F J Benjamin Holdings Ltd
(Company Registration No. 197301125N)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 27 OCTOBER 2020

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1. COVID-19 has a serious impact on the retail business, especially those that are dependent on tourists. Please clarify FJB's strategy going forward on dealing with this pandemic.

   Response:

   F J Benjamin Holdings Ltd (the "**Company**") and its subsidiaries (collectively, the "**Group**") has many years ago made changes to its business model to ensure that it does not rely heavily on tourist consumption. Sales to tourists averaged 27 percent of the Group's retail turnover in the past three years. It should be highlighted that FY2020 has been excluded from the preceding computation as its relevant figures are not meaningful due to COVID-19 and the Singapore inbound travel restrictions.

   The Group has also ramped up its online business, presently offering 10 brands. In addition, it has developed a Health and Wellness Division distributing air purifiers/ sterilisers and is in the process of securing complementary products. Management has also diligently managed the difficult trading conditions by focusing on reducing rents, managing forward inventory orders and other costs.

2. FJB has a significant luxury watch business but have not done well. Your competitors (mainly Hour Glass and Sincere Watch) appear to have been performing extremely well. Can you please explain why FJB have not been able to achieve what the competitors have been able to do?

   Response:

   Our watch business contributes only five percent to the Group's turnover in Singapore and Malaysia. Our watch business should not be compared to boutique chains as they are retailers of high-end watches which is not part of our business model.

3. The company has not been doing well for a number of years and dividends have not been paid at all. How is Management planning to improve the performance of the company? What KPIs has the company set for the senior management and BOD? Has the KPI been tied to their remuneration?

   Response:

   The Group has not been profitable for a number of years for various reasons as explained in our annual reports that were issued in the prior years. For the first six months of FY2020, the Group was operationally profitable. Had it not been for the negative impact of COVID-19 on businesses, the Group's financial results would likely have continued to improve.

   As mentioned in Question 1 above, the Group has taken action to mitigate the revenue loss by increasing its online business and setting up its new Health and Wellness Division.

   Executive Directors have a part of their remuneration package tied to profit-sharing and discretionary bonus, both which are dependent on the performance of the Group. These have not been awarded for the last few years.

4. In view of the COVID situation and fall in sales revenue, will the management undertake any pay cut to manage costs of the firm?

   Response:

   Since July 2017, Executive Directors and certain senior management had taken a pay reduction of up to 25%. In addition, the Executive Directors increased their pay reduction to 70% from October 2017 to September 2018. Since then, there have been partial reinstatements of the Executive Directors' pay reduction in line with the improved performance of the Group from prior years. As of Jan 2020, their pay reductions stood at 30% percent of their original basic salaries.

   To address the COVID-19 situation, a salary cut was implemented for the staff in the Group with effect from March 2020.

   Management had already taken proactive steps on cost-cutting at the outset of the COVID-19 outbreak to deal with falling sales. The Group is monitoring the COVID-19 situation closely in all three countries in which the Group operates in. It will respond to further challenges with flexibility while positioning itself to capture any business opportunities that may arise.

BY ORDER OF THE BOARD

Karen Chong Mee Keng
Company Secretary
26 October 2020