058	258	27	258

22. BANK BORROWINGS

	Group	
	2017 $'000	2016 $'000
Bank overdrafts (Note 27)	6,666	9,274
Trust receipts and bills payable	22,227	22,163
Term loans	–	500
Short term loans	–	3,000
	28,893	34,937

Corporate guarantees are given by the Company amounting to approximately $98,853,000 (2016: $121,392,000) for facilities granted to certain subsidiaries and associates.

Short term loans and bank overdrafts

The short term loans bore interest at rates that ranged from 4.94% to 6.75% (2016: 4.18% to 4.94%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 4.25% to 9.10% (2016: 4.10% to 9.10%) per annum during the financial year.

22. BANK BORROWINGS (CONTINUED)

Trust receipts and bills payable

The trust receipts and bills payable bear interest at rates that ranged from 1.50% to 6.31% (2016: 1.95% to 6.57%) per annum during the financial year.

Term loans

As at 30 June 2016, the term loan comprised the last quarterly instalment of an SGD loan with fixed interest rate at 3.53% per annum. The term loan has been fully repaid 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.

23. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities				
Depreciation	(40)	(40)	–	–
	(40)	(40)		
Deferred tax assets				
Provisions	483	701	192	140
Depreciation	156	(18)	(173)	(28)
Unutilised tax losses	80	245	165	(86)
	719	928	184	26

Unrecognised temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, no deferred tax liability (2016: nil) has been recognised for taxes that would be payable on the undistributed earnings and unremitted interest income of certain of the Group's investments as:

– the Group has determined that undistributed profits and unremitted interest income 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 $19,333,000 (2016: $19,787,000). The deferred tax liability is estimated to be $2,419,000 (2016: $2,465,000).

23. DEFERRED TAXATION (CONTINUED)

Tax consequences of proposed dividends in prior year

There were no income tax consequences attached to the dividends to the shareholders proposed by the Company in the prior year but not recognised as a liability in the financial statements.

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 demand. The loan is to be settled in cash.

25. SHARE CAPITAL

	Group and Company			
	2017 No. of shares '000	2017 $'000	2016 No. of shares '000	2016 $'000
Ordinary shares issued and fully paid				
At 1 July and 30 June	568,710	165,447	568,710	165,447

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.

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. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash on hand and at banks	7,204	3,446	3,236	125

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

27. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group	
	2017	**2016**
	$'000	**$'000**
Cash on hand and at banks	7,204	3,446
Bank overdrafts (Note 22)	(6,666)	(9,274)
	538	(5,828)

28. 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 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures its 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.

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

– $98,853,000 (2016: $121,392,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associates.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Credit risk (continued)

The age analysis of the trade and other receivables that are past due at the end of the reporting periods but not impaired is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within 30 days	1,505	4,165	33	7
31 to 60 days	1,044	2,731	–	–
61 to 90 days	912	1,438	3	7
More than 90 days	13,735	14,244	81	67
	17,196	22,578	117	81

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group.

The Group has (i) approximately 69% (2016: 75%) of the trade receivables due from an associate in Indonesia and (ii) approximately 15% (2016: 13%) of the financial assets due from a related party of an associate in Indonesia.

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.

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, investment securities 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).

28. 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 loss before tax by the amounts shown below.

	Group			
	Basis points 2017	Basis points 2016	Increase in loss before tax 2017 $'000	Increase in loss before tax 2016 $'000
Singapore dollar borrowings	75	75	(86)	(117)
Malaysian dollar borrowings	75	75	(67)	(78)

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.

28. 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				
2017				
Financial assets:				
Investment securities	167	–	–	167
Other receivables	–	1,024	–	1,024
Loan to related party of associate	6,280	–	–	6,280
Trade debtors	14,264	–	–	14,264
Other debtors	13,002	–	–	13,002
Derivative financial assets	6	–	–	6
Cash on hand and at banks	7,204	–	–	7,204
Total undiscounted financial assets	40,923	1,024	–	41,947
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	(30,416)	166	–	(30,250)
2016				
Financial assets:				
Investment securities	167	–	–	167
Other receivables	–	1,069	–	1,069
Loan to related party of associate	6,087	–	–	6,087
Trade debtors	20,603	–	–	20,603
Other debtors	14,462	–	–	14,462
Cash on hand and at banks	3,446	–	–	3,446
Total undiscounted financial assets	44,765	1,069	–	45,834
Financial liabilities:				
Trade and other creditors	47,342	–	–	47,342
Derivative financial liabilities	17	–	–	17
Finance lease creditors	153	114	–	267
Bank borrowings	36,528	–	–	36,528
Other liabilities	–	–	28	28
Total undiscounted financial liabilities	84,040	114	28	84,182
Total net undiscounted financial (liabilities)/assets	(39,275)	955	(28)	(38,348)

28. 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				
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
2016				
Financial assets:				
Subsidiaries	–	–	14,806	14,806
Other debtors	39,863	–	–	39,863
Cash on hand and at banks	125	–	–	125
Total undiscounted financial assets	39,988	–	14,806	54,794
Financial liabilities:				
Trade and other payables	2,172	–	–	2,172
Finance lease creditors	153	114	–	267
Total undiscounted financial liabilities	2,325	114	–	2,439
Total net undiscounted financial assets/ (liabilities)	37,663	(114)	14,806	52,355

28. 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	THB $'000	HKD $'000	IDR $'000	AUD $'000	GBP $'000
Group									
2017									
Trade and other receivables	12,737	–	416	19,763	–	182	–	1,917	–
Trade and other payables	15,431	509	1,370	24	7	5,863	5,919	2	1,756
(Net borrowings)/ net cash	(2,693)	(298)	(2,657)	–	–	–	–	–	(1,458)
2016									
Trade and other receivables	13,516	16	786	14,491	5,484	–	–	2,806	23
Trade and other payables	28,126	572	3,338	29	–	9,156	6,028	3	474
(Net borrowings)/ net cash	(4,222)	45	(3,925)	–	–	–	–	–	(577)

	AUD $'000	THB $'000	RM $'000	HKD $'000	EURO $'000
Company					
2017					
Other receivables	190	–	–	26,462	38
2016					
Other receivables	2,879	4,590	11	26,089	49

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Foreign currency risk (continued)

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.

	2017		2016	
	Changes	Loss before tax (increase)/ decrease $'000	Changes	Loss before tax (increase)/ decrease $'000
USD	+5%	(269)	+5%	(942)
CHF	+5%	(40)	+5%	(26)
EURO	+5%	(181)	+5%	(324)
SGD	+5%	987	+5%	723
THB	+5%	–	+5%	274
HKD	+5%	(284)	+5%	(458)
IDR	+5%	(296)	+5%	284
AUD	+5%	96	+5%	(338)
GBP	+5%	(161)	+5%	6

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

29. FINANCIAL INSTRUMENTS

Carrying value of assets and liabilities

The carrying amounts of financial instruments in each of the following categories as defined in FRS 39 are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Subsidiaries	–	–	5,840	14,806
Loan to related party of associate	5,500	5,500	–	–
Trade debtors	14,264	20,603	–	–
Other debtors	14,806	16,081	31,752	39,863
Cash on hand and at banks	7,204	3,446	3,236	125
	41,774	45,630	40,828	54,794

29. FINANCIAL INSTRUMENTS (CONTINUED)

Carrying value of assets and liabilities (continued)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
Investment securities	167	167	–	–
Financial assets/(liabilities) carried at fair value through profit and loss				
Derivative financial assets/(liabilities)	6	(17)	–	–
Financial liabilities measured at amortised cost				
Trade and other creditors	40,759	47,342	3,736	2,172
Finance lease creditors	1,058	258	27	258
Bank borrowings	28,893	34,937	–	–
Other liabilities	–	28	–	–
	70,710	82,565	3,763	2,430

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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

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 2017			
	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 assets carried at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets as at 30 June 2017	–	6	–	6

	Group 2016			
	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	–	17	–	17
Financial liabilities as at 30 June 2016	–	17	–	17

There have been no transfers between Level 1 and Level 2 during the financial years ended 2017 and 2016.

29. 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.

E. *Assets and liabilities whose fair values are not determinable*

The loans receivable and other receivables from subsidiaries have no fixed terms of repayment and are repayable only when the cash flows of the subsidiaries permit. Accordingly, the fair values of the loans and other receivables are not determinable as the timing of the future cash flow arising from them cannot be estimated reliably.

The loan receivable from third party and the advance from an associate have no fixed terms of repayment. Accordingly, the fair values of the loan receivable from third party and the advance from an associate are not determinable as the timing of the future cash flow arising from them cannot be estimated reliably.

Fair value information has not been disclosed for the Group’s investments in equity securities that are carried at cost because fair value cannot be measured reliably using valuation techniques. These equity securities represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

30. 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.

30. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Operations $'000	Corporate and Others $'000	Elimination $'000	Group $'000
2017							
Sales to external consumers	120,556	16,537	32,169	38,224	–	–	207,486
Intersegment sales	–	588	1,124	297	–	(2,009)	–
Segment revenue	120,556	17,125	33,293	38,521	–	(2,009)	207,486
Impairment loss on furniture, fixtures and equipment	–	–	–	(571)	–	–	(571)
Provision for onerous leases	–	–	–	(3,215)	–	–	(3,215)
Segment results	6,524	(1,321)	166	(6,047)	(3,805)	–	(4,483)
Provision for impairment in value of associate							(3,982)
Interest income							223
Interest expense							(1,744)
Share of results of associates, net of tax							(2,693)
Loss before tax							(16,465)
Income tax expenses							(955)
Net loss for the year							(17,420)

	Ongoing Retail $'000 *Restated*	Distribution $'000 *Restated*	Export $'000 *Restated*	Discontinued Operations $'000 *Restated*	Corporate and Others $'000 *Restated*	Elimination $'000 *Restated*	Group $'000 *Restated*
2016							
Sales to external consumers	126,759	27,324	51,777	47,772	–	–	253,632
Intersegment sales	–	2,713	5,393	1,058	–	(9,164)	–
Segment revenue	126,759	30,037	57,170	48,830	–	(9,164)	253,632
Segment results	(1,271)	(9,623)	2,457	(6,340)	(4,601)		(19,378)
Restructuring costs							(717)
Interest income							299
Interest expense							(2,507)
Share of results of associates, net of tax							(112)
Loss before tax							(22,415)
Income tax expenses							(544)
Net loss for the year							(22,959)

30. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Operations $'000	Corporate and Others $'000	Group $'000
2017						
Segment assets	48,435	7,512	8,960	12,396	10,330	87,633
Investment in associates	–	–	–	–	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

	Ongoing Retail $'000 *Restated*	Distribution $'000 *Restated*	Export $'000 *Restated*	Discontinued Operations $'000 *Restated*	Corporate and Others $'000 *Restated*	Group $'000 *Restated*
2016						
Segment assets	48,413	11,951	16,554	24,451	7,271	108,640
Investment in associates	–	–	–	–	30,378	30,378
	48,413	11,951	16,554	24,451	37,649	139,018
Unallocated assets						7,527
Total assets						146,545
Segment liabilities	24,298	4,754	12,147	16,442	1,418	59,059
Unallocated liabilities						25,989
Total liabilities						85,048
Capital expenditure	4,209	34	1	429	5	4,678
Depreciation	4,374	341	1	907	198	5,821

30. SEGMENT INFORMATION (CONTINUED)

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.

	2017 $'000	2016 $'000
Unallocated assets		
Loan to related party of associate	5,500	5,500
Deferred tax assets	719	928
Tax recoverable	751	1,099
	6,970	7,527
Unallocated liabilities		
Finance lease creditors	27	258
Bank borrowings (excluding bank overdrafts)	22,227	25,663
Other liabilities	–	28
Deferred tax liabilities	40	40
	22,294	25,989

As disclosed in Note 20 to the financial statements, management had taken the decision during the financial year not to renew the agreements for the distributorship of two franchise brands when the agreements expire in the next financial year. Consequently, management included a business segment "Discontinued Operations" in the current financial year. Accordingly, the comparative business segment figure has been reclassified to include the business segment "Discontinued Operations" to enhance comparability with current year's financial statement.

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	North Asia $'000	Other $'000	Group $'000
2017				
Turnover	206,009	37	1,440	207,486
Other geographical information:				
Non-current assets	35,751	8	47	35,806
Capital expenditure	4,678	–	–	4,678
2016				
Turnover	245,203	4,195	4,234	253,632
Other geographical information:				
Non-current assets	44,847	26	321	45,194
Capital expenditure	4,646	18	14	4,678

31. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2022 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 $2,168,000 (2016: $1,827,000) 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	
	2017 $'000	2016 $'000
Within one year	28,021	36,619
Between one year to five years	32,143	59,653
Later than five years	–	611
	60,164	96,883

32. 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.

33. COMMITMENTS

As at 30 June 2017, 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 2017, the Group has outstanding forward contracts with settlement dates within the next one year of USD 346,000 (2016: USD 1,207,000).

34. 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:

	2017 $'000	2016 $'000
Sale of goods to associate	33,989	55,492
Market support and administrative service income from associate	600	605
Directors' fees		
– Directors of the Company	170	325
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	2,057	2,090
– Other Directors of subsidiaries	1,758	1,885
– Non Directors	273	272
	4,088	4,247

Provident fund contributions of $130,000 (2016: $129,000) are included in remuneration of key management personnel.

35. 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 2017 and 30 June 2016.

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.

35. CAPITAL MANAGEMENT (CONTINUED)

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

	Group	
	2017 $'000	2016 $'000
Bank borrowings	28,893	34,937
Finance lease creditors	1,058	258
Less: cash on hand and at banks	(7,204)	(3,446)
Net debt	22,747	31,749
Equity attributable to owners of the Company	42,603	61,497
Net loss attributable to owners of the Company for the financial year	(17,420)	(22,959)
Gearing ratio	53.4%	51.6%
Return on equity	-40.9%	-37.3%

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 19 September 2017, 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.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors dated 26 September 2017.

STATISTICS OF SHAREHOLDINGS
As at 15 September 2017

SHARE CAPITAL

Number of Equity Securities	:	568,709,857
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	36	0.81	1,627	0.00
100 – 1,000	794	17.84	773,781	0.14
1,001 – 10,000	2,029	45.59	11,046,221	1.94
10,001 – 1,000,000	1,563	35.11	107,966,188	18.98
1,000,001 AND ABOVE	29	0.65	448,922,040	78.94
TOTAL	**4,451**	**100.00**	**568,709,857**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	99,979,200	17.58
2	LIM ENG HOCK	65,000,000	11.43
3	RAFFLES INVESTMENTS LIMITED	62,280,000	10.95
4	BENJAMIN FRANK	39,191,000	6.89
5	UOB KAY HIAN PRIVATE LIMITED	36,347,000	6.39
6	WESTERN PROPERTIES PTE LTD	28,050,000	4.93
7	BPSS NOMINEES SPORE (PTE.)LTD.	19,419,950	3.41
8	SSP INNOVATIONS PTE LTD	19,264,000	3.39
9	BENJAMIN ELI MANASSEH*	17,310,050	3.04
10	RAFFLES NOMINEES (PTE) LIMITED	10,465,600	1.84
11	CITIBANK NOMINEES SINGAPORE PTE LTD	9,198,900	1.62
12	LIM YEW HOE	6,399,000	1.13
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,152,040	0.91
14	DB NOMINEES (SINGAPORE) PTE LTD	4,409,000	0.78
15	OCBC SECURITIES PRIVATE LIMITED	3,825,100	0.67
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,516,080	0.44
17	DEREK MARTIN DA CUNHA	2,400,000	0.42
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,381,000	0.42
19	CHANG SEE HIANG	2,100,000	0.37
20	TAN HUANG TSIN	1,983,000	0.35
	TOTAL	**437,670,920**	**76.96**

* Excludes 7,000,000 shares held in a nominee's name.

STATISTICS OF SHAREHOLDINGS

As at 15 September 2017

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
1. Lim Eng Hock	65,000,000	11.43	35,641,000	6.27
2. Segulah Pte Ltd @	91,937,900	16.17	–	–
3. Raffles Investments Limited #	62,280,000	10.95	–	–
4. Frank Benjamin	39,191,000	6.89	–	–
5. Temasek Holdings (Private) Ltd @	–	–	91,937,900	16.17
6. DBS Trustee Limited @	–	–	91,937,900	16.17
7. DBS Group Holdings Limited @	–	–	91,937,900	16.17
8. DBS Bank Ltd. @	–	–	91,937,900	16.17
9. Aequitas Pte Ltd #	–	–	62,280,000	10.95
10. Kambau Pte Ltd #	–	–	62,280,000	10.95
11. Siong Lim Private Limited #	–	–	62,280,000	10.95
12. Tecity Pte Ltd #	–	–	62,280,000	10.95
13. Dr Tan Kheng Lian #	–	–	62,280,000	10.95
14. Mavis Benjamin, Mrs	–	–	39,191,000	6.89

@ 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.

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 15 September 2017, approximately 43.95% 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.

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 Lavender Room, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Friday, 27 October 2017 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 year ended 30 June 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following directors who will be retiring by rotation under Article 102 of the Constitution of the Company:

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

3. To re-elect Mr Liew Choon Wei who will be retiring by rotation 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 year ending 30 June 2018 (FY2017: up to S$230,000). **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors 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, 12 October 2017

Explanatory Notes:

Ordinary Resolution 3 is to re-elect Mr Ng Hin Lee who will be retiring by rotation under Article 102 of the Constitution of the Company. Mr Ng will, upon re-election as a 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 Liew Choon Wei who will be retiring by rotation under Article 106 of the Constitution of the Company. Mr Liew will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and will be considered 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 2017 is set out in the Letter.

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 10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684 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.

SHARE PURCHASE MANDATE

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, *Executive Director*
Karen Chong Mee Keng, *Executive Director*
Ng Hin Lee, *Independent Director*
Chew Kwee San, *Non-Executive Director*
Daniel Ong Jen Yaw, *Independent Director*
Liew Choon Wei, *Independent Director*

Registered Office:
10 Science Park Road
#04-01 The Alpha
Singapore Science Park II
Singapore 117684

12 October 2017

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 12 October 2017 (the "**Notice of AGM**") convening the AGM to be held on 27 October 2017 (the "**2017 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 2017 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 27 October 2016 (the "**2016 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2016 AGM (the "**2016 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 12 October 2016.

The authority conferred pursuant to the 2016 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2016 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 2016 Share Purchase Mandate are carried out to the full extent mandated or (c) when the authority conferred by the 2016 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 2017 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.

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 fail 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 2017 AGM, are similar in terms to those previously approved by Shareholders at the 2016 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 2017 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 568,709,857 Shares in issue as at the Latest Practicable Date (as defined herein) and assuming no further Shares are issued on or prior to the date of the 2017 AGM, not more than 45,496,789 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 2017 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

(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) an off-market acquisition ("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. An Off-Market Purchase 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.

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.

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.

(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 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:

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

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

(iii) 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.

2.6 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.

2.8 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 2017 are based on the assumptions set out below:

(a) based on 568,709,857 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 on or prior to the date of the 2017 AGM, not more than 45,496,789 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 45,496,789 Shares at the Maximum Price of S$0.044 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 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.00 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.050 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 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.28 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 2017; and (iii) the Company had purchased or acquired 45,496,789 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 2017, the financial effects of the purchase or acquisition of 45,496,789 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, on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2017 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 2017				
Issued capital and reserves	42,603	42,603	42,363	42,363
Treasury shares	–	(2,002)	–	(2,002)
Total shareholders' equity	42,603	40,601	42,363	40,361
NTA	42,603	40,601	42,363	40,361
Loss after taxation and minority interest	(17,420)	(17,420)	(16,436)	(16,436)
Net debt/ (cash)	22,747	24,749	(3,209)	(1,207)
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	7.49	7.14	7.45	7.10
Gross debt gearing (%)	70.30	73.77	0.06	0.07
Net debt gearing (%)	53.39	60.96	–	–
Current ratio (times)	1.10	1.07	9.30	8.77
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(6.10)	(6.10)	(1,819)	(1,819)
Basic (LPS) (cents)				
(before exceptional items)	(3.06)	(3.06)	(0.07)	(0.07)
(after exceptional items)	(3.06)	(3.06)	(2.89)	(2.89)
ROE (%)	(40.89)	(42.91)	(38.80)	(40.72)

(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 2017				
Issued capital and reserves	42,603	42,603	42,363	42,363
Treasury shares	–	(2,275)	–	(2,275)
Total shareholders' equity	42,603	40,328	42,363	40,088
NTA	42,603	40,328	42,363	40,088
Loss after taxation and minority interest	(17,420)	(17,420)	(16,436)	(16,436)
Net debt/ (cash)	22,747	25,022	(3,209)	(934)
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	7.49	7.09	7.45	7.05
Gross debt gearing (%)	70.30	74.27	0.06	0.07
Net debt gearing (%)	53.39	62.05	–	–
Current ratio (times)	1.10	1.07	9.30	8.69
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(6.10)	(6.10)	(1,819)	(1,819)
Basic (LPS) (cents) (before exceptional items)	(3.06)	(3.06)	(0.07)	(0.07)
(after exceptional items)	(3.06)	(3.06)	(2.89)	(2.89)
ROE (%)	(40.89)	(43.20)	(38.80)	(41.00)

(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 2017				
Issued capital and reserves / Total shareholders' equity	42,603	40,601	42,363	40,361
NTA	42,603	40,601	42,363	40,361
Loss after taxation and minority interest	(17,420)	(17,420)	(16,436)	(16,436)
Net debt/ (cash)	22,747	24,749	(3,209)	(1,207)
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	7.49	7.76	7.45	7.71
Gross debt gearing (%)	70.30	73.77	0.06	0.07
Net debt gearing (%)	53.39	60.96	–	–
Current ratio (times)	1.10	1.07	9.30	8.77
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(6.10)	(6.10)	(1,819)	(1,819)
Basic (LPS) (cents)				
(before exceptional items)	(3.06)	(3.33)	(0.07)	(0.08)
(after exceptional items)	(3.06)	(3.33)	(2.89)	(3.14)
ROE (%)	(40.89)	(42.91)	(38.80)	(40.72)

(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 2017				
Issued capital and reserves / Total shareholders' equity	42,603	40,328	42,363	40,088
NTA	42,603	40,328	42,363	40,088
Loss after taxation and minority interest	(17,420)	(17,420)	(16,436)	(16,436)
Net debt/ (cash)	22,747	25,022	(3,209)	(934)
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	7.49	7.71	7.45	7.66
Gross debt gearing (%)	70.30	74.27	0.06	0.07
Net debt gearing (%)	53.39	62.05	–	–
Current ratio (times)	1.10	1.07	9.30	8.69
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(6.10)	(6.10)	(1,819)	(1,819)
Basic (LPS) (cents)				
(before exceptional items)	(3.06)	(3.33)	(0.07)	(0.08)
(after exceptional items)	(3.06)	(3.33)	(2.89)	(3.14)
ROE (%)	(40.89)	(43.20)	(38.80)	(41.00)

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.

2.9 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 in respect of the investment account which 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, 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 and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(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;

(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.

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.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 249,971,407 Shares, representing 43.95% 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 204,474,618 Shares, representing 39.08% 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 2016 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	39,191,000	–	6.89
Eli Manasseh (Nash) Benjamin(1)	17,310,050	7,000,000	4.27
Douglas Jackie Benjamin(2)	–	130,000	0.02
Karen Chong Mee Keng	–	–	–
Ng Hin Lee	–	–	–
Chew Kwee San	–	–	–
Daniel Ong Jen Yaw	–	–	–
Liew Choon Wei	–	–	–

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.

SHARE PURCHASE MANDATE

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:

Substantial Shareholder	Number of Shares Direct Interest	Number of Shares Deemed Interest	Total Percentage Interest (%)
Lim Eng Hock[(3)]	65,000,000	35,641,000	17.70
Segulah Pte Ltd	91,937,900	–	16.17
Temasek Holdings (Private) Ltd[(4)]	–	91,937,900	16.17
DBS Trustee Limited[(4)]	–	91,937,900	16.17
DBS Group Holdings Limited[(4)]	–	91,937,900	16.17
DBS Bank Ltd.[(4)]	–	91,937,900	16.17
Raffles Investments Limited	62,280,000	–	10.95
Aequitas Pte Ltd[(5)]	–	62,280,000	10.95
Kambau Pte Ltd[(5)]	–	62,280,000	10.95
Siong Lim Private Limited[(5)]	–	62,280,000	10.95
Tecity Pte Ltd[(5)]	–	62,280,000	10.95
Dr Tan Kheng Lian[(5)]	–	62,280,000	10.95
Mavis Benjamin[(6)]	–	39,191,000	6.89

Notes:

(3) Lim Eng Hock – deemed interest – The shares are held in nominees' names and by related companies.

(4) 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.

(5) Aequitas Pte Ltd, Kambau Pte Ltd. Siong Lim Private Limited, Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments 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 2017 AGM of the Company, notice of which is set out in pages 122 to 127 of the 2017 Annual Report, will be held on 27 October 2017 at 11.00 am 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 2017 AGM:

(a) the Constitution; and

(b) the 2017 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:

"**2016 AGM**"	:	The annual general meeting of the Company held on 27 October 2016
"**2016 Share Purchase Mandate**"	:	The Share Purchase Mandate renewed at the 2016 AGM
"**2017 AGM**"	:	The annual general meeting of the Company to be held on 27 October 2017
"**2017 Annual Report**"	:	The annual report of the Company for the financial year ended 30 June 2017
"**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)
"**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**"	:	15 September 2017, being the latest practicable date prior to the printing of this Letter
"**Listing Manual**"	:	The listing manual of the SGX-ST
"**Listing Rules**"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"**LPS**"	:	Loss per share
"**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 2017 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)
"**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
"**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.

This page has been intentionally left blank.

F J BENJAMIN HOLDINGS LTD

(Company Registration No.: 197301125N)
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

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 monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Lavender Room, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Friday, 27 October 2017 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 year ended 30 June 2017		
2	Re-election of Mr Eli Manasseh Benjamin as Director		
3	Re-election of Mr Ng Hin Lee as Director		
4	Re-election of Mr Liew Choon Wei as Director		
5	Approval of a sum of up to S$205,000 to be paid as directors' fees for the year ending 30 June 2018		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors 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 ____________ 2017

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 10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684 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 12 October 2017.

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

F J Benjamin (Singapore) Pte Ltd
F J Benjamin Lifestyle Pte. Ltd.
Fashion Dyamics Singapore Pte Ltd
10 Science Park Road,
#04-01 The Alpha
Singapore Science Park II
Singapore 117684

Tel: (65) 6737 0155
Fax:(65) 6732 9616

MALAYSIA

F J Benjamin (M) Sdn. Bhd.
F J Benjamin Lifestyle Sdn. Bhd.
12th Floor, KH Tower
No 8 Lorong P Ramlee
50250 Kuala Lumpur, Malaysia

Tel: (60) 3 2056 6888
Fax: (60) 3 2031 4405

FJ BENJAMIN

CO. REG. NO. 197301125N

WWW.FJBENJAMIN.COM

10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684

TEL: +65 6737 0155 FAX: +65 6732 9616