

CIRCULAR DATED 15 FEBRUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares ("**Shares**") in the capital of F J Benjamin Holdings Ltd (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Circular. The in-principle approval of the SGX-ST has been obtained for the listing of and quotation for up to 341,225,914 Rights Shares, up to 682,451,828 Warrants and up to 682,451,828 Warrant Shares on the Mainboard of the SGX-ST, subject to the fulfilment of certain conditions. Official quotation for the Rights Shares, the Warrants and the Warrant Shares will commence after all the conditions imposed by the SGX-ST have been satisfied, including the certificates for the Rights Shares and the Warrants having been issued and the allotment letter from the CDP having been despatched.

The approval in-principle from the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.



F J BENJAMIN

F J BENJAMIN HOLDINGS LTD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 341,225,914 NEW SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.035 FOR EACH RIGHTS SHARE, WITH UP TO 682,451,828 FREE DETACHABLE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) WARRANT SHARE AT AN EXERCISE PRICE OF S\$0.04 FOR EACH WARRANT SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY EACH SHAREHOLDER OF THE COMPANY AS AT THE BOOKS CLOSURE DATE, AND TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE VALIDLY SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM FRANK J BENJAMIN FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE BENJAMIN GROUP;**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM LIM ENG HOCK FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE PETER LIM GROUP;**
- (4) **THE POSSIBLE TRANSFER OF A CONTROLLING INTEREST IN THE COMPANY TO RAFFLES INVESTMENTS LIMITED PURSUANT TO THE RIGHTS CUM WARRANTS ISSUE; AND**
- (5) **THE PROPOSED ISSUE AND ALLOTMENT OF UP TO 184,588,680 RIGHTS SHARES AND UP TO 369,177,360 WARRANTS TO FRANK J BENJAMIN, A DIRECTOR OF THE COMPANY PURSUANT TO THE RIGHTS CUM WARRANTS ISSUE.**

Independent Financial Adviser in relation to the Whitewash Resolutions



SAC CAPITAL PRIVATE LIMITED

(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 February 2018 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	2 March 2018 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Ballroom 2, Level 3 Hilton Singapore, 581 Orchard Road Singapore 238883

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Announcement”** : The announcement made by the Company on 23 October 2017 in relation to the Rights cum Warrants Issue
- “ARE”** : Application and acceptance form for the Rights Shares with Warrants and Excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
- “ARS”** : Application and acceptance form for Rights Shares with Warrants to be issued to purchasers in respect of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “ATM”** : Automated teller machine
- “Benjamin and Peter Undertakings”** : Has the meaning ascribed to it in section 3.10 of this Circular
- “Benjamin Family”** : Frank J Benjamin, Eli Manasseh Benjamin (brother of Frank J Benjamin), Segulah Pte Ltd (a trust set up by Frank J Benjamin for the benefit of his wife and children), Douglas Benjamin (son of Frank J Benjamin), Samuel Benjamin (son of Frank J Benjamin) and Ben-Judah Benjamin (son of Frank J Benjamin)
- “Benjamin Family Waiver”** : Has the meaning ascribed to it in section 4.3 of this Circular
- “Benjamin Group”** : The Benjamin Family and their concert parties
- “Benjamin Whitewash Resolution”** : The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a Mandatory Offer from Frank J Benjamin for all the issued Shares in the capital of the Company not already owned or controlled by the Benjamin Group, as a result of Frank J Benjamin’s subscription of the Rights Shares with Warrants under the Rights cum Warrants Issue
- “Board”** : The board of Directors as at the date of this Circular
- “Books Closure Date”** : The time and date to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights cum Warrants Issue
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 15 February 2018
- “Closing Date”** : The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares with Warrants under the Rights cum Warrants Issue

DEFINITIONS

“Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	F J Benjamin Holdings Ltd
“controlling interest”	:	The interest of a controlling shareholder
“controlling shareholder”	:	A shareholder who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over the company.
“Conversion”	:	Has the meaning ascribed to it in section 3.8 of this Circular
“CPF”	:	Central Provident Fund
“CPF Approved Bank”	:	Any bank appointed by the CPF Board to be an agent bank for the purposes of the CPF Regulations
“CPF Board”	:	The board of the CPF established pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, as the same may be amended, modified or supplemented from time to time
“CPF Funds”	:	The CPF account savings of CPF members under the CPFIS
“CPF Investment Account”	:	An account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, among others, payment for the Rights Shares and/or Warrant Shares pursuant to the Rights cum Warrants Issue
“CPF Investors”	:	Shareholders who as at the Books Closure Date are holding Shares which were subscribed for or purchased under the CPFIS using their CPF Funds
“CPF Regulations”	:	The Central Provident Fund (Investment Schemes) Regulations, as the same may be modified, amended or supplemented from time to time
“CPFIS”	:	Central Provident Fund Investment Scheme
“Deed Poll”	:	The deed poll to be executed by the Company constituting the Warrants (as the same may be amended, modified or supplemented from time to time) and containing, among others, provisions for the protection of the rights and interests of the Warrantholders
“Designated Account”	:	The bank account to be specified and operated by the Company and maintained with a bank in Singapore for the purpose of crediting moneys received from the exercising Warrantholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warrantholders

DEFINITIONS

- “Director Allotment”** : The proposed issue and allotment of up to 184,588,680 Rights Shares and up to 369,177,360 Warrants to Frank J Benjamin pursuant to the Benjamin and Peter Undertakings entered into by the Benjamin Family
- “Directors”** : The directors of the Company as at the date of this Circular
- “EGM”** : The extraordinary general meeting of the Company to be convened on 2 March 2018, notice of which is set out on pages N-1 to N-5 of this Circular
- “Electronic Application”** : Acceptance of the Rights Shares with Warrants and (if applicable) application for Excess Rights Shares with Warrants made through an ATM of a participating bank in accordance with the terms and conditions of the Offer Information Statement
- “Entitled Depositors”** : Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP, with addresses in Singapore for the service of notices and documents
- “Entitled Scripholders”** : Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
- “Entitled Shareholders”** : Entitled Depositors and Entitled Scripholders
- “Excess Rights Shares with Warrants”** : The additional Rights Shares with Warrants which Entitled Shareholders may subscribe for in excess of their provisional allotments under the Rights cum Warrants Issue
- “Exercise Period”** : The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrantholders of the Company is/are closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warrantholders of the Company or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Members and/or Register of Warrantholders of the Company may be closed)
- “Exercise Price”** : The sum payable in respect of each Warrant Share to which the Warrantholder will be entitled to subscribe upon the exercise of a Warrant and which shall be S\$0.04, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll

DEFINITIONS

“Existing Issued Share Capital”	:	The existing issued and paid-up share capital of the Company comprising 568,709,857 Shares as at the Latest Practicable Date
“Expenses”	:	Has the meaning ascribed to it in section 3.8 of this Circular
“Foreign Purchasers”	:	Has the meaning ascribed to it in section 3.6(b) of this Circular
“Foreign Shareholders”	:	Shareholders or Depositors with registered addresses outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents
“Franchise Agreement”	:	The franchise agreement that the Company has entered into with the brand principal of “Brand A”
“FY2015”	:	The financial year ended 30 June 2015
“FY2016”	:	The financial year ended 30 June 2016
“FY2017”	:	The financial year ended 30 June 2017
“Group”	:	The Company and its subsidiaries
“IFA”	:	SAC Capital Private Limited, the independent financial adviser appointed to advise the Independent Directors in relation to the Whitewash Resolutions
“IFA Letter”	:	The letter dated 15 February 2018 from the IFA to the Independent Directors in relation to the Whitewash Resolutions as set out in Appendix A to this Circular
“Independent Directors”	:	The Directors who are considered independent for the purpose of making the recommendation to the Independent Shareholders in relation to the Whitewash Resolutions, being all the Directors other than the Interested Directors, namely Ng Hin Lee, Daniel Ong Jen Yaw and Liew Choon Wei
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purpose of the Whitewash Resolutions, being Shareholders other than the Benjamin Group, the Peter Lim Group and parties not independent of them
“Interested Directors”	:	Frank J Benjamin, Eli Manasseh Benjamin and Douglas Benjamin
“Irrevocable Undertakings”	:	The Benjamin and Peter Undertakings and the Raffles Undertaking
“Issue Price”	:	S\$0.035 for each Rights Share
“Latest Practicable Date”	:	5 February 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual” or “Mainboard Rules”	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time

DEFINITIONS

“Loans”	:	Has the meaning ascribed to it in section 2.3(d) of this Circular
“LPS”	:	Losses per Share
“Mandatory Offer”	:	Has the meaning ascribed to it in section 4.1 of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MAS”	:	The Monetary Authority of Singapore
“Maximum Subscription Scenario”	:	The event whereby all Shareholders subscribe for their respective <i>pro rata</i> entitlements to Rights Shares with Warrants under the Rights cum Warrants Issue
“Minimum Subscription Scenario”	:	The event whereby (i) none of the Shareholders except for the Undertaking Shareholders subscribe for their respective <i>pro rata</i> entitlements to Rights Shares with Warrants under the Rights cum Warrants Issue and (ii) the Undertaking Shareholders subscribe for the Rights Shares with Warrants under the Rights cum Warrants Issue pursuant to the Irrevocable Undertakings
“MTP”	:	Minimum trading price
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement, together with (where the context requires) the ARE and the ARS and all other accompanying documents to be issued by the Company in connection with the Rights cum Warrants Issue
“PAL”	:	The provisional allotment letter issued to an Entitled Scripholder setting out the provisional allotments of Rights Shares of such Entitled Scripholder under the Rights cum Warrants Issue
“Peter Lim Group”	:	Lim Eng Hock and his concert parties
“Peter Lim Waiver”	:	Has the meaning ascribed to it in section 4.3 of this Circular
“Peter Lim Whitewash Resolution”	:	The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a Mandatory Offer from Lim Eng Hock for all the issued Shares in the capital of the Company not already owned or controlled by the Peter Lim Group, as a result of Lim Eng Hock’s subscription of the Rights Shares with Warrants under the Rights cum Warrants Issue
“Proposed Resolutions”	:	Has the meaning ascribed to it in section 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Raffles”	:	Raffles Investments Limited (Company Registration Number: 193300005R, a company incorporated under the laws of the Republic of Singapore and having its registered office at 1 Wallich Street, #15-01 Guoco Tower, Singapore 078881)
“Raffles Undertaking”	:	Has the meaning ascribed to it in section 3.10 of this Circular

DEFINITIONS

“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	Register of members of the Company
“Register of Warranholders”	:	Register of Warranholders required to be maintained pursuant to the Deed Poll
“Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights cum warrants issue of up to 341,225,914 new Shares in the capital of the Company at an Issue Price of S\$0.035 for each Rights Share, with up to 682,451,828 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at an Exercise Price of S\$0.04 for each Warrant Share, on the basis of three (3) Rights Shares for every five (5) Shares in the capital of the Company held by each Shareholder as at the Books Closure Date, and two (2) Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded
“Rights Shares”	:	Up to 341,225,914 new Shares to be issued and allotted by the Company pursuant to the Rights cum Warrants Issue
“Rights Shares with Warrants Entitlements”	:	Has the meaning ascribed to it in section 3.10(c)(i) of this Circular
“Securities Account”	:	The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“SGXNET”	:	The SGXNET corporate announcement system
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte Ltd
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in section 4.3 of this Circular
“SRS”	:	The Supplementary Retirement Scheme constituted under the Income Tax (Supplementary Retirement Scheme) Regulations 2003

DEFINITIONS

“SRS Approved Banks”	:	Approved banks in which SRS Investors hold their respective SRS accounts
“SRS Funds”	:	Monies standing to the credit of the respective SRS accounts of SRS Investors under the SRS
“SRS Investors”	:	Shareholders who as at the Books Closure Date are holding Shares which were subscribed for or purchased under the SRS using their SRS Funds
“subsidiary” or “subsidiaries”	:	Has the meaning ascribed to it in section 5 of the Companies Act
“Substantial Shareholder”	:	A person who has an interest in voting Shares in the Company and the total votes attached to that Share, or those Shares, represent not less than 5% of the total votes attached to all the voting Shares (excluding treasury Shares) in the Company
“Transfer Form”	:	Has the meaning ascribed to it in section 3.3 of this Circular
“Transfer of Controlling Interest to Raffles”	:	The possible transfer of a controlling interest in the Company to Raffles pursuant to the Rights cum Warrants Issue
“Transferor”	:	Has the meaning ascribed to it in section 3.3 of this Circular
“Undertaking Shareholders”	:	The Benjamin Family, Lim Eng Hock and Raffles
“Warrant Agent”	:	Boardroom Corporate & Advisory Services Pte Ltd
“Warrants”	:	Up to 682,451,828 free detachable warrants in registered form to be issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue, and (where the context so admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank <i>pari passu</i> with the warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), each warrant entitling the holder thereof to subscribe for one (1) Warrant Share at the Exercise Price, subject to the terms and conditions to be set out in the Deed Poll
“Warrant Shares”	:	Up to 682,451,828 new Shares to be allotted and issued by the Company upon the exercise of the Warrants subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Warrantholders”	:	Registered holders of Warrants, except that where CDP is the registered holder, the term “ Warrantholders ” shall, in relation to those Warrants, mean the Depositors whose Securities Accounts are credited with such Warrants
“Whitewash Resolutions”	:	The Benjamin Whitewash Resolution and the Peter Lim Whitewash Resolution
“Whitewash Waiver”	:	The Benjamin Family Waiver and the Peter Lim Waiver

DEFINITIONS

Currencies and Units

“S\$” and “cents” : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore

“%” or “per cent.” : Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in section 81SF of the Securities and Futures Act.

The term “**concert parties**” and “**parties acting in concert**” shall have the meaning ascribed to them in the Code.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular 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, Securities and Futures Act, Listing Manual, the Code or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Listing Manual, the Code or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and date unless otherwise stated.

LETTER TO SHAREHOLDERS

F J BENJAMIN HOLDINGS LTD

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

Directors:

Frank J Benjamin (Non-Executive Chairman)
Eli Manasseh Benjamin (Chief Executive Officer and Executive Director)
Douglas Benjamin (Chief Operating Officer and Executive Director)
Ng Hin Lee (Independent Director)
Daniel Ong Jen Yaw (Independent Director)
Liew Choon Wei (Independent Director)

Registered Office:

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

15 February 2018

To: Shareholders of F J Benjamin Holdings Ltd

Dear Sir/Madam,

1. INTRODUCTION

1.1 EGM

The Directors propose to convene the EGM to seek Shareholders' approval for the following:

- (a) the Rights cum Warrants Issue ("**Ordinary Resolution 1**");
- (b) the Benjamin Whitewash Resolution ("**Ordinary Resolution 2**");
- (c) the Peter Lim Whitewash Resolution ("**Ordinary Resolution 3**");
- (d) the Transfer of Controlling Interest to Raffles ("**Ordinary Resolution 4**"); and
- (e) the Director Allotment ("**Ordinary Resolution 5**"),

(collectively, the "**Proposed Resolutions**").

1.2 Inter-conditionality

Shareholders should note that:

- (a) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 are inter-conditional. This means that in the event any one of these resolutions is not approved, the other three (3) resolutions will not be passed;
- (b) the passing of Ordinary Resolution 5 is conditional upon the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4. This means that in the event any one of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 is not passed, Ordinary Resolution 5 will not be passed; and
- (c) for the avoidance of doubt, the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 is not conditional upon the passing of Ordinary Resolution 5. This means that Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 may still be passed even if Ordinary Resolution 5 is not passed.

1.3 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Resolutions to be tabled at the EGM, the notice of which is set out on pages N-1 to N-5 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

LETTER TO SHAREHOLDERS

The SGX-ST takes no responsibility for the contents of this Circular including the accuracy or correctness of any statements or opinions made, or reports contained in this Circular. If a Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

2. SGX-ST WATCH-LIST

2.1 The Company was placed on the SGX-ST watch-list under the financial criteria and MTP criteria on 5 December 2016 and 5 June 2017 respectively. An issuer on the relevant watch-list may be removed from that watch-list if it satisfied the following requirements, where applicable:

(a) Financial exit criteria

The issuer:

- (i) records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts); and
- (ii) has an average daily market capitalisation of S\$40 million or more over the last six (6) months.

(b) MTP exit criteria

The issuer:

- (i) records a volume-weighted average price of at least S\$0.20; and
- (ii) an average daily market capitalisation of S\$40 million or more over the last six (6) months.

2.2 If the Company fails to satisfy the criteria set out in sections 2.1(a) and 2.1(b) of this Circular by 4 December 2019 and 4 June 2020 respectively, being 36 months of the date on which it was placed on the respective watch-list, the SGX-ST may either remove the Company from the Official List of the SGX-ST Mainboard, or suspend trading of the Shares (without the agreement of the Company) with a view to removing the Company from the Official List of the SGX-ST Mainboard.

2.3 Even before the Company was placed on the watch-list on 5 December 2016 under the financial criteria, the Company had taken the following steps to try to improve its financial circumstances:

(a) A significant proportion of the Group's cumulative losses in the past four (4) financial years is attributable to specific brands within the Group's businesses, which have been terminated and details of which are set out below:

(i) "Brand A"

The Group attempted unsuccessfully on several occasions to amend or terminate the Franchise Agreement before its expiration in February 2018. The Group declined to renew the Franchise Agreement when it expired.

(ii) "Brand B"

The Group took steps such as trying to find a minority investor and appointing an independent investment banking advisory firm to assist in the divestment of the business but neither yielded any result. In 2015, the Directors directed the management of the Company to cease all operations in relation to the "Brand B" business and by December 2016, the Brand B business was no longer accounting for any meaningful losses on the accounts of the Group.

LETTER TO SHAREHOLDERS

- (b) The Group had in the past four (4) years executed a comprehensive restructuring exercise in order to significantly terminate loss-making businesses and to reduce costs. Some examples of the measures carried out pursuant to such restructuring exercise include the following:
- (i) closed and/or downsized a significant number of loss-making stores across the Group's retail fleet in Singapore, Malaysia and Indonesia;
 - (ii) early termination of various loss-making and/or sub-optimal business units and brands, including the North Asia HQ in 2016, the Licensing Division in 2017 and the "Brand C" retail business in Singapore in December 2017;
 - (iii) reduced staff costs by reducing headcount and increasing the operational responsibilities of incumbent management to increase productivity, and further, with effect from October 2017, all senior management executives have taken a significant reduction in their monthly salaries of up to 70% (in addition to a previous salary reduction in 2017), so as to further reduce operational costs; and
 - (iv) the Group moved to its current headquarters location as soon as its lease expired in its previous location, resulting in a 75% reduction of operational costs.
- (c) The Group continues to engage in discussion with international investors in order to add value to the Group's business. For example, in November 2016, the Company announced that it has entered into a non-binding term-sheet with an international third party in relation to a potential transaction which may enhance or unlock shareholder value.
- (d) The Group had also raised debt from certain majority shareholders in 2016 and 2017, in order to augment bank borrowings and to increase the working capital of the Group as the Group was still incurring losses from its "Brand A" operations. For example, the Benjamin Family gave interest-free and unsecured loans to the Company in the aggregate amount of S\$2,825,000 between August 2016 and May 2017, such loans being repayable on demand while Raffles gave a loan of S\$1,000,000 to the Company on 4 May 2017, with an initial maturity date of 31 October 2017 but which was subsequently extended to 31 March 2018, and at an interest rate of 1.8% per annum (collectively, the "**Loans**").
- (e) In order to pursue profitable growth, the Group in 2017 had also continued to launch new brands and open new stores for well performing brands/businesses in the markets which it operates.

3. THE RIGHTS CUM WARRANTS ISSUE

3.1 Introduction

As highlighted in section 2 of this Circular, the Company is on the watch-list of the SGX-ST under the financial criteria and the MTP criteria, and may be removed from the Official List of the SGX-ST Mainboard if it fails to satisfy the criteria set out in sections 2.1(a) and 2.1(b) of this Circular by 4 December 2019 and 4 June 2020 respectively.

On 23 October 2017, the Company announced that it is proposing to offer, on a renounceable and non-underwritten basis, up to 341,225,914 Rights Shares at the Issue Price for each Rights Share, with up to 682,451,828 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price, on the basis of three (3) Rights Shares for every five (5) Shares held by each Shareholder as at the Books Closure Date and two (2) Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded.

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce, in part or in whole, or, in the case of Entitled Depositors only, trade their provisional allotments of Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

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Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares with Warrants and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to the Entitled Shareholders for the rounding of odd lots, whereas Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. Please see section 3.10(b) of this Circular for more details.

The Company will not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Please see section 5 of this Circular for more details.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. More information on the procedures for, and the final terms and conditions applicable to, the acceptance, renunciation, and sale of the provisional allotments of the Rights Shares with Warrants and for the application for Excess Rights Shares with Warrants, including the different modes of acceptance, application and payment, will be contained in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

The Company will not withdraw the Rights cum Warrants Issue after the commencement of ex-rights trading of the Shares.

3.2 Principal terms of the Rights Shares

The principal terms of the Rights Shares are as set out below:

Basis of provisional allotment : Three (3) Rights Shares for every five (5) Shares held by each Shareholder as at the Books Closure Date, fractional entitlements to be disregarded.

Number of Rights Shares to be issued : Based on the Existing Issued Share Capital of the Company of 568,709,857 issued Shares as at the Latest Practicable Date and assuming that (a) no new Shares are issued on or prior to the Books Closure Date; and (b) all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Rights Shares, up to 341,225,914 Rights Shares will be issued.

Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising up to 909,935,771 Shares.

Issue Price : The Issue Price of S\$0.035 for each Rights Share represents a discount of approximately:

- (a) approximately 22.2% to the last transaction price of S\$0.045 per Share on the Mainboard of the SGX-ST on 17 October 2017, being the last full trading day of the Shares immediately preceding the Announcement; and

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- (b) approximately 15.15% to the theoretical ex-rights price¹ of approximately S\$0.04125 per Share.

Note:

- (1) The theoretical ex-rights trading price is the theoretical market price of each Share (before the exercise of the Warrants) assuming the maximum 341,225,914 Rights Shares are issued pursuant to the Rights cum Warrants Issue, and is computed based on the last transacted price of S\$0.045 per Share on the Mainboard of the SGX-ST on 17 October 2017, being the last full trading day of the Shares immediately preceding this announcement.

- Eligibility to participate in the Rights cum Warrants Issue** : Please see section 3.6 of this Circular
- Status of Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.
- Listing of Rights Shares** : In-principle approval for the listing of and quotation for up to 341,225,914 Rights Shares on the Mainboard of the SGX-ST has been granted by the SGX-ST on 2 February 2018 subject to certain conditions, the details of which are set out in section 3.5 of this Circular.
- The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.
- Trading of Rights Shares** : Upon the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, the Rights Shares will be traded on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Mainboard of the SGX-ST, each board lot of Shares will comprise 100 Shares.
- Use of CPF Funds** : CPF Investors may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts for the payment of the aggregate Issue Price to subscribe for the Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants.

Such CPF Investors who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants using CPF Funds will need to instruct their respective CPF Approved Banks, with which they hold their CPF Investment Accounts, to accept the provisional allotment of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants on their behalf in accordance with the terms and conditions of the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market.

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Use of SRS funds : SRS Investors who wish to accept their provisional allotments of Rights Shares with Warrants and apply for Excess Rights Shares with Warrants (if applicable) can only do so, subject to applicable SRS rules and regulations as well as terms and conditions that may be imposed by the respective SRS Approved Banks, using monies standing to the credit of their respective SRS accounts.

Such SRS Investors who wish to accept their provisional allotments of Rights Shares with Warrants and apply for Excess Rights Shares with Warrants (if applicable) using SRS monies must instruct their respective SRS Approved Banks in which they hold their respective SRS accounts, to accept their provisional allotments of Rights Shares with Warrants and apply for Excess Rights Shares with Warrants (if applicable) on their behalf. For the avoidance of doubt, SRS Funds may not be used for the purchase of the provisional allotments of Rights Shares with Warrants directly from the market. Notwithstanding the foregoing, SRS Investors should consult their respective SRS Approved Banks for information and directions as to the use of monies standing to the credit of their respective SRS accounts.

Governing law : Laws of the Republic of Singapore

3.3 Principal terms of the Warrants

The principal terms of the Warrants are as set out below:

Basis of provisional allotment : Two (2) free detachable Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded.

Number of Warrants to be issued : Based on the Existing Issued Share Capital of the Company of 568,709,857 issued Shares as at the Latest Practicable Date and assuming that (a) no new Shares are issued on or prior to the Books Closure Date; (b) all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Rights Shares; and (c) there are no adjustments to the number of Warrants to be issued, up to 682,451,828 free detachable Warrants will be issued together with 341,225,914 Rights Shares subscribed.

Detachability and trading : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system, subject to, among others, a sufficient spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of the Warrants will consist of 100 Warrants or such board lot size which the SGX-ST may require and as may be notified by the Company.

Listing of Warrants : In-principle approval for the listing of and quotation for up to 682,451,828 Warrants on the Mainboard of the SGX-ST has been granted by the SGX-ST on 2 February 2018 subject to certain conditions, the details of which are set out in section 3.5 of this Circular.

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The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.

Under Rule 826 of the Listing Manual, it is provided that as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants for a sufficient spread of holdings of the warrants to provide for an orderly market in the trading of the warrants. **In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants because such condition is not met for any reason in respect of any Warrants issued, Warrant holders should note that they will not be able to trade their Warrants on the SGX-ST.**

Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions to be set out in the Deed Poll, each Warrant shall entitle the Warrant holder, at any time during the Exercise Period, to subscribe for one (1) Warrant Share at the Exercise Price in force on the relevant exercise date of the Warrants.

Exercise Price : S\$0.04 for each Warrant Share, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll.

The Exercise Price represents a discount of approximately:

- (a) approximately 11.1% to the last transaction price of S\$0.045 per Share on the Mainboard of the SGX-ST on 17 October 2017, being the last full trading day of the Shares immediately preceding the Announcement; and
- (b) approximately 3.03% to the theoretical ex-rights price¹ of approximately S\$0.04125 per Share.

Note:

- (1) The theoretical ex-rights trading price is the theoretical market price of each Share (before the exercise of the Warrants) assuming the maximum 341,225,914 Rights Shares are issued pursuant to the Rights cum Warrants Issue, and is computed based on the last transacted price of S\$0.045 per Share on the Mainboard of the SGX-ST on 17 October 2017, being the last full trading day of the Shares immediately preceding this announcement.

Exercise Period : The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrant holders of the Company is/are closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warrant holders of the Company or on the immediately preceding Market Day, as the case may

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be (but excluding such period(s) during which the Register of Members and/or Register of Warrantholders of the Company may be closed). The Warrants which have not been exercised at the end of the relevant Exercise Periods shall lapse and cease to be valid for any purpose.

End of Exercise Period : An announcement on the expiry of the Warrants will be made and a notice will be sent to all holders of the Warrants at least one (1) month before the expiry of the Exercise Period.

Mode of payment for exercise of Warrants : Warrantholders who exercise their Warrants must pay the Exercise Price by way of:

- (a) a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the monies payable in respect of the Warrant(s) exercised;
- (b) (if applicable, where the use of CPF Funds for payment of the Exercise Price is allowed by the CPF Board) subject to the Warrants being listed on the Mainboard of the SGX-ST, by debiting the relevant Warrantholder's CPF Investment Account with the CPF Approved Bank as specified in the exercise notice, for the credit of the Designated Account, for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised;
- (c) subject to applicable SRS rules and regulations, terms and conditions that may be imposed by the SRS Approved Bank as well as the availability of SRS Funds, debiting the SRS account with the SRS Approved Bank, for the credit of the Designated Account, such that the aggregate amount of such remittance and/or amount credited to the Designated Account, for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised; and/or
- (d) any combination of the above, such that the aggregate amount of such remittance and/or amount credited to the Designated Account by the CPF Approved Bank or the SRS Approved Bank, as the case may be, is equal to the full amount of the Exercise Price payable in respect of the Warrant(s) exercised.

Adjustments to the Exercise Price and/or the number of Warrants : The Exercise Price and/or the number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under certain circumstances (such circumstances will be set out in the Deed Poll). Such circumstances include:

- (a) Consolidation, subdivision, or reclassification
Any consolidation, subdivision, or reclassification of the Shares; or

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(b) Capitalisation issues

An issue by the Company of Shares to Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature or not and including any capital redemption reserve fund) to its Shareholders (other than an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend); or

(c) Capital distribution

A capital distribution made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(d) Rights issues

An offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights; or

(e) Issues at discount other than by way of rights

An issue (otherwise than pursuant to: (i) a rights issue available to all Shareholders and requiring an adjustment under sub-section (d) above; and (ii) an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the total effective consideration for each Share is less than ninety (90) per cent. of the average of the last dealt prices on the five (5) Market Days immediately preceding the date of announcement of the terms of such issue.

Any additional warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the Listing Manual) be announced by the Company on SGXNET.

Number of Warrant Shares to be issued

: If all the 682,451,828 Warrants issued pursuant to the Rights cum Warrants Issue are exercised, 682,451,828 Warrant Shares will be allotted and issued by the Company subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll and the Company will have an enlarged issued share capital comprising 1,592,387,599 Shares.

Status of Warrant Shares

: The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Warrant Shares.

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Modification of rights of Warrantholders

: The Company may, without the consent of the Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll including the terms and conditions of the Warrants which, in the opinion of the Company:

- (a) is not materially prejudicial to the interests of the Warrantholders;
- (b) is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the Mainboard Rules; and/or;
- (c) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Warrant Shares arising from the exercise of the Warrants or meetings of the Warrantholders in order to facilitate the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the Mainboard of the SGX-ST.

Without prejudice to any provision of the Deed Poll, any material alteration to the terms and conditions of the Warrants after the issue thereof to the advantage of the Warrantholders and prejudicial to Shareholders must be approved by Shareholders in general meeting, and if necessary, the SGX-ST, except where the alterations are made pursuant to the terms and conditions of the Warrants.

The Company will comply with Rule 831 of the Listing Manual and, unless permitted under the Deed Poll, will not:

- (i) extend the Exercise Period;
- (ii) issue new warrants to replace the Warrants;
- (iii) change the Exercise Price; or
- (iv) change the exercise ratio of the Warrants.

Transfer and transmission

: The Warrants shall be transferable in lots entitling the Warrantholders to subscribe for whole numbers of Warrant Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants to be set out in the Deed Poll, including, among others, the following:

- (a) Warrants not registered in the name of CDP – a Warrantholder whose Warrants are registered otherwise than in the name of CDP (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or

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on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a Warrantheader of the Warrants until the name of the transferee is entered in the Register of Warrantheaders by the Warrant Agent;

- (b) Deceased Warrantheader – the executors or administrators of a deceased Warrantheader whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor (not being one of several joint holders) and, in the case of the death of one or more of several joint Warrantheaders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants and shall be entitled to be registered as a holder of the Warrants and/or to make such transfer as the deceased Warrantheader could have made, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be required by the Company to prove their title and on completion of a Transfer Form and the payment of such fees and expenses referred to in the conditions to the Warrants; and
- (c) Warrants registered in the name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry. A Depositor shall be deemed to remain a Warrantheader of the Warrants until the name of the transferee is entered in the Depository Register by CDP.

Liquidation

- : If a resolution is passed for a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), every Warrantheader shall be entitled upon and subject to the provisions in the Deed Poll and the conditions to the Warrants, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the exercise notice(s) duly completed, together with all payments payable under the conditions to the Warrants and having duly complied with all other conditions to the Warrants, to elect to be treated as if he had immediately prior to the commencement of such winding-up, exercised the Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly.

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The Company shall give notice to the Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warrantholder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for all purposes.

Further issues of securities : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantholders shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

Use of CPF Funds : CPF Investors may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts for the payment of the aggregate Exercise Price upon the exercise of the Warrant(s). CPF Funds may not, however, be used for the purchase of the Warrants directly from the market (the listing thereof subject to there being a sufficient spread of holdings).

Use of SRS Funds : SRS Investors may use, subject to applicable SRS rules and regulations, terms and conditions that may be imposed by the SRS Approved Banks as well as the availability of SRS Funds, monies standing to the credit of their respective SRS accounts for the payment of the aggregate Exercise Price upon the exercise of the Warrant(s). SRS Funds may not, however, be used for the purchase of the Warrants directly from the market (the listing thereof subject to there being a sufficient spread of holdings).

Warrant Agent : Boardroom Corporate & Advisory Services Pte Ltd

Governing law : Laws of the Republic of Singapore

3.4 Convertible securities

As at the Latest Practicable Date, the Company does not have any existing warrants or other convertible securities.

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3.5 Conditions for the Rights cum Warrants Issue

Shareholders should note that the Rights cum Warrants Issue is subject to, among others, the following conditions:

- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST and if such approval is granted to subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights cum Warrants Issue;
- (b) the SIC having granted the Whitewash Waiver and such waiver not having been withdrawn or revoked up to the date of completion of the Rights cum Warrants Issue;
- (c) the Rights cum Warrants Issue, the issue of the Rights Shares with Warrants and the Warrant Shares being approved by Shareholders at the EGM;
- (d) the Whitewash Resolutions being approved by the Independent Shareholders at the EGM;
- (e) the Transfer of Controlling Interest to Raffles being approved by Shareholders at the EGM;
- (f) the lodgement of the Offer Information Statement with the MAS; and
- (g) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the date of completion of the Rights cum Warrants Issue.

On 15 January 2018, the SIC granted the Whitewash Waiver subject to the satisfaction of certain conditions which are set out in section 4.3 of this Circular.

On 2 February 2018, the Company received the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Right Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST, subject to the following:

- (i) Compliance with the SGX-ST's listing requirements;
- (ii) Shareholders' approval for the Rights cum Warrants Issue;
- (iii) A written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights cum Warrants Issue and from the exercise of the Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iv) A written undertaking from the Company that it will comply with the confirmation given under Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares;
- (v) A written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the shareholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under their undertakings;
- (vi) A written confirmation from the Company that there is a satisfactory spread of warrant holders to provide an orderly market for the warrants in compliance with Rule 826 of the Listing Manual;

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- (vii) A written confirmation from the Company that the terms of the warrant issue do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual; and
- (viii) A written undertaking from the Company that Rules 820, 830 and 831 of the Listing Manual will be complied with.

The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Circular.

3.6 Eligibility of Shareholders to participate in the Rights cum Warrants Issue

(a) Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares with Warrants to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders) under the Rights cum Warrants Issue:

(i) Entitled Depositors

Entitled Depositors will be provisionally allotted the Rights Shares with Warrants on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Books Closure Date.

To be Entitled Depositors, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 with registered addresses in Singapore for the service of notices and documents, not later than 5:00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants Entitlements.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than 5:00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date.

(ii) Entitled Scripholders

Entitled Scripholders will be provisionally allotted Rights Shares with Warrants on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be Entitled Scripholders, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore for the service of notices and documents, not later than 5:00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants Entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5:00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares with Warrants Entitlements.

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Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company. Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach F J Benjamin Holdings Ltd, c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5:00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date.

Entitled Scripholders may open Securities Accounts if they have not already done so and to deposit such share certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Shareholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, and other accompanying documents, at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement or the ARE may obtain them from CDP or the Share Registrar during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement or the PAL may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at a liberty to accept, decline or otherwise renounce, in part or in whole, or, in the case of Entitled Depositors only, trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. For the avoidance of doubt, only Entitled Shareholders (and not the purchasers or the renounees) shall be entitled to apply for additional Rights Shares with Warrants in excess of their provisional allotments.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares with Warrants, may only do so through CDP and/or by way of an Electronic Application.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with entitlements not allotted or taken up for any reason, be aggregated and used to satisfy applications for Excess Rights Shares with Warrants (if any) or disposed or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company subject to applicable laws and the Listing Manual.

Full details of the Rights cum Warrants Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, among others, the Proposed Resolutions being approved by Shareholders at the EGM to be convened.

All dealings in and transactions of the provisional allotments of Rights Shares with Warrants through the Mainboard will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Mainboard.

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(b) Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. Accordingly, no provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application thereof by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or the CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, as the case may be, not later than three (3) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the Mainboard of the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sale, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deducting all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit for the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

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Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on the Mainboard of the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments of Rights Shares with Warrants cannot be or are not sold on the Mainboard of the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any regulatory or legal requirements in those territories.

3.7 Rationale of the Rights cum Warrants Issue

As disclosed in the Announcement, the Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Group. In view of the Group’s current financial circumstances, the Company believes that the Rights cum Warrants Issue will strengthen the Company’s balance sheet and a stronger financial position will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner and as and when the opportunities arise, with the hope that this will increase the consolidated pre-tax profit of the Company, so as to allow the Company to satisfy the first limb of the financial exit criteria as described in section 2.1(a)(i) of this Circular. The increase in the consolidated pre-tax profit of the Company may also raise the price per Share and hence the volume-weighted average price of the Shares, and help the Company satisfy the first limb of the MTP exit criteria as described in section 2.1(b)(i) of this Circular.

The price per Share and market capitalisation of the Company has increased from S\$0.045 and approximately S\$25.59 million respectively before the Announcement to S\$0.077 and approximately S\$43.79 million respectively as at the Latest Practicable Date. Depending on the price per Share upon the completion of the Rights cum Warrants Issue, the market capitalisation of the Company may increase upon the completion of the Rights cum Warrants Issue and allow the Company to fulfil the second limb of the financial exit criteria and the MTP exit criteria as described in sections 2.1(a)(ii) and 2.1(b)(ii) respectively of this Circular.

Consequently, in view of the reasons set out above, as at the Latest Practicable Date, the Directors are of the reasonable opinion that the Rights cum Warrants Issue may help the Company to exit the SGX-ST watch-list.

In addition, the Rights cum Warrants Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

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3.8 Use of proceeds

Under the Minimum Subscription Scenario, the Company expects to receive gross proceeds of approximately S\$11,942,907 in aggregate (if none of the Warrants are exercised) and approximately S\$39,240,980 in aggregate (if all of the Warrants are exercised) from the Rights cum Warrants Issue, and net proceeds of approximately S\$7,817,907 in aggregate (if none of the Warrants are exercised) and S\$35,115,980 (if all of the Warrants are exercised), after accounting for the conversion into equity of certain debts¹ owing by the Company and its subsidiaries (the “**Conversion**”) and deducting the estimated expenses to be incurred in relation to the Rights cum Warrants Issue of approximately S\$300,000 (the “**Expenses**”).

Under the Maximum Subscription Scenario, the Company expects to receive gross proceeds of approximately S\$11,942,907 in aggregate (if none of the Warrants are exercised) and approximately S\$39,240,980 in aggregate (if all of the Warrants are exercised) from the Rights cum Warrants Issue, and net proceeds of approximately S\$7,817,907 in aggregate (if none of the Warrants are exercised) and S\$35,115,980 (if all of the Warrants are exercised), after accounting for the Conversion and deducting the Expenses.

The Company intends to use the net proceeds from the Rights cum Warrants Issue (including the proceeds from the exercise of the Warrants) in the following manner:

- (a) approximately 50% to support the expansion of the Group’s business activities including but not limited to the launching of new brands, opening of new stores for well performing brands/businesses in the markets, funding of new projects, capital improvements and making strategic investments and/or acquisitions; and
- (b) approximately 50% for general working capital purposes.

As and when there is any significant disbursement of the proceeds raised from the Rights cum Warrants Issue, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such proceeds in its annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with details on how the proceeds have been applied in the announcements and the annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reason(s) for such deviation.

Pending the deployment of the proceeds for the use(s) mentioned above, the proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments, corporate financing or loans or for any other purposes on a short-term basis as the Directors may deem fit.

As at the Latest Practicable Date, the Directors are of the opinion that:

- (i) the Group is not currently under pressure from its bankers to repay any of its existing borrowings. There are currently no arrangements made or being made for the refinancing of the Group’s borrowings;
- (ii) after taking into account the Group’s present bank facilities, internal resources and operating cash flows, the Group has sufficient resources to meet its capital commitments;
- (iii) after taking into consideration the Group’s present bank facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the reasons for undertaking the Rights cum Warrants Issue are set out in section 3.7 of this Circular; and

¹ These refer to the Loans due to the Benjamin Family and Raffles.

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- (iv) after taking into consideration the Group's present bank facilities, internal resources, operating cash flows, the net proceeds of the Rights cum Warrants Issue will be sufficient to meet the Company's present funding requirements and the funds raised from the Rights cum Warrants Issue would be sufficient to enable the Company to meet its obligations and continue to operate as a going concern.

3.9 Underwriting and sub-underwriting

In the reasonable opinion of the Directors, and in view of the Irrevocable Undertakings, there is no minimum amount which must be raised from the Rights cum Warrants Issue. After taking into consideration the aforementioned, the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is not necessary for the Rights cum Warrants Issue to be underwritten by a financial institution.

3.10 Irrevocable Undertakings

As at the Latest Practicable Date, the number of Shares and the percentage proportion of the Undertaking Shareholders and their respective concert parties are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Benjamin Group	56,613,050	9.96	99,134,900	17.43
Peter Lim Group	65,000,000	11.43	35,641,000	6.27
Raffles and its concert parties	62,280,000	10.95	–	–

Note:

- (1) Based on the Existing Issued Share Capital.

As an indication of their support and commitment to the Company and the Rights cum Warrants Issue, the Benjamin Family and Lim Eng Hock have entered into undertakings (the "**Benjamin and Peter Undertakings**") with the Company pursuant to which each Undertaking Shareholder has, subject to certain conditions, irrevocably undertaken to the Company that, among others:

- (a) as at the Books Closure Date, the direct interest and deemed interest of the relevant Undertaking Shareholder in the Shares will not be less than the direct interest and deemed interest of such Undertaking Shareholder in the Shares on the date of the respective Irrevocable Undertaking, and such Shares shall be held by the relevant Undertaking Shareholder free from any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third party rights (including rights of pre-emption) of any nature whatsoever;²
- (b) take up all Excess Rights Shares with Warrants *pro rata* to the relative shareholdings between them, on the basis that the Benjamin Family and Lim Eng Hock will rank last³ in priority in the allotment of Excess Rights Shares with Warrants which have not been taken up by the other Shareholders;
- (c) it will, not later than the last day for acceptance and payment of the Rights Shares with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for:
- (i) its *pro rata* entitlement to the Rights Shares with Warrants in relation to the Shares held by it as at the Books Closure Date ("**Rights Shares with Warrants Entitlement**"); and

² Save except for the existing pledge over 7,000,000 Shares by Eli Manasseh Benjamin in favour of UOB Kay Hian Pte Ltd.

³ Please see section 3.1 of this Circular. Please also see section 7.2 of this Circular for the interests of the Benjamin Family in the Proposed Resolutions. Lim Eng Hock is a Substantial Shareholder of the Company.

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- (ii) all Excess Rights Shares with Warrants that it will be taking up, in accordance with section 3.10(b) above,

in compliance with the terms and conditions of the Rights cum Warrants Issue; and

- (d) it will vote and/or procure the voting of all its Shares in favour of the Rights cum Warrants Issue at the EGM (including an adjournment thereof) to approve, among others, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrant Shares, and any other matter necessary or proposed to implement or assist the implementation of the Rights cum Warrants Issue.

As an indication of its support and commitment to the Company and the Rights cum Warrants Issue, Raffles has entered into an undertaking (the “**Raffles Undertaking**”) with the Company pursuant to which Raffles has, subject to certain conditions, irrevocably undertaken to the Company that, among others:

- (a) as at the Books Closure Date, the direct interest and deemed interest of Raffles in the Shares will not be less than the direct interest and deemed interest of Raffles in the Shares on the date of the Raffles Undertaking, and such Shares shall be held by Raffles free from any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third party rights (including rights of pre-emption) of any nature whatsoever;
- (b) Raffles will, not later than the last day for acceptance and payment of the Rights Shares with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for its Rights Shares with Warrants Entitlement in compliance with the terms and conditions of the Rights cum Warrants Issue; and
- (c) Raffles will vote and/or procure the voting of all its Shares in favour of the Rights cum Warrants Issue at the EGM (including an adjournment thereof) to approve, among others, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrant Shares, and any other matter necessary or proposed to implement or assist the implementation of the Rights cum Warrants Issue.

The Company and each of the Benjamin Family and Raffles have agreed that a portion of the subscription monies payable by each of them for its Rights Shares with Warrants Entitlement and Excess Rights Shares with Warrants, if applicable, shall be offset fully against the amount due to each of them as a result of the Conversion. Accordingly, each of the Benjamin Family and Raffles will only be providing a confirmation of financial resources in connection with its respective Irrevocable Undertaking to the Company for the remaining balance of the subscription monies which are not set off against the entire amount due to it as a result of the Conversion.

The Irrevocable Undertakings are conditional upon, among others, the following:

- (i) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights cum Warrants Issue;
- (ii) the Whitewash Waiver being granted by the SIC;
- (iii) the Rights cum Warrants Issue and the issue of the Rights Shares with Warrants and the Warrant Shares being approved by Shareholders at the EGM; and
- (iv) the Whitewash Resolutions being approved by the Independent Shareholders at the EGM.

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3.11 Financial effects

In view of the irrevocable undertakings of the Benjamin Family and Lim Eng Hock to take up all Excess Rights Shares with Warrants *pro rata* to their relative shareholdings and assuming both the Benjamin Family and Lim Eng Hock fulfil such undertakings, the number of Rights Shares with Warrants to be issued by the Company pursuant to the Rights cum Warrants Issue will be identical under both the Minimum Subscription Scenario and the Maximum Subscription Scenario. As such, only the financial effects of the Rights cum Warrants Issue under the Maximum Subscription Scenario will be presented.

The financial effects presented herein are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and/or the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects have been prepared based on the latest audited consolidated financial statements of the Group for FY2017. The financial effects of the Rights cum Warrants Issue under the Maximum Subscription Scenario are presented herein after taking into account the following assumptions:

- (a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the share capital, NTA per Share and gearing of the Group, the Rights cum Warrants Issue is assumed to have been completed on 30 June 2017; and
- (b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the LPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 July 2016.

Share Capital

As an illustration only, the financial effects of the Rights cum Warrants Issue on the share capital of the Company are as follows:

	Number of Shares	S\$'000
Issued share capital as at 30 June 2017	568,709,857	165,447
Add: Rights Shares to be issued	341,225,914	11,643
Issued share capital after the issue of Rights Shares	909,935,771	177,090
Add: Warrant Shares to be issued from the exercise of the Warrants	682,451,828	27,298
Enlarged issued share capital after the issue of Rights Shares and exercise of the Warrants	1,592,387,599	204,388

NTA per Share

As an illustration only, the financial effects of the Rights cum Warrants Issue on the NTA per Share of the Group based on the latest audited financial statements of the Group as at 30 June 2017 are as follows:

	As at 30 June 2017
NTA before the Rights cum Warrants Issue (S\$'000)	42,603
Number of Shares before the Rights cum Warrants Issue	568,709,857
NTA per Share before the Rights cum Warrants Issue (cents)	7.49
Add: Net proceeds from the Rights Shares (S\$'000)	11,643
NTA after the issue of Rights Shares (S\$'000)	54,246
Number of Shares after the issue of Rights Shares	909,935,771
NTA per Share after the issue of Rights Shares (cents)	5.96

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As at 30 June 2017

Add: Proceeds from the exercise of the Warrants (S\$'000)	27,298
NTA after the issue of Rights Shares and exercise of the Warrants (S\$'000)	81,544
Number of Shares after the issue of Rights Shares and exercise of the Warrants	1,592,387,599
NTA per Share after the issue of Rights Shares and exercise of the Warrants	5.12

LPS

As an illustration only, the financial effects of the Rights cum Warrants Issue on the LPS of the Group based on the latest audited financial statements of the Group for FY2017 are as follows:

FY2017

Net loss attributable to Shareholders (S\$'000)	(17,420)
Number of Shares before the Rights cum Warrants Issue	568,709,857
Number of Shares after the issue of Rights Shares	909,935,771
LPS before the issue of Rights Shares (cents)	(3.06)
LPS after the issue of Rights Shares (cents)	(1.91)
Number of Shares after the issue of Rights Shares and exercise of the Warrants	1,592,387,599
LPS after the issue of Rights Shares and exercise of the Warrants (cents)	(1.09)

Gearing

As an illustration only, the financial effects of the Rights cum Warrants Issue on the gearing of the Group based on the latest audited financial statements of the Group as at 30 June 2017 are as follows:

As at 30 June 2017

Total net borrowings before the Rights cum Warrants Issue (S\$'000)	22,747
Shareholders' equity before the Rights cum Warrants Issue (S\$'000)	42,603
Gearing before the Rights cum Warrants Issue (times)	0.53
Total net borrowings after the issue of the Rights Shares (S\$'000)	14,929
Shareholders' equity after the issue of the Rights Shares (S\$'000)	54,246
Gearing after the issue of the Rights Shares (times)	0.28
Total net borrowings/(cash) after the issue of Rights Shares and exercise of the Warrants (S\$'000)	(12,369)
Shareholders' equity after the issue of Rights Shares and exercise of the Warrants (S\$'000)	81,544
Gearing after the issue of Rights Shares and exercise of the Warrants (times)	0

4. THE WHITEWASH RESOLUTIONS

4.1 Mandatory Offer requirement under the Code

Under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").

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Under the Maximum Subscription Scenario, the aggregate interest (direct and deemed) of the Undertaking Shareholders and their respective concert parties after the close of the Rights cum Warrants Issue will remain unchanged.

The aggregate interest (direct and deemed) of the Undertaking Shareholders and their respective concert parties under the Minimum Subscription Scenario, based on the Existing Issued Share Capital, is set out in the table in Appendix C (“Table”).

As can be seen in the Table and the table set out in section 6.4 of this Circular, in fulfilling their obligations under the Irrevocable Undertakings, the aggregate interest (direct and deemed) of the Benjamin Group, Frank J Benjamin as well as the Peter Lim Group, will increase after the Rights cum Warrants Issue. In particular, under certain scenarios, such interest will cross the mandatory offer threshold of 30.00% as set out in Rule 14.1 of the Code, as marked out clearly in the Table, and the Benjamin Group, Frank J Benjamin and/or the Peter Lim Group would incur an obligation to make a Mandatory Offer pursuant to Rule 14.1 of the Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Company to the SIC for, among others, a waiver of the Benjamin Group’s, Frank J Benjamin’s and the Peter Lim Group’s obligation to make a Mandatory Offer under Rule 14.1 of the Code in connection with their fulfilment of their obligations under the Irrevocable Undertakings under the Rights cum Warrants Issue. On 15 January 2018, the SIC granted the Whitewash Waiver subject to the satisfaction of certain conditions which are set out in section 4.3 of this Circular.

4.2 Potential dilution

Under the Minimum Subscription Scenario, the dilution effect to the aggregate interest (direct and deemed) of existing Shareholders upon the completion of the Rights cum Warrants Issue will be as follows:

	Current shareholding		After the Rights cum Warrants Issue		After the Rights cum Warrants Issue and the exercise of all the Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Benjamin Family	155,747,950	27.39	340,336,630	37.40	709,513,990	44.56
Lim Eng Hock	100,641,000	17.70	219,910,234	24.17	458,448,702	28.79
Raffles	62,280,000	10.95	99,648,000	10.95	174,384,000	10.95
Other Shareholders	250,040,907	43.96	250,040,907	27.48	250,040,907	15.70
Total	568,709,857	100.00	909,935,771	100.00	1,592,387,599	100.00

4.3 Whitewash Waiver

On 15 January 2018, the SIC:

- (a) waived the requirement for Frank J Benjamin to make a general offer for the Company under Rule 14.1 of the Code in the event he incurs an obligation to do so as a result of acquiring the Rights Shares and the Warrant Shares upon exercise of the Warrants (the “**Benjamin Family Waiver**”), subject to the following conditions:
 - (i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares cum Warrants, the Whitewash Resolutions by way of a poll;
 - (ii) the Whitewash Resolutions are separate from other resolutions;

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- (iii) the Benjamin Group, as well as parties not independent of them abstain from voting on the Whitewash Resolutions;
- (iv) the Benjamin Group did not acquire and are not to acquire any shares in the Company or instruments convertible into and options in respect of shares in the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares in the Company which have been disclosed in the circular):
 - (A) during the period between the announcement of the Rights cum Warrants Issue and the date shareholders' approval is obtained for the Whitewash Resolutions; and
 - (B) in the six (6) months prior to the announcement of the Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights cum Warrants Issue;
- (v) the Company appoints an independent financial adviser to advise its independent shareholders on the Whitewash Resolutions;
- (vi) the Company sets out clearly in its circular to shareholders:
 - (A) details of the Rights cum Warrants Issue, including the Irrevocable Undertakings;
 - (B) the possible dilution effect to existing holders of voting rights of the Company upon the issue of the Rights Shares and Warrant Shares to Frank J Benjamin;
 - (C) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by the Benjamin Group as at the latest practicable date;
 - (D) the number and percentage of voting rights to be issued to Frank J Benjamin upon the acquisition of the Rights Shares and the exercise of the Warrants;
 - (E) specific and prominent reference to the fact that the issue of the Rights Shares and Warrant Shares to Frank J Benjamin might result in the Benjamin Group holding shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital, and the fact that the Benjamin Group would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (F) that shareholders, by voting for the Whitewash Resolutions, are waiving their rights to a general offer from Frank J Benjamin at the highest price paid by the Benjamin Group for the Company's shares in the past six (6) months preceding the commencement of the offer;
 - (G) that shareholders by voting for the Whitewash Resolutions, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;

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- (vii) the circular by the Company to its shareholders states that the waiver granted by the SIC to Frank J Benjamin from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at sections 4.3(a)(i) to 4.3(a)(vi) above;
 - (viii) the Company obtains the SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolutions; and
 - (ix) to rely on the Whitewash Resolutions, the acquisition of the Rights Shares and Warrants by Frank J Benjamin must be completed within three (3) months of approval of the Whitewash Resolutions, and the acquisition of Warrant Shares by Frank J Benjamin upon the exercise of the Warrants must be completed within five (5) years of the date of issue of the Warrants; and
- (b) waived the requirement for Lim Eng Hock to make a general offer for the Company under Rule 14.1 of the Code in the event he incurs an obligation to do so as a result of acquiring the Rights Shares and the Warrant Shares upon exercise of the Warrants (the "**Peter Lim Waiver**"), subject to the conditions set out in sections 4.3(a)(i) to 4.3(a)(ix) (other than section 4.3(a)(vi)(E)) above. In this connection, references to "Frank J Benjamin" and the "Benjamin Group" should refer to "Lim Eng Hock" and the "Peter Lim Group",
- (collectively, the "**SIC Conditions**").

As at the Latest Practicable Date, save for the conditions set out in sections 4.3(a)(i), 4.3(a)(iii) and 4.3(a)(ix) of this Circular, all the other SIC Conditions set out above have been satisfied.

4.4 Whitewash Resolutions

The Independent Shareholders are therefore asked to vote, by way of a poll, on the Whitewash Resolutions as set out as Ordinary Resolution 2 and Ordinary Resolution 3 in the Notice of Extraordinary General Meeting.

In connection with the Whitewash Waiver, each of the Benjamin Family, Frank J Benjamin and Lim Eng Hock has confirmed that it/he, whether by itself/himself or with any of its/his concert parties, has not acquired any Shares in the six (6) months period prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue, being 12 October 2017, and has not and will not acquire any Shares in the period between the Announcement and the date on which the approval of the Independent Shareholders is obtained for the Whitewash Resolutions.

4.5 Advice from the IFA

The Board has, on behalf of the Company, appointed SAC Capital Private Limited as the IFA to advise the Independent Directors on the Whitewash Resolutions. The IFA Letter setting out its opinion and advice in full, is reproduced in Appendix A to this Circular.

Taking into consideration the factors set out in the IFA Letter, the information available to the IFA as at the Latest Practicable Date and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that, from a financial point of view, the Rights cum Warrants Issue which is the subject of the Whitewash Resolutions is fair and reasonable, and the Whitewash Resolutions when considered in the context of the Rights cum Warrants Issue are not prejudicial to the interests of the Independent Shareholders. Accordingly, the IFA advises the Independent Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolutions at the EGM.

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix A to this Circular and consider carefully the recommendations of the Independent Directors for the Whitewash Resolutions as set out in section 14.2 of this Circular.

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5. POSSIBLE TRANSFER OF CONTROLLING INTEREST TO RAFFLES

- 5.1 Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.
- 5.2 As at the Latest Practicable Date, Raffles and its concert parties have an aggregate interest (direct and deemed) in 62,280,000 Shares, representing approximately 10.95% of the Existing Issued Share Capital.
- 5.3 Under the Minimum Subscription Scenario, Raffles and its concert parties will have an aggregate interest (direct and deemed) in 99,648,000 Shares and 74,736,000 Warrants. In the event Raffles and its concert parties exercise all of their Warrants and all other Warrants remain unexercised, Raffles and its concert parties will have an aggregate interest (direct and deemed) in 174,384,000 Shares, representing approximately 17.71% of the enlarged share capital of the Company. As such, Raffles' fulfilment of its obligations under the Irrevocable Undertakings may result in a transfer of a controlling interest in the Company to Raffles.
- 5.4 Accordingly, in view of Raffles potentially acquiring a controlling interest in the Company, Shareholders' approval is being sought for the Company to allot and issue Raffles' *pro rata* entitlement to the Rights Shares with Warrants.

6. THE DIRECTOR ALLOTMENT

- 6.1 Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.
- 6.2 As at the Latest Practicable Date, Frank J Benjamin has an aggregate interest (direct and deemed) in 39,191,000 Shares, representing approximately 6.89% of the Existing Issued Share Capital.
- 6.3 On 15 November 2017, the Benjamin Family informed the Company that pursuant to their Irrevocable Undertakings dated 23 October 2017, they intend for Frank J Benjamin to, for and on behalf of the Benjamin Family, subscribe and pay in full, for the Benjamin Family's entire *pro rata* entitlement to the Rights Shares with Warrants in relation to the Shares held by the Benjamin Family as at the Books Closure Date, as well as for all Excess Rights Shares with Warrants that the Benjamin Family will be taking up pursuant to their Irrevocable Undertakings.
- 6.4 Under the Minimum Subscription Scenario and in fulfilling the Benjamin Family's obligations under the Irrevocable Undertakings in the manner as detailed in section 6.3 of this Circular, the aggregate interest (direct and deemed) of Frank J Benjamin under various scenarios are set out in the table below:

Name	As at the date of this Letter		After Rights cum Warrants Issue but before exercise of Warrants		After Rights cum Warrants Issue and the exercise of all the Warrants		After Rights cum Warrants Issue and the exercise of all the Warrants (except for the Warrants of the Peter Lim Group and Raffles and its concert parties)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Frank J Benjamin	39,191,000	6.89	223,779,680	<u>24.59</u>	592,957,040	<u>37.24</u>	592,957,040	<u>46.36</u>
The rest of the Benjamin Family	116,556,950	20.50	116,556,950	12.81	116,556,950	7.32	116,556,950	9.11
Peter Lim Group	100,641,000	17.70	219,910,234	24.17	458,448,702	28.79	219,910,234	17.19
Raffles and its Concert Parties	62,280,000	10.95	99,648,000	10.95	174,384,000	10.95	99,648,000	7.79
Other Shareholders	250,040,907	43.96	250,040,907	27.48	250,040,907	15.70	250,040,907	19.55

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- 6.5 As can be seen in the table above, Frank J Benjamin's fulfilment of the Benjamin Family's obligations under the Irrevocable Undertakings in the manner as detailed in section 6.3 of this Circular will result in Frank J Benjamin's aggregate interest (direct and deemed) in the Company to rise from 6.89% to above 15% of the enlarged share capital of the Company. Notwithstanding this, the Company does not think that there is any transfer of controlling interest in the Company in view that Frank J Benjamin already in fact exercises control over the Company.⁴
- 6.6 Under Rule 804 of the Listing Manual, except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.
- 6.7 As set out in section 7.2(b)(i) of this Circular, Frank J Benjamin is the Non-Executive Chairman of the Company (effective 1 July 2017). As Frank J Benjamin is a Director of the Company, in the event that he fulfils the Benjamin Family's obligations under the Irrevocable Undertakings in the manner as detailed in section 6.3 of this Circular, the Director Allotment will be subject to Shareholders' approval pursuant to Rule 804 of the Listing Manual.
- 6.8 Accordingly, in view of the Director Allotment, Shareholders' approval is being sought for the Company to allot and issue up to 184,588,680 Rights Shares and up to 369,177,360 Warrants⁵ to Frank J Benjamin pursuant to Rule 804 of the Listing Manual. In this regard, Shareholders should note that the Benjamin Family has informed the Company on 22 January 2018 that in the event the resolution on Director Allotment is not approved by the Shareholders, each member of the Benjamin Family will fulfil his/its obligations under the Benjamin and Peter Undertakings *pro rata* to his/its relative shareholdings amongst the members of the Benjamin Family.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

7.1 Interests in Shares

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ¹	No. of Shares	% ¹	No. of Shares	% ¹
Directors						
Frank J Benjamin	39,191,000	6.89	–	–	39,191,000	6.89
Eli Manasseh Benjamin	17,310,050	3.04	7,000,000	1.23	24,310,050	4.27
Douglas Benjamin	–	–	130,000	0.02	130,000	0.02
Ng Hin Lee	–	–	–	–	–	–
Daniel Ong Jen Yaw	–	–	–	–	–	–
Liew Choon Wei	–	–	–	–	–	–

⁴ Please see section 7.2(b) of this Circular for more details about the relationships between members of the Benjamin Family and the Company.

⁵ Please refer to Appendix C for the detailed calculations.

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	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ¹	No. of Shares	% ¹	No. of Shares	% ¹
Substantial Shareholders (other than Directors)						
Lim Eng Hock	65,000,000	11.43	35,641,000	6.27	100,641,000	17.70
Segulah Pte Ltd ²	91,937,900	16.17	–	–	91,937,900	16.17
Raffles Investments Limited ³	62,280,000	10.95	–	–	62,280,000	10.95
Temasek Holdings (Private) Ltd ²	–	–	91,937,900	16.17	91,937,900	16.17
DBS Trustee Limited ²	–	–	91,937,900	16.17	91,937,900	16.17
DBS Group Holdings Limited ²	–	–	91,937,900	16.17	91,937,900	16.17
DBS Bank Ltd ²	–	–	91,937,900	16.17	91,937,900	16.17
Aequitas Pte Ltd ³	–	–	62,280,000	10.95	62,280,000	10.95
Tecity Pte Ltd ³	–	–	62,280,000	10.95	62,280,000	10.95
Dr Tan Kheng Lian ³	–	–	62,280,000	10.95	62,280,000	10.95
Tan Chin Tuan Pte Ltd ³	–	–	62,280,000	10.95	62,280,000	10.95
Mavis Benjamin, Mrs	–	–	39,191,000	6.89	39,191,000	6.89

Notes:

- (1) Based on the Existing Issued Share Capital.
- (2) 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.
- (3) Aequitas Pte Ltd, Tecity Pte Ltd, Dr Tan Kheng Lian and Tan Chin Tuan Pte Ltd are deemed to be interested in the shares held by Raffles Investments Limited.

7.2 Interests in the Proposed Resolutions

Save for:

- (a) the Irrevocable Undertakings as disclosed under section 3.10 of this Circular;
- (b) the following relationships between members of the Benjamin Family and the Company:
 - (i) Frank J Benjamin is the Non-Executive Chairman of the Company (effective 1 July 2017);
 - (ii) Eli Manasseh Benjamin is the Chief Executive Officer and Executive Director of the Company;
 - (iii) Douglas Benjamin is the Chief Operating Officer and Executive Director of the Company;
 - (iv) Samuel Benjamin and Ben-Judah Benjamin are executives of the Company;
 - (v) the shareholder of Segulah Pte Ltd is DBS Trustee Limited (acting as trustee of the Frank and Mavis Benjamin Trust), which is a trust set up by Frank J Benjamin for the benefit of his wife and children;

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- (c) the Conversion as disclosed under section 3.8 of this Circular, which involves the conversion into equity of certain debts owing by the Company and its subsidiaries, to the Benjamin Family and Raffles; and
- (d) the shareholdings of the Directors and Substantial Shareholders as disclosed under section 7.1 of this Circular,

none of the Directors and Substantial Shareholders has any interest, whether direct or indirect, in the Proposed Resolutions.

8. PREVIOUS FUND RAISING EXERCISES

The Company has not carried out any issues of securities during the two (2) years preceding the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its subsidiaries during the twelve (12) months before the Latest Practicable Date which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim.

10. MATERIAL CONTRACTS

Save as disclosed in this Circular, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date.

11. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, among others, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM.

Acceptances of provisional allotments of Rights Shares with Warrants and (if applicable) applications for excess Rights Shares with Warrants, under the Rights cum Warrants Issue may only be made:

- (a) in the case of Entitled Scripholders, on the PAL;
- (b) in the case of Entitled Depositors, on the ARE or by way of an Electronic Application through an ATM of a Participating Bank; and
- (c) in the case of persons purchasing provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, on the ARS,

as the case may be, accompanying and forming part of the Offer Information Statement.

For CPF Investors, SRS Investors and investors who hold Shares through finance companies or Depository Agents, acceptances of the provisional allotments of Rights Shares with Warrants and (if applicable) applications for Excess Rights Shares with Warrants must be done through their respective CPF Approved Banks, SRS Approved Banks, finance companies or Depository Agents, as the case may be. **Any acceptance and/or application by the above-mentioned persons made directly through CDP, the Share Registrar, the Company and/or Electronic Applications, will be rejected.**

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12. BOOKS CLOSURE DATE

Subject to Shareholders' approval of the Proposed Resolutions at the EGM to be convened and the receipt of the listing and quotation notice from the SGX-ST, the Register of Members and the Register of Transfers of the Company will be closed as at a time and date to be determined by the Directors and announced by the Company in due course, for the purpose of determining the entitlements of Shareholders under the Rights cum Warrants Issue.

13. ABSTENTION FROM VOTING

Pursuant to the Code and SIC Conditions, the Benjamin Group and the Peter Lim Group and parties not independent of them shall abstain, and shall procure their respective associates to abstain, from voting on resolutions approving the Whitewash Resolutions and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of the Whitewash Resolutions unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolutions.

Raffles and its concert parties shall abstain, and shall procure their associates to abstain, from voting on the resolution approving the Transfer of Controlling Interest to Raffles, being Ordinary Resolution 4 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 4 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

Frank J Benjamin and his concert parties shall abstain, and shall procure their associates to abstain, from voting on the resolution approving the Director Allotment, being Ordinary Resolution 5 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 5 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

14. DIRECTORS' RECOMMENDATIONS

In giving the recommendations below, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders may have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

14.1 Ordinary Resolution 1 – the Rights cum Warrants Issue

Shareholders should note that the Interested Directors have participated in Board Meetings to discuss, among others, the Rights cum Warrants Issue. There are no express prohibitions set out in the Constitution of the Company prohibiting the Interested Directors who has an interest in a matter from participating in a Board meeting where the matter is discussed, and it is also noted that section 156 of the Companies Act does not preclude such directors from participating in directors' meetings as the obligation on the directors is to disclose their interest in the subject matter at the directors' meetings.

Notwithstanding the above, the Interested Directors shall abstain from making any recommendations to Shareholders in relation to Ordinary Resolution 1, in view of: (a) the Irrevocable Undertaking given by the Benjamin Family, which includes the Interested Directors; and (b) the Conversion as disclosed under section 3.8 of this Circular, which involves the conversion into equity of certain debts owing by the Company and its subsidiaries to the Benjamin Family.

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The Independent Directors, having considered, among others, the terms of and rationale for the Rights cum Warrants Issue as set out in section 3.7 of this Circular and the advice of the IFA as set out in the IFA Letter reproduced in Appendix A to this Circular, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 set out in the Notice of Extraordinary General Meeting.

14.2 Ordinary Resolution 2 and Ordinary Resolution 3 – the Whitewash Resolutions

The Independent Directors, having considered, among others, the terms of and rationale for the Rights cum Warrants Issue as set out in section 3.7 of this Circular and the advice of the IFA as set out in the IFA Letter reproduced in Appendix A to this Circular, are of the opinion that the Whitewash Resolutions are in the best interests of the Company, and not prejudicial to the interests of the Independent Shareholders.

Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of Ordinary Resolution 2 and Ordinary Resolution 3 set out in the Notice of Extraordinary General Meeting.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT:

- (a) the inter-conditionality and conditionality of the resolutions as set out in section 1.2 of this Circular;
- (b) by voting in favour of the Whitewash Resolutions (Ordinary Resolution 2 and Ordinary Resolution 3),
 - (i) they will be waiving their rights to receive a Mandatory Offer under Rule 14.1 of the Code from Frank J Benjamin and Lim Eng Hock respectively, which they would otherwise have been obliged to make at the highest price paid or agreed to be paid by them in the six (6) months preceding the commencement of the Rights cum Warrants Issue; and
 - (ii) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.
- (c) **the issue of the Right Shares and Warrant Shares to Frank J Benjamin pursuant to the Rights cum Warrant Shares might result in the Benjamin Group holding shares carrying over 49% of the voting rights of the Company based on its enlarged share capital and that the Benjamin Group would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer.**

14.3 Ordinary Resolution 4 – the Transfer of Controlling Interest to Raffles

The Directors, having considered, among others, the terms of and rationale for the Rights cum Warrants Issue as set out in section 3.7 of this Circular, recommend that Shareholders vote in favour of Ordinary Resolution 4 set out in the Notice of Extraordinary General Meeting.

14.4 Ordinary Resolution 5 – the Director Allotment

Frank J Benjamin, shall abstain from making any recommendations to Shareholders in relation to Ordinary Resolution 5, in view that he is the subject matter of such resolution. The Directors, save except for Frank J Benjamin, having considered, among others, the terms of and rationale for the Rights cum Warrants Issue as set out in section 3.7 of this Circular, recommend that Shareholders vote in favour of Ordinary Resolution 5 set out in the Notice of Extraordinary General Meeting.

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15. EXTRAORDINARY GENERAL MEETING

An EGM will be held at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on 2 March 2018 at 10.30 a.m. for the purpose of considering, and, if thought fit, passing, with or without any modifications, the Proposed Resolutions set out in the Notice of Extraordinary General Meeting on pages N-1 to N-5 of this Circular.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form which is attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at 1 Jalan Kilang Timor, #07-01 Pacific Tech Centre, Singapore 159303, not less than forty-eight (48) hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not preclude him from attending and voting in person at the EGM in place of his proxy if he so wishes.

Depositors who wish to attend and vote at the EGM, and whose names are shown in the records of CDP as at a time not earlier than seventy-two (72) hours before the time appointed for the EGM supplied by CDP to the Company, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any proxy form.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular 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 the Circular in its proper form and context.

18. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter attached as Appendix A to this Circular and all references to its name in the form and context in which it appears in this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 1 Jalan Kilang Timor, #07-01 Pacific Tech Centre, Singapore 159303 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the annual reports of the Company containing the audited financial statements of the Company and the Group for FY2015, FY2016 and FY2017;
- (b) the Constitution of the Company;
- (c) the IFA Letter;
- (d) the letter of consent from the IFA;

LETTER TO SHAREHOLDERS

- (e) the letter of consent from the Share Registrar and the Warrant Agent dated 30 November 2017;
- (f) the Irrevocable Undertakings; and
- (g) the draft Deed Poll.

Yours faithfully
For and on behalf of the Board of Directors of
F J BENJAMIN HOLDINGS LTD

Liew Choon Wei
Independent Director

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

LETTER FROM SAC CAPITAL PRIVATE LIMITED TO THE INDEPENDENT DIRECTORS OF F J BENJAMIN HOLDINGS LTD IN RELATION TO THE WHITEWASH RESOLUTIONS

15 February 2018

To: The Independent Directors of F J Benjamin Holdings Ltd
(in relation to the Whitewash Resolutions)

Mr. Ng Hin Lee
Mr. Daniel Ong Jen Yaw
Mr. Liew Choon Wei

Dear Sirs

THE PROPOSED WHITEWASH RESOLUTIONS FOR THE WAIVER OF RIGHT OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM FRANK J BENJAMIN AND LIM ENG HOCK FOR ALL OF THE ISSUED SHARES IN THE CAPITAL OF F J BENJAMIN HOLDINGS LTD NOT ALREADY OWNED OR CONTROLLED BY THE BENJAMIN GROUP AND THE PETER LIM GROUP AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 15 February 2018 (the “Circular”) shall have the same meaning herein.

1. INTRODUCTION

On 23 October 2017, the board of directors (the “**Directors**”) of F J Benjamin Holdings Ltd (the “**Company**”) announced (the “**Announcement**”) that the Company proposed to undertake a renounceable non-underwritten rights cum warrants issue of up to 341,225,914 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.035 for each Rights Share (the “**Issue Price**”), with up to 682,451,828 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Warrant Share**”) at the Exercise Price (as defined below) for each Warrant Share, on the basis of three (3) Rights Shares for every five (5) ordinary shares in the capital of the Company (the “**Shares**”), held by the Entitled Shareholders of the Company (the “**Rights Issue**”) and two (2) Warrants for every one (1) Rights Share validly subscribed (the “**Warrants Issue**”) as at the Books Closure Date, fractional entitlements to be disregarded. The Rights Issue and Warrants Issue shall be referred to as the “**Rights cum Warrants Issue**”.

As at the Latest Practicable Date, the Benjamin Family, Lim Eng Hock (“**Peter Lim**”) and Raffles (the “**Undertaking Shareholders**”) hold an aggregate interest (direct and deemed) of 155,747,950, 100,641,000, and 62,280,000 Shares respectively, representing approximately 27.39%, 17.70% and 10.95% of the Existing Issued Share Capital.

As an indication of their support and commitment to the Company and the Rights cum Warrants Issue, the Benjamin Family and Peter Lim have entered into undertakings (the “**Benjamin and Peter Undertakings**”) with the Company that it will, subject to certain conditions, irrevocably undertaken to the Company that, amongst others:

- (a) take up all Excess Rights Shares with Warrants *pro rata* to the relative shareholdings between them, on the basis that the Benjamin Family and Peter Lim will rank last in priority in the allotment of Excess Rights Shares with Warrants which have not been taken up by the other Shareholders; and

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (b) it will, not later than the last day for acceptance and payment of the Rights Shares with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for:
- (i) its *pro rata* entitlement to the Rights Shares with Warrants in relation to the Shares held by it as at the Books Closure Date; and
 - (ii) all Excess Rights Shares with Warrants that it will be taking up, in accordance with paragraph (a) above,

in compliance with the terms and conditions of the Rights cum Warrants Issue.

Consequently, the Benjamin Group, Frank J Benjamin and the Peter Lim Group may acquire Shares carrying 30.0% or more of the voting rights of the Company and/or acquire in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

In addition to the above, as an indication of its support and commitment to the Company and the Rights cum Warrants Issue, Raffles has entered into an undertaking (the “**Raffles Undertaking**”) with the Company that it will, subjected to certain conditions, amongst others, not later than the last day for acceptance and payment of the Rights Share with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for its Rights Shares with Warrants Entitlement in compliance with the terms and conditions of the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (the “**SIC**”).

Applications were made to the SIC on 7 November 2017 and 27 November 2017, respectively, for the grant of the whitewash waiver for (a) the Benjamin Group and the Peter Lim Group from making a Mandatory Offer as a result of the Rights cum Warrants Issue; and (b) Frank J Benjamin from making a Mandatory Offer pursuant to his intention for and on behalf of the Benjamin Family, to subscribe and pay in full for the Benjamin Family’s entire *pro rata* entitlement to the Rights Shares with Warrants in relation to the Shares held by the Benjamin Family, as well as for all Excess Rights Shares with Warrants that the Benjamin Family will be taking up pursuant to their Irrevocable Undertakings. The SIC had on 15 January 2018 exempted (the “**Whitewash Waiver**”) Frank J Benjamin and Peter Lim from the requirement under Rule 14.1 of the Code to make a mandatory general offer for the Shares of the Company in the event that Frank J Benjamin and/or Peter Lim incurs an obligation to do so as a result of their acquiring the Rights Shares and the Warrants Shares upon exercise of the Warrants, subject to, *inter alia*, a majority of the holders of voting rights of the Company approve at a general meeting, held before the issue of the Rights Shares to Frank J Benjamin and Peter Lim, separate resolutions (the “**Whitewash Resolutions**”) by way of a poll, to waive their rights to receive a general offer from each of Frank J Benjamin and Peter Lim, and the appointment of an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolutions.

The Company has appointed us as the independent financial adviser to advise the Directors who are independent for the purpose of the Whitewash Resolutions (the “**Independent Directors**”) on whether the Whitewash Resolutions are prejudicial to the interests of the Independent Shareholders.

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

This letter, which sets out our advice and evaluation, from a financial point of view, has been prepared for the use of the Independent Directors in connection with their consideration of the Whitewash Resolutions and their recommendation to the Independent Shareholders arising thereof.

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser to advise the Independent Directors in respect of the Whitewash Resolutions.

We are not and were not involved in any aspect of the negotiations entered into by the Group in connection with the Whitewash Resolutions or in the deliberations leading up to the decision by the Directors to undertake the Rights cum Warrants Issue. Accordingly, we do not, by this letter, warrant the merits of the Rights cum Warrants Issue, other than to advise on whether the Whitewash Resolutions, from a financial point of view, is prejudicial to the interests of the Independent Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic or commercial merits or risks of the Rights cum Warrants Issue or the future growth prospects or earnings potential of the Group after the completion of the Rights cum Warrants Issue. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Rights cum Warrants Issue or on the future financial performance of the Group after the completion of the Rights cum Warrants Issue.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management. We have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations which we have relied on.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Rights cum Warrants Issue and the Whitewash Resolutions have been disclosed in the Circular; (b) such information is true and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such enquiries and exercised such judgement as were deemed necessary and have found no reason to doubt the reliability of the information or facts. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

Save as disclosed, all information relating to the Group that we have relied upon in arriving at our advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group at any time or as at the Latest Practicable Date. We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of the Group. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of the Group and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of the Group.

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Our advice, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of, the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our advice in the light of any subsequent development after the Latest Practicable Date that may affect our views contained herein.

In arriving at our advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our advice in relation to the Whitewash Resolutions should be considered in the context of the entirety of this letter and the Circular.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the circular (other than this letter).

3. THE RIGHTS CUM WARRANTS ISSUE

3.1 Basis of the Rights cum Warrants Issue

As at the Latest Practicable Date, the Existing Issued Share Capital comprised 568,709,857 Shares.

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis, with up to 341,225,914 Rights Shares at the Issue Price for each Rights Share, with up to 682,451,828 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the exercise price of S\$0.04 per Warrant Share (the “**Exercise Price**”), on the basis of three (3) Rights Shares for every five (5) existing Shares held by the Entitled Shareholder as at the Books Closure Date, and two (2) Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application and, upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

3.2 Rationale for the Rights cum Warrants Issue and Use of Proceeds

Further details of the rationale for the Rights cum Warrants Issue and use of proceeds are set out in Sections 3.7 and 3.8 of the Circular, respectively, and Shareholders are advised to read the information carefully.

3.3 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is subject to, *inter alia*, the approval from the Independent Shareholders on the Whitewash Resolutions at the EGM. Further details of the other conditions are set out in Section 3.5 of the Circular, and Shareholders are advised to read the information carefully.

3.4 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 318,668,950 Shares, representing approximately 56.03% of the Existing Issued Share Capital.

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As an indication of their support and commitment to the Company and the Rights cum Warrants Issue, the Benjamin Family and Peter Lim have entered into the Benjamin and Peter Undertakings with the Company pursuant to which each Undertaking Shareholder has, subject to certain conditions, irrevocably undertaken to the Company that, amongst others:

- (a) as at the Books Closure Date, the direct interest and deemed interest of the relevant Undertaking Shareholder in the Shares will not be less than the direct interest and deemed interest of such Undertaking Shareholder in the Shares on the date of the respective Irrevocable Undertaking, and such Shares shall be held by the relevant Undertaking Shareholder free from any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third-party rights (including rights of pre-emption) of any nature whatsoever¹;
- (b) take up all Excess Rights Shares with Warrants *pro rata* to the relative shareholdings between them, on the basis that the Benjamin Family and Peter Lim will rank last in priority in the allotment of Excess Rights Shares with Warrants which have not been taken by the other Shareholders;
- (c) it will, not later than the last day for acceptance and payment of the Rights Shares with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for:
 - (i) its *pro rata* entitlement to the Rights Shares with Warrants in relation to Shares held by it as at the Books Closure Date; and
 - (ii) all Excess Rights Shares with Warrants that it will be taking up, in accordance with paragraph 3.4(b) above,in compliance with the terms and conditions of the Rights cum Warrants Issue; and
- (d) it will vote and/or procure the voting of all its Shares in favour of the Rights cum Warrants Issue at the EGM (including an adjournment thereof) to approve, among others, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrants Shares, and any other matter necessary or proposed to implement or assist the implementation of the Rights cum Warrants Issue.

In addition to the above, as an indication of its support and commitment to the Company and the Rights cum Warrants Issue, Raffles has entered into the Raffles Undertaking with the Company pursuant to which Raffles has, subject to certain conditions, irrevocably undertaken to the Company that, amongst others:

- (a) as at the Books Closure Date, the direct interest and deemed interest of Raffles in the Shares will not be less than the direct interest and deemed interest of Raffles in the Shares on the date of the Raffles Undertaking, and such Shares shall be held by Raffles free from any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third party rights (including rights of pre-emption) of any nature whatsoever;
- (b) Raffles will, not later than the last day for acceptance and payment of the Rights Shares with Warrants and subject to the approval of the Independent Shareholders of the Whitewash Resolutions, subscribe for and pay in full for and/or procure the subscription of and payment in full for its Rights Shares with Warrants Entitlement in compliance with the terms and conditions of the Rights cum Warrants Issue; and

¹ Save except for the existing pledge over 7,000,000 Shares by Eli Manasseh Benjamin in favour of UOB Kay Hian Pte Ltd.

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- (c) Raffles will vote and/or procure the voting of all its Shares in favour of the Rights cum Warrants Issue at the EGM (including an adjournment thereof) to approve, among others, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrant Shares, and any other matter necessary or proposed to implement or assist the implementation of the Rights cum Warrants Issue.

The Company and each of the Benjamin Family and Raffles have agreed that a portion of the subscription monies payable by each of them for its Rights Shares with Warrants Entitlement and Excess Rights Shares with Warrants, if applicable, shall be offset fully against the amount due to each of them as a result of the conversion into equity of certain debts² owing by the Company and its subsidiaries (the “**Conversion**”). Accordingly, each of the Benjamin Family and Raffles will only be providing a confirmation of financial resources in connection with its respective Irrevocable Undertaking to the Company for the remaining balance of the subscription monies which are not set off against the entire amount due to it as a result of the Conversion.

The Irrevocable Undertakings are conditional upon, amongst others, the following:

- (a) the receipt of the approval-in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights cum Warrants Issue;
- (b) the Whitewash Waiver being granted by the SIC;
- (c) the Rights cum Warrants Issue and the issue of the Rights Shares with Warrants and the Warrants Shares being approved by Shareholders at the EGM; and
- (d) the Whitewash Resolutions being approved by the Independent Shareholders at the EGM.

3.5 **Abstention from making Recommendation and Voting**

Pursuant to the Code and the SIC Conditions, the Benjamin Group and the Peter Lim Group and parties not independent of them shall abstain, and shall procure their respective associates to abstain, from voting on resolutions approving the Whitewash Resolutions and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of the Whitewash Resolutions unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolutions.

Raffles and its concert parties shall abstain, and shall procure their associates to abstain, from voting on the resolution approving the Transfer of Controlling Interest to Raffles, being Ordinary Resolution 4 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 4 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

Frank J Benjamin and his concert parties shall abstain, and shall procure their associates to abstain, from voting on the resolution approving the Director Allotment, being Ordinary Resolution 5 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 5 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

² These refer to the loans due to the Benjamin Family and Raffles of the aggregate amount of S\$2,825,000 and S\$1,000,000 respectively.

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4. THE WHITEWASH RESOLUTIONS

Under the Minimum Subscription Scenario (as illustrated in Appendix C of the Circular), there may be circumstances under which the aggregate voting rights of the Company held by the Benjamin Group, Frank J Benjamin and the Peter Lim Group may increase to 30.0% or more of the voting rights of the Company and/or the Benjamin Group, Frank J Benjamin and the Peter Lim Group may acquire in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or persons acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the SIC.

Applications were made to the SIC on 7 November 2017 and 27 November 2017 for the Whitewash Waiver, and the SIC had on 15 January 2018 exempted Frank J Benjamin and Peter Lim from the requirement under Rule 14.1 of the Code to make a mandatory general offer for the Shares of the Company as a result of the Rights cum Warrants Issue and by reason of Frank J Benjamin and Peter Lim fulfilling their obligations under the Irrevocable Undertakings, subject to the satisfaction of certain conditions. Further details of the other conditions precedent are set out in Section 4.3 of the Circular, and Shareholders are advised to read the information carefully.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTIONS:

- (a) **they will be waiving their rights to receive a mandatory general offer under Rule 14.1 of the Code from Frank J Benjamin and Peter Lim respectively, which Frank J Benjamin and Peter Lim would otherwise have been obliged to make at the highest price paid or agreed to be paid by them for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue; and**
- (b) **they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Rights Shares and Warrants.**

INDEPENDENT SHAREHOLDERS SHOULD ALSO NOTE THAT the passing of the resolution to approve the Rights cum Warrants Issue are contingent upon, amongst others, the Whitewash Resolutions being passed. In view of this, in the event that the Whitewash Resolutions are not passed by the Independent Shareholders, the Rights cum Warrants Issue will not take place.

5. EVALUATION OF THE WHITEWASH RESOLUTIONS

In our evaluation of the Whitewash Resolutions, we have given due consideration to, *inter alia*, the following key factors:

- (a) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (c) the historical financial information of the Group;
- (d) the assessment of the Issue Price;

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- (e) the valuation of the Warrants; and
- (f) the other relevant considerations.

5.1 **Rationale for the Rights cum Warrants Issue and use of proceeds**

It is not within our terms of reference to comment or express an opinion on the merits of the Rights cum Warrants Issue or the future prospects of the Group after the Rights cum Warrants Issue. Nevertheless, we have reviewed the rationale for the Rights cum Warrants Issue. The rationale for the Rights cum Warrants Issue and the use of proceeds as set out in Sections 3.7 and 3.8 of the Circular are reproduced in italics below:

“As disclosed in the Announcement, the Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Group. In view of the Group’s current financial circumstances, the Company believes that the Rights cum Warrants Issue will strengthen the Company’s balance sheet and a stronger financial position will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner and as and when the opportunities arise, with the hope that this will increase the consolidated pre-tax profit of the Company, so as to allow the company to satisfy the first limb of the financial exit criteria as described in section 2.1(a)(i) of this circular. The increase in the consolidated pre-tax profit of the Company may also raise the price per Share and hence the volume-weighted average price of the Shares, and help the Company satisfy the first limb of the MTP exit criteria as described in section 2.1(b)(i) of this Circular.

The price per Share and market capitalisation of the Company has increased from S\$0.045 and approximately S\$25.59 million respectively before the Announcement to S\$0.077 and approximately S\$43.79 million respectively as at the Latest Practicable Date. Depending on the price per Share upon the completion of the Rights cum Warrants Issue, the market capitalisation of the Company may increase upon the completion of the Rights cum Warrants Issue and allow the Company to fulfil the second limb of the financial exit criteria and the MTP exit criteria as described in sections 2.1(a)(ii) and 2.1(b)(ii) respectively of this Circular.

Consequently, in view of the reasons set out above, as at the Latest Practicable Date, the Directors are of the reasonable opinion that the Rights cum Warrants Issue may help the Company to exit the SGX-ST watch-list.

In addition, the Rights cum Warrants Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

*Under the Minimum Subscription Scenario, the Company expects to receive gross proceeds of approximately S\$11,942,907 in aggregate (if none of the Warrants are exercised) and approximately S\$39,240,980 in aggregate (if all of the Warrants are exercised) from the Rights cum Warrants Issue, and net proceeds of approximately S\$7,817,907 in aggregate (if none of the Warrants are exercised) and S\$35,115,980 (if all of the Warrants are exercised), after accounting for the conversion into equity of certain debts³ owing by the Company and its subsidiaries (the “**Conversion**”) and deducting the estimated expenses to be incurred in relation to the Rights cum Warrants Issue of approximately S\$300,000 (the “**Expenses**”).*

Under the Maximum Subscription Scenario, the Company expects to receive gross proceeds of approximately S\$11,942,907 in aggregate (if none of the Warrants are exercised) and approximately S\$39,240,980 in aggregate (if all of the Warrants are exercised) from the Rights cum Warrants Issue, and net proceeds of approximately S\$7,817,907 in aggregate (if none of the Warrants are exercised) and S\$35,115,980 (if all of the Warrants are exercised), after accounting for the Conversion and deducting the Expenses.

³ These refer to the loans due to the Benjamin Family and Raffles of the aggregate amounts of S\$2,825,000 and S\$1,000,000 respectively.

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The Company intends to use the net proceeds from the Rights cum Warrants Issue (including the proceeds from the exercise of the Warrants) in the following manner:

- (a) *approximately 50% to support the expansion of the Group's business activities including but not limited to the launching of new brands, opening of new stores for well performing brands/businesses in the markets, funding of new projects, capital improvements and making strategic investments and/or acquisitions; and*
- (b) *approximately 50% for general working capital purposes."*

5.2 Rights Share with Warrants being offered to Entitled Shareholders on a pro-rata basis

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce, in part or in whole, or, in the case of Entitled Depositors only, trade their provisional allotments of Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares with Warrants and will together with the provisional allotments of the Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to the Entitled Shareholders for the rounding of odd lots, whereas Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. Please see Section 3.10(b) of the Circular for more details.

The Company will not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Please see Section 5 of the Circular for more details.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. More information on the procedures for, and the final terms and conditions applicable to, the acceptance, renunciation, and sale of the provisional allotments of the Rights Shares with Warrants and for the application for the Excess Rights Shares with Warrants, including the different modes of acceptance, application and payment, will be contained in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

The Company will not withdraw the Rights cum Warrants Issue after the commencement of ex-rights trading of the Shares.

Accordingly, Independent Shareholders will not be disadvantaged or prejudiced relative to the Benjamin Group, Frank J Benjamin, the Peter Lim Group, and their concert parties in the allocation of their application for their entitlements of Rights Shares with Warrants and the Excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

In the event that the Rights Shares with Warrants are fully subscribed for by the Entitled Shareholders, the current shareholding structure of the Company will remain unchanged.

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5.3 Historical Financial Information of the Group

The salient historical financial information of the Group for the last 3 financial years ended 30 June 2015, 2016 and 2017 (“FY2015”, “FY2016” and “FY2017” respectively) and the 3-month financial periods ended 30 September 2016, 30 September 2017, 31 December 2016 and 31 December 2017 (“1Q2017”, “1Q2018”, “2Q2017” and “2Q2018” respectively) is set out below:

Consolidated Income Statement

S\$'000	Audited			Unaudited			
	FY2015	FY2016	FY2017	1Q2017	1Q2018	2Q2017	2Q2018
Revenue	293,407	253,632	207,486	51,304	41,381	62,451	50,457
Operating (loss)/profit	(9,457)	(19,929)	(11,394)	(2,626)	(1,168)	(3,551)	956
(Loss)/profit before income tax	(15,003)	(22,415)	(16,465)	(3,575)	(764)	(7,039)	1,412
(Loss)/profit for the year/period	(15,632)	(22,959)	(17,420)	(3,579)	(942)	(7,255)	961

Statement of Financial Position

S\$'000	Audited			Unaudited
	as at 30 June 2015	as at 30 June 2016	as at 30 June 2017	as at 31 December 2017
Current assets	134,423	101,351	82,729	85,222
Current liabilities	102,265	84,868	75,158	78,596
Working capital	32,158	16,483	7,571	6,626
Non-current assets	56,217	45,194	35,806	36,118
Non-current liabilities	3,419	180	774	818
Equity attributable to owners of the Company	84,956	61,497	42,603	41,926

Consolidated Cash Flow Statement

S\$'000	Audited			Unaudited			
	FY2015	FY2016	FY2017	1Q2017	1Q2018	2Q2017	2Q2018
Net cash generated from/ (used in) operating activities	(10,743)	19,535	2,328	(3,077)	(3,861)	6,104	10,258
Net cash generated from/ (used in) investing activities	48,320	(2,826)	8,429	(413)	(1,801)	(1,169)	(481)
Net cash generated from/ (used in) financing activities	(36,492)	(16,763)	(4,380)	2,689	2,210	1,861	(4,593)
Net (decrease)/increase in cash and cash equivalents	1,085	(54)	6,377	(801)	(3,452)	6,796	5,184
Cash and cash equivalents at the end of financial year/period	(5,887)	(5,828)	538	(6,630)	(2,909)	189	2,324

Source: Annual reports of the Company for FY2016 and FY2017 and announcements of the Group's unaudited financial statements for 1Q2018 and 2Q2018

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We note the following:

- (a) the Group's revenue decreased from S\$293.4 million in FY2015 to S\$253.6 million in FY2016, mainly due to (i) closure of non-performing stores, discontinued businesses, and cessation of the Group's North Asian operations; (ii) a S\$10.4 million translation loss from the conversion of Malaysian ringgit to Singapore dollar on consolidation of Group accounts; and (iii) offset by a slight increase in sales from franchise brands. As a result of the above, the Group's loss for the year widened from S\$15.6 million in FY2015 to S\$23.0 million in FY2016;
- (b) the Group's revenue decreased from S\$253.6 million in FY2016 to S\$207.5 million in FY2017, mainly due to (i) the discontinuance of certain businesses; and (ii) and lower sales to the Group's Indonesian associated company. The Group's loss for the year narrowed from S\$23.0 million in FY2016 to S\$17.4 million in FY2017 as a result of cost controls and closure of non-performing stores which resulted in savings of S\$15.9 million;
- (c) the Group's revenue decreased from S\$51.3 million in 1Q2017 to S\$41.4 million in 1Q2018, mainly due to (i) the restating of currency translation loss from the depreciation of the Malaysian ringgit to Singapore dollars; (ii) discontinuance of certain businesses; (iii) lower sales contributed from a brand that is in the process of being terminated; and (iv) lower sales to the Group's Indonesian associated company. The decrease in revenue is partially offset by an increase in sales in Singapore and Malaysia by S\$4.9 million. The Group's loss for 1Q2018 narrowed to S\$0.9 million from S\$3.6 million in 1Q2017 during the corresponding period as a result of tighter inventory management, cost control, and closure of non-performing stores;
- (d) the Group's revenue decreased from S\$62.5 million in 2Q2017 to S\$50.5 million in 2Q2018, mainly due to (i) the discontinuance of certain businesses; and (ii) lower sales to the Group's Indonesian associated company. The decrease in revenue is partially offset by an increase in sales in Singapore and Malaysia by S\$3.3 million. As a result of the above, the Group recorded a profit of S\$1.0 million in 2Q2018 as compared to a loss of S\$7.3 million in 2Q2017;
- (e) the Group's net working capital has been gradually decreasing from S\$32.2 million as at 30 June 2015 to S\$6.6 million as at 31 December 2017. The decrease in working capital was mainly due to reductions in inventories and trade debtors, offset by decreases in bank borrowings;
- (f) the Group's equity attributable to owners of the Company has been on a downward trend from S\$85.0 million as at 30 June 2015 to S\$41.9 million as at 31 December 2017 as a result of losses incurred since FY2015; and
- (g) as at 31 December 2017, the Group's unaudited cash and cash equivalents stood at S\$2.3 million.

We also note the following commentary in relation to the Group's outlook for the next reporting period and the next 12 months as set out in the announcement of the Group's unaudited financial statements for 2Q2018.

"With consumer sentiment improving in Southeast Asian economies, management is working hard to grow its business organically whilst exploring opportunities to expand in the consumer and lifestyle segments.

On 23 October 2017, the Group announced a proposed renounceable rights cum warrants issue to raise up to \$39 million. Of this amount, \$12 million will be raised by way of renounceable rights and the remainder from conversion of warrants. The Group has obtained in-principle approval from Singapore Exchange Securities Trading Limited ("SGX-ST") and Securities Industry Council ("SIC")."

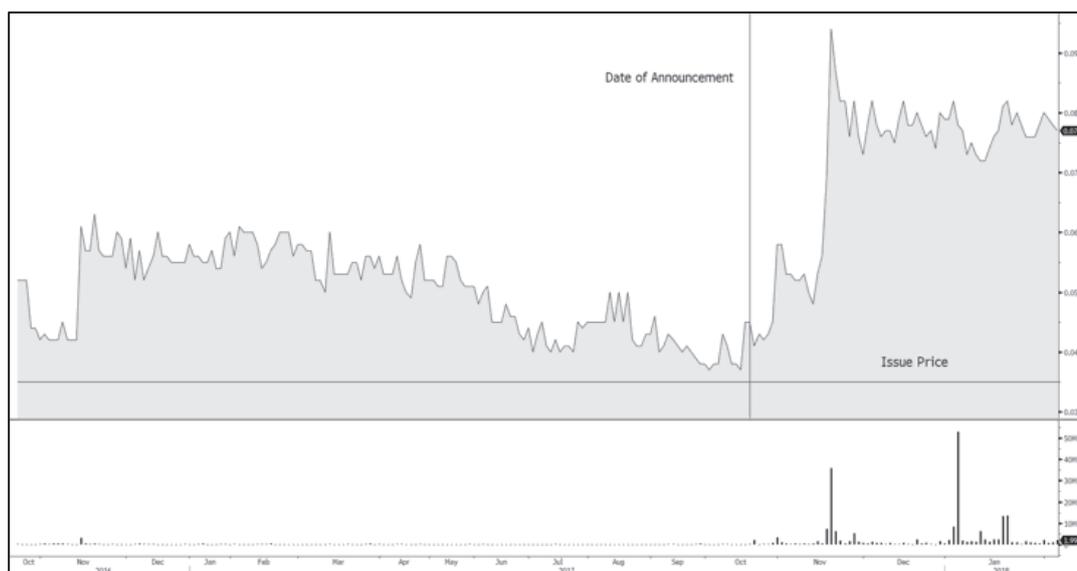
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5.4 Assessment of the Issue Price

In evaluating whether the Issue Price of S\$0.035 for each Rights Share with Warrant is reasonable. We have considered the following factors:

5.4.1. Share price performance

The trend of the daily closing prices and trading volumes of the Shares for the period commencing 12 months prior to the Announcement and ending on the Latest Practicable Date is set out in the chart below:



Source: Bloomberg L.P.

The trading statistics of the Shares during the 12-month period prior to the date of the Announcement and up to the Latest Practicable Date are set out below:

	Lowest closing price (S\$)	Highest closing price (S\$)	Volume-weighted average price ("VWAP") (S\$)	Discount of Issue Price to VWAP (%)
Periods prior to Announcement				
Last 12 months	0.037	0.063	0.051	31.37
Last 6 months	0.037	0.058	0.044	20.45
Last 3 months	0.037	0.050	0.042	16.67
Last one month	0.037	0.045	0.041	14.63
Last Market Day Prior to the Announcement ⁽¹⁾	0.045	0.045	0.045	22.22
Periods after the Announcement and up to the Latest Practicable Date				
After the Announcement and up to the Latest Practicable Date	0.041	0.094	0.082	57.32
Latest Practicable Date	0.077	0.077	0.077	54.55

Source: Bloomberg L.P.

Note:

- (1) This refers to 17 October 2017, being the last full Market Day on which the Shares were traded prior to the Announcement which was released on the SGXNET on 23 October 2017 at 5:19 p.m..

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We note the following:

- (a) during the 12-month period prior to the Announcement, the closing prices of the Shares ranged between a low of S\$0.037 and a high of S\$0.063. The Issue Price represents a discount of 5.41% over the lowest closing price of the Shares of S\$0.037 and a significant discount of 44.44% over the highest closing price of the Shares of S\$0.063, over the 12-month period prior to the Announcement;
- (b) the Issue Price represents a discount of 31.37%, 20.45%, 16.67% and 14.63% to the VWAP of the Shares for the 12-, 6-, 3- and one-month periods prior to the Announcement respectively;
- (c) the Issue Price represents a discount of 22.22% to the closing price of the Shares of S\$0.045 on 17 October 2017, being the last full Market Day prior to the Announcement;
- (d) the Issue Price represents a discount of 57.32% to the VWAP of the Shares of S\$0.082 for the period after the Announcement and up to the Latest Practicable Date; and
- (e) the Issue Price represents a discount of 54.55% to the closing price of the Shares S\$0.077 as at the Latest Practicable Date.

5.4.2. NTA of the Group

Based on the unaudited financial statements of the Group as at 31 December 2017, the unaudited NTA attributable to owners of the Company amounted to S\$41.9 million or approximately S\$0.074 per Share based on 568,709,857 Shares as at 31 December 2017. Accordingly, the Issue Price represents a significant discount of 52.70% to the unaudited NTA per Share as at 31 December 2017.

The Directors have confirmed that, to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NTA of the Group as at the Latest Practicable Date to be materially different from that as at 31 December 2017; and (b) there are no contingent liabilities or impairment losses which are likely to have a material impact on the unaudited NTA of the Group as at 31 December 2017.

5.4.3. Market statistics of selected rights issue

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares with and without free detachable warrants (excluding rights issue of warrants) by companies listed on the SGX-ST (the “Comparable Transactions”) announced during the 12-month period prior to the Announcement and which were completed prior to the Latest Practicable Date. The table below summarises the salient statistics of the Comparable Transactions:

Company	Date of Announcement	Terms of the rights issue	Issue price of the rights shares	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) to theoretical ex-rights price ⁽²⁾ (%)
Health Management International Ltd	11 November 2016	11 for 200	S\$0.5700	S\$0.6032	(5.50)
Tat Hong Holdings Ltd	14 November 2016	1 for 5	S\$0.3300	S\$0.4342	(23.99)

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Company	Date of Announcement	Terms of the rights issue	Issue price of the rights shares	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) to theoretical ex-rights price ⁽²⁾ (%)
Sincap Group Limited	5 December 2016	5 for 1	S\$0.0100	S\$0.0125	(20.00)
Sino Grandness Food Industry Group Limited	13 December 2016	5 for 11	S\$0.2100	S\$0.2684	(21.77)
Sabana Shari'ah Compliant REIT	20 December 2016	42 for 100	S\$0.2580	S\$0.4319	(40.27)
Asiaphos Limited	30 December 2016	1 for 8 with 1 free warrant for every rights share ⁽³⁾	S\$0.0800	S\$0.0987	(18.92)
Lifebrandz Ltd.	24 January 2017	2 for 1 with 2 free warrants or every rights share ⁽³⁾	S\$0.0250	S\$0.0500	(50.00)
Ley Choon Group Holdings Limited	24 February 2017	1 for 1	S\$0.0150	S\$0.0315	(52.38)
Ascott Residence Trust	6 March 2017	29 for 100	S\$0.9190	S\$1.1136	(17.47)
3Cnergy Limited	13 March 2017	1 for 3 with 2 free warrants for every rights share ⁽³⁾	S\$0.0670	S\$0.0543	23.50
Nutryfarm International Limited	30 March 2017	1 for 2	S\$0.1000	S\$0.1800	(44.44)
Advanced Systems Automation Limited	31 March 2017	5 for 1	S\$0.0009	S\$0.0016	(43.16)
Pan-United Corporation Ltd.	3 May 2017	1 for 4	S\$0.4300	S\$0.6700	(35.82)
Koh Brothers Eco Engineering Limited	15 May 2017	2 for 5 with 1 free warrant for every rights share ⁽³⁾	S\$0.0550	S\$0.0807	(31.86)
Maxi-Cash Financial Services Corporation Ltd.	16 May 2017	1 for 6	S\$0.1700	S\$0.1803	(5.71)
Viking Offshore and Marine Limited	18 May 2017	2 for 5 with 1 free warrant for every 2 rights shares ⁽³⁾	S\$0.0180	S\$0.0244	(26.32)

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Company	Date of Announcement	Terms of the rights issue	Issue price of the rights shares	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) to theoretical ex-rights price ⁽²⁾ (%)
China Medical (International) Group Limited	7 June 2017	3 for 1 with 1 free warrant for every rights share ⁽³⁾	S\$0.0010	S\$0.0020	(50.00)
CDL Hospitality Trusts	27 June 2017	20 for 100	S\$1.2800	S\$1.6133	(20.66)
CFM Holdings Limited	30 June 2017	6 for 7	S\$0.0150	S\$0.0231	(35.00)
Amplefield Limited	30 June 2017	3 for 1 with 2 free warrants for every rights share ⁽³⁾	S\$0.0500	S\$0.0508	(1.48)
Manulife US Real Estate Investment Trust	2 September 2017	41 for 100	US\$0.6950	US\$0.8865	(21.60)
Cache Logistics Trust	4 September 2017	18 for 100	S\$0.6320	S\$0.8422	(24.96)
Asia-Pacific Strategic Investments Limited	12 September 2017	2 for 1 with 1 free warrant for every right share ⁽³⁾	S\$0.0030	S\$0.0033	(10.00)
Capitaland Commercial Trust	21 September 2017	166 for 1000	S\$1.3630	S\$1.6477	(17.28)
CWX Global Limited	30 September 2017	1 for 1 with 1 free warrant for every 4 rights shares ⁽³⁾	S\$0.0090	S\$0.0115	(21.74)
				Highest discount	(52.38)
				Mean	(26.68) ⁽⁴⁾
				Median	(22.88) ⁽⁴⁾
				Lowest discount/ Highest Premium	23.50
F J Benjamin Holdings Ltd	23 October 2017	3 for 5 with 2 free warrants for every rights share ⁽³⁾	S\$0.0350	S\$0.0413	(15.25)

Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and SAC Capital's computations

Notes:

- (1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue on the market day immediately prior to the announcement of its rights issue.
- (2) For the purpose of this illustration, the premium and/or discount are calculated based on the theoretical ex-rights price of the respective company, which does not take into account the issuance of warrants in its computation.

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- (3) For the purpose of this illustration, we have not ascribed any value to the free warrants issued in conjunction with the rights issue of Asiaphos Limited, Lifebrandz Ltd., 3Cnergy Limited, Koh Brothers Eco Engineering Limited, Viking Offshore and Marine Limited, China Medical (International) Group Limited, Amplefield Limited, Asia-Pacific Strategic Investments Limited, CWX Global Limited and the Company.
- (4) 3Cnergy Limited has been excluded as it is an outlier.

We note that the discount of the Issue Price to the theoretical ex-rights price of the Shares of 15.25% is:

- (a) within the range of corresponding premia/discounts for the Comparable Transactions of between a premium of 23.50% and a discount of 52.38%; and
- (b) below the corresponding mean and median discounts for the Comparable Transactions of 26.68% and 22.88% respectively.

Shareholders should note that the terms of the Comparable Transactions which has been extracted from publicly available information are unique and that these companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, any inference that can be drawn from the comparison between the terms of the Rights cum Warrants Issue and the Comparable Transactions is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

5.5 Valuation of the Warrants

Based solely on the Exercise Price of S\$0.04 and the theoretical ex-rights price of S\$0.0413 (based on the last transacted price of the Shares of S\$0.045 preceding the Announcement), the Warrants would be in-the-money and would have an intrinsic value of S\$0.0013.

However, given that the Warrants are exercisable over a 3-year period commencing on and including the date of issue of the Warrants, there is time value to the Warrants in addition to the aforesaid intrinsic value. In this regard, we have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the Exercise Price *vis-à-vis* the current price of the underlying Shares, the life period of the Warrants, the nature of the call option as to whether it is a European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the Warrant), the risk-free interest rate and the price volatility of the underlying Shares.

Based on the risk-free interest rate and the price volatility of the Shares on the date of the Announcement (as extracted from Bloomberg), as well as the theoretical ex-rights price of the Shares of S\$0.0413 (based on the last transacted price of the Shares of S\$0.045 preceding the Announcement), the theoretical value of the Warrants (being similar to an American Call option) with a 3-year option period and an Exercise Price of S\$0.04 would be approximately S\$0.0282.

It should be noted that the theoretical value of the Warrants using the Black-Scholes model may not reflect the actual value of the Warrants to be transacted on the SGX-ST, and there can be no assurance that an active trading of the Warrants will ensue or will trade at or close to the theoretical value as suggested by the Black-Scholes model.

5.6 Other Relevant Considerations

5.6.1. **Conditionality of the Proposed Resolutions**

Shareholders should note that:

- (a) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 are inter-conditional. This means that in the event any one of these resolutions is not approved, the other three (3) resolutions will not be passed;

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- (b) the passing of Ordinary Resolution 5 is conditional upon the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4. This means that in the event any one of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 is not passed, Ordinary Resolution 5 will not be passed; and
- (c) for the avoidance of doubt, the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 is not conditional upon the passing of Ordinary Resolution 5. This means that Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 may still be passed even if Ordinary Resolution 5 is not passed.

Accordingly, if Ordinary Resolution 2 and Ordinary Resolution 3 (the Whitewash Resolutions) or Ordinary Resolution 4 (the Transfer of Controlling Interest to Raffles) is not passed by a majority of the Shareholders, the Rights cum Warrants Issue will not take place.

5.6.2. Implications of approval of the Whitewash Resolutions

By voting in favour of the Whitewash Resolutions, the Independent Shareholders will be waiving their rights to receive a mandatory general offer for all their Shares from Frank J Benjamin and Peter Lim respectively, which they would otherwise have been obliged to make at the highest price paid by them for the Shares in the past 6 months preceding the commencement of the Rights cum Warrants Issue.

Independent Shareholders should note that upon completion of the Rights cum Warrants issue and the exercise of Warrants, the Benjamin Group (including Frank J Benjamin) and their concert parties may potentially own Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company. The Benjamin Group (including Frank J Benjamin) and their concert parties will be free to acquire further Shares without incurring any obligation under Rule 14.1 of the Code to make a mandatory general offer for the Company. In addition, in view of the potential dilutive effect of the Warrants, in particular the number of Warrants that may be held by the Undertaking Shareholders and their concert parties, potential investors may be discouraged from making a general takeover offer for the Company.

In addition, upon completion of the Rights cum Warrants Issue and the exercise of the Warrants, the Benjamin Group (including Frank J Benjamin) may potentially own more than 50% of the issued Shares and would be in a position to exercise statutory control of the Company. Statutory control will put the Benjamin Group (including Frank J Benjamin) in a position to be able to pass all ordinary resolutions on matters in which the Benjamin Group (including Frank J Benjamin) does not have an interest and which are tabled for Shareholders' approval at a general meeting.

5.6.3. Potential dilution effect on the Independent Shareholders (excluding Raffles) arising from the Rights cum Warrants Issue

As at the Latest Practicable Date, the Undertaking Shareholders holds 318,668,950 Shares, representing approximately 56.03% of the issued Shares. Pursuant to the Rights Issue and under the Minimum Subscription Scenario, the Undertaking Shareholders may potentially hold shareholding interest of up to approximately 72.52% in the issued capital of the Company in the event that they subscribe for their *pro rata* entitlements in full and none of the other Shareholders subscribe. Assuming that all of the Warrants held by the Undertaking Shareholders are then exercised, their shareholding interest will then increase up to approximately 84.30% in the issued capital of the Company. Based on the Minimum Subscription Scenario, the Independent Shareholders (excluding Raffles) will face the maximum dilution. The collective shareholdings and voting rights of the Independent Shareholders (excluding Raffles) would be diluted from approximately 43.96% as at the Latest Practicable Date to approximately 15.70%.

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	Current shareholdings		After the Rights cum Warrants Issue		After the Rights cum Warrants Issue and the exercise of all the Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Benjamin Family	155,747,950	27.39	340,336,630	37.40	709,513,990	44.56
Peter Lim	100,641,000	17.70	219,910,234	24.17	458,448,702	28.79
Raffles	62,280,000	10.95	99,648,000	10.95	174,384,000	10.95
Other Shareholders	250,040,907	43.96	250,040,907	27.48	250,040,907	15.70
Total	568,709,857	100.00	909,935,771	100.00	1,592,387,599	100.00

In the above scenario, the Company would be in a relatively less favourable position in the context of interest from potential parties seeking control of the Company or who may have intentions to acquire a significant interest or control of the Company, by virtue of the significant controlling stake held by the Undertaking Shareholders after the completion of the Rights cum Warrants Issue. Accordingly, it may be less likely for a third party to make a takeover offer for the Company without the support of the Undertaking Shareholders.

5.6.4. Financial effects of the Rights cum Warrants Issue

The financial effects of the Rights cum Warrants Issue on the Group have been set out in Section 3.11 of the Circular for illustrative purpose only and are not indicative of the actual financial performance or financial position of the Group immediately after the completion of the Rights cum Warrants Issue. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

We note the following:

Share Capital

Under the Maximum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S\$165,447,000 comprising 568,709,857 Shares as at 30 June 2017 to S\$177,090,000 comprising 909,935,771 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S\$204,388,000 comprising 1,592,387,599 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

NTA per Share

Under the Maximum Subscription Scenario, the NTA per Share of the Group would decrease from 7.49 cents as at 30 June 2017 to 5.96 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 5.12 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

LPS

Under the Maximum Subscription Scenario, the LPS of the Group would decrease from 3.06 cents for FY2017 to 1.91 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 1.09 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

Gearing

Under the Maximum Subscription Scenario, the gearing of the Group would decrease from 0.53 times as at 30 June 2017 to 0.28 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to nil assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

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5.6.5. Support from the Undertaking Shareholders

To show their support for the Rights cum Warrants Issue, the Undertaking Shareholders had provided Irrevocable Undertakings to the Company to, amongst others, subscribe and pay for all their entitlements (and the Excess Rights Shares with Warrants in the case for the Benjamin Family and Peter Lim) of the 341,225,914 Rights Shares with Warrants under the Rights cum Warrants Issue.

We believe that the Irrevocable Undertaking from the Undertaking Shareholders underscore their support for the Rights cum Warrants Issue and demonstrate their commitment to and confidence in the prospect of the Group.

5.6.6. The Company's SGX-ST's watch-list status

Pursuant to Rule 1311 of the listing manual of the SGX-ST (the "**Listing Manual**"), the SGX-ST will place an issuer on the watch-list under either of the following:

(a) Financial entry criteria

The issuer records pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40.0 million over the last six months.

(b) Minimum trading price entry criteria

The issuer records a volume weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40.0 million over the last six months (the "**Minimum Trading Price Criteria**").

An issuer on the watch-list may be removed from the watch-list if it satisfies the following requirements:

(a) Financial exit criteria

The issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months (the "**Financial Exit Criteria**").

(b) Minimum trading price exit criteria

The issuer records a volume-weighted average price of at least S\$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months (the "**MTP Exit Criteria**").

On 2 December 2016, the Company announced that the SGX-ST has notified the Company that it will be placed on the watch-list with effect from 5 December 2016 due to the Company recording pre-tax losses for three consecutive financial years. Similarly, on 2 June 2017, the Company announced that it has also been included on the watch-list with effect from 5 June 2017 due to the Minimum Trading Price Criteria. If the Company fails to satisfy the Financial Exit Criteria and MTP Exit Criteria by 4 December 2019 and 4 June 2020 respectively, being 36 months of the date on which it was placed on the respective watch-list, the SGX-ST may either remove the Company from the Official List of the SGX-ST Mainboard, or suspend trading of the Shares (without the agreement of the Company) with a view to removing the Company from the Official List of the SGX-ST Mainboard.

We note that as mentioned in Section 2.3 of the Circular, the Group had in the past four (4) years executed a comprehensive restructuring exercise in order to significantly terminate loss making businesses and to reduce costs. Some examples of the measures carried out pursuant to such restructuring exercise include the following:

- (a) closed and/or downsized a significant number of loss-making stores across the Group's retail fleet in Singapore, Malaysia and Indonesia;

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- (b) early termination of various loss-making and/or sub-optimal business units and brands, including the North Asia HQ in 2016, the Licensing Division in 2017 and the “Brand C” retail business in Singapore in December 2017;
- (c) reduced staff costs by reducing headcount and increasing the operational responsibilities of incumbent management to increase productivity, and further, with effect from October 2017, all senior management executives have taken a significant reduction in their monthly salaries of up to 70% (in addition to a previous salary reduction in 2017), so as to further reduce operational costs; and
- (d) the Group moved to its current headquarters location as soon as its lease expired in its previous location, resulting in a 75% reduction of operational costs.

The Group continues to engage in discussion with international investors in order to add value to the Group’s business. For example, in November 2016, the Company announced that it has entered into a non-binding term-sheet with an international third party in relation to a potential transaction which may enhance or unlock shareholder value.

The Group had also raised debt from certain majority shareholders in 2016 and 2017, in order to augment bank borrowings and to increase the working capital of the Group as the Group was still incurring losses from its “Brand A” operations. For example, the Benjamin Family gave interest-free and unsecured loans to the Company in the aggregate amount of S\$2,825,000 between August 2016 and May 2017, such loans being repayable on demand while Raffles gave a loan of S\$1,000,000 to the Company on 4 May 2017, with an initial maturity date of 31 October 2017 but which was subsequently extended to 31 March 2018, and at an interest rate of 1.8% per annum.

In order to pursue profitable growth, the Group in 2017 had also continued to launch new brands and open new stores for well performing brands/businesses in the markets which it operates.

We also note the Company’s rationale for undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Group. The Company believes that the Rights cum Warrants Issue will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner as and when the opportunities arise, with the hope that this will increase the consolidated pre-tax profits of the Company, which in turn may also raise the price per Share and hence the volume-weighted average price of the Shares and help the Company to exit the SGX-ST watch-list.

5.6.7. Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights cum Warrants Issue. Having considered that (i) bank borrowings from financial institutions will result in the Group incurring interest liabilities; and (ii) other fund-raising options such as private share placements would not be on a *pro-rata* basis that will provide the Shareholders with an opportunity to maintain their proportionate equity in the Company, the Directors have decided to proceed with the Rights cum Warrants Issue.

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6. OUR OPINIONS AND ADVICE

In arriving at our advice in respect of the Whitewash Resolutions, we have taken into account the following key considerations:

- (a) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (c) the historical financial information of the Group;
- (d) the assessment of the Issue Price;
- (e) the valuation of the Warrants; and
- (f) the other relevant considerations.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that, from a financial point of view, the Rights cum Warrants Issue which is the subject of the Whitewash Resolutions is fair and reasonable, and the Whitewash Resolutions when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Independent Directors to recommend the Independent Shareholders vote in favour of the Whitewash Resolutions at the EGM.

Our opinions and advice are addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Whitewash Resolutions. The recommendation to be made by them to the Independent Shareholders shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in this Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital Private Limited in each specific case, except for the forthcoming EGM and for the purpose of the Whitewash Resolutions.

Our opinions and advice are governed by, and construed in accordance with, the laws of Singapore. Our opinions and advice are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

Foo Siang Sheng
Manager

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Unless otherwise stated, the default currency used in this appendix is Singapore Dollars.

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The audited consolidated statement of profit or loss of the Group for FY2017, FY2016 and FY2015 are set out below:

	← Audited →		
	FY2017	FY2016	FY2015
	\$'000	\$'000	\$'000
Revenue	207,486	253,632	293,407
Other income, net	4,352	800	18,848
Interest income	223	299	217
	<u>212,061</u>	<u>254,731</u>	<u>312,472</u>
Costs and expenses			
Cost of goods sold	(120,424)	(155,776)	(171,568)
Staff costs	(31,790)	(36,267)	(46,606)
Rental of premises	(39,819)	(42,773)	(55,635)
Advertising and promotion	(3,878)	(5,988)	(8,970)
Depreciation of furniture, fixtures and equipment	(4,312)	(5,821)	(8,196)
Other operating expenses	(23,232)	(28,035)	(30,954)
Total costs and expenses	<u>(223,455)</u>	<u>(274,660)</u>	<u>(321,929)</u>
Operating loss	(11,394)	(19,929)	(9,457)
Interest expense	(1,744)	(2,507)	(3,227)
	<u>(13,138)</u>	<u>(22,436)</u>	<u>(12,684)</u>
Foreign exchange (loss)/gain, net	(634)	133	(3,348)
Share of results of associates, net of tax	(2,693)	(112)	2,156
Loss on disposal of subsidiary	–	–	(1,127)
Loss before tax	<u>(16,465)</u>	<u>(22,415)</u>	<u>(15,003)</u>
Income tax expenses	(955)	(544)	(629)
Net loss for the year	<u><u>(17,420)</u></u>	<u><u>(22,959)</u></u>	<u><u>(15,632)</u></u>
Loss attributable to:			
Owners of the Company	(17,420)	(22,959)	(16,988)
Non-controlling interests	–	–	1,356
	<u>(17,420)</u>	<u>(22,959)</u>	<u>(15,632)</u>
Earnings per share (cents)			
Basic and diluted	<u>(3.06)</u>	<u>(4.04)</u>	<u>(2.99)</u>

A review of the operations, business and financial performance of the Group for the relevant periods is set out below:

FY2017 versus FY2016

Group turnover in FY2017 fell 18% to \$207.5 million, compared to \$253.6 million in FY2016. 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 associate, 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. Operating loss was lower at \$11.4 million against a loss of \$19.9 million in FY2016.

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Revenue from the fashion business in South-east Asia increased by one percent 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.

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

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 also 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 the on-going 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 FY2017. In addition, we have made additional provisions for impairment of the leases of these brands. It is anticipated that 20 stores in Singapore, Malaysia and Indonesia will be closed by the first quarter of 2018. Coupled with the provision made for impairment in value of investment, the total of \$7.8 million offset the gain of \$10.8 million resulting in net gain of \$3.0 million as reflected under Other Income.

FY2016 versus FY2015

For the financial year ended 30 June 2016 (FY2016), the Group continued to focus on its restructuring plan, which began in 2014, so as to achieve a leaner and more cost-effective operation.

At the macro level, difficult trading conditions persisted throughout the region. In Singapore, the retail sector continued to underperform due to declining consumer confidence amid an economic slowdown. In the region, slower growth in the economies of North Asia, particularly China, and the continued depreciation of the Indonesian rupiah and Malaysian ringgit against the US dollar, also had a negative impact on the Group's financial performance. Our margins eroded further as our cost of goods rose faster than our ability to put prices up in a soft market.

Against this challenging operating environment, Group turnover for FY2016 contracted to \$253.6 million, down 14% from \$293.4 million in FY2015. Excluding currency translation loss, Group turnover fell 10%. Gross margins slipped by two percentage points to 39% due to additional marketing and promotional activities. Fashion remained the key contributor, accounting for \$212.5 million, a 9% decline from FY2015 and contribution from timepieces fell 13% to \$51.6 million after excluding translation loss.

Group net loss attributable to shareholders totalled \$23.0 million against \$17.0 million in FY2015.

The decline in Group revenue in FY2016 of \$39.8 million was due to (a) closure of non-performing stores, discontinued businesses and cessation of our North Asian operations which previously contributed \$31.1 million in sales; (b) a \$10.4 million translation loss from the conversion of Malaysian ringgit to Singapore dollar upon consolidation of Group accounts; and (c) offset by a slight increase in sales from franchise brands. Gross profit margin was 39% against 41% in previous year. This was attributable mainly to additional promotional and marketing activities carried out in Malaysia.

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

We continued to manage our operational costs across all business units to improve productivity. The resultant cost savings of \$31.5 million helped to lower Group operating expenses to \$118.9 million or a decline of 21% from the last financial year. Group operating loss widened to \$19.9 million compared to \$9.5 million in FY2015. Excluding the one-time gain from sale of properties and mandatory bonds in FY2015, operating loss decreased by 32% from \$29.1 million to \$19.9 million.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The audited consolidated statement of financial position of the Group as at 30 June 2017, 30 June 2016 and 30 June 2015 are set out below:

	← Audited as at →		
	30-Jun-17	30-Jun-16	30-Jun-15
	\$'000	\$'000	\$'000
Non-current assets			
Furniture, fixtures and equipment	10,131	12,819	15,080
Investment in associates	23,932	30,378	33,000
Other receivables	1,024	1,069	1,631
Loan to related party of associate	–	–	5,500
Deferred tax assets	719	928	1,006
	35,806	45,194	56,217
Current assets			
Inventories	40,620	54,808	74,257
Investment securities	167	167	1,642
Trade debtors	14,264	20,603	31,838
Other debtors	13,788	15,012	16,036
Loan to related party of associate	5,500	5,500	–
Prepayments and advances	435	716	2,070
Tax recoverable	751	1,099	3,025
Cash on hand and at banks	7,204	3,446	5,555
	82,729	101,351	134,423
Current liabilities			
Trade and other creditors	45,941	49,785	51,366
Finance lease creditors	324	146	171
Bank borrowings	28,893	34,937	50,685
Provision for taxation	–	–	43
	75,158	84,868	102,265
Net current assets	7,571	16,483	32,158
Non-current liabilities			
Finance lease creditors	734	112	263
Bank borrowings	–	–	500
Other liabilities	–	28	2,616
Deferred tax liabilities	40	40	40
	774	180	3,419
Net assets	42,603	61,497	84,956
Equity attributable to owners of the Company			
Share capital	165,447	165,447	165,447
Foreign currency translation reserve	(28,241)	(26,767)	(26,267)
Accumulated losses	(94,603)	(77,183)	(54,224)
Total equity	42,603	61,497	84,956

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

A review of the financial positions of the Group for the relevant financial periods is set out below:

30 June 2017 versus 30 June 2016

The decrease in investment in associates was mainly due to the provision for impairment made of \$3.9 million. 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.

Inventory was reduced by 26% to \$40.6 million as we reduced the number of brands that we represented.

The decrease in trade debtors was mainly due to lower shipments to the Indonesian associate as they have begun making partial purchases of merchandise directly from the principals.

Net borrowings totalled \$22.7 million compared to \$31.7 million at the end of June 2016 due to repayment of loans and reduced bills payable. Net gearing stood at 53% against 52% last year.

30 June 2016 versus 30 June 2015

The loan to related party of associate was reclassified from non-current assets to current assets as the loan agreement expired in 2016. This loan is secured by shares in the associate and bears interest at 4% per annum.

As part of the efforts to rein in costs, we tightened the management of inventory. Consequently, inventory fell 26% to \$54.8 million, a rate faster than declining sales at 14% in FY2016.

The decrease in trade debtors was mainly due to lower shipments to the Indonesian associate as they have begun making partial purchases of merchandise directly from the principals.

Net borrowings totalled \$31.7 million compared to \$46.1 million in FY2015 due to repayment of loans and reduced bills payable. Net gearing stood at 52% against 54% last year.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

The audited consolidated statement of cash flows of the Group for FY2017, FY2016 and FY2015 are set out below:

	←	Audited	→
	FY2017	FY2016	FY2015
	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Loss before tax	(16,465)	(22,415)	(15,003)
Adjustments for:			
Depreciation of property, furniture, fixtures and equipment	4,312	5,821	8,196
Share of results of associates, net of tax	2,693	112	(2,156)
Currency realignment	(1,180)	49	384
Loss on disposal of subsidiary	–	–	1,127
Gain on dissolution of associated company	–	(103)	–
Loss on disposal of furniture, fixtures and equipment	127	39	698
Gain on disposal of leasehold properties	–	–	(7,631)
Gain on acquisition of non-controlling interests	–	–	(124)
Investment income	–	–	(558)
Interest income	(223)	(299)	(217)
Interest expense	1,744	2,507	3,227
Gain on sale of mandatory convertible bonds	–	–	(12,023)
Loss on sale of investment securities	–	176	–

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	←	Audited	→
	FY2017	FY2016	FY2015
	\$'000	\$'000	\$'000
Cash flows from operating activities: (Continued)			
Fair value loss on investment securities	–	–	1,250
Provision for impairment in investment in associate	3,982	–	–
Provision for onerous leases	3,215	–	–
Impairment loss on furniture, fixtures and equipment	571	–	810
Restructuring costs	–	717	2,333
(Reversal)/Allowance for inventory obsolescence and inventories written off, net	(533)	315	3,257
Gain on disposal of business and assets of subsidiary	(10,745)	–	–
Allowance for doubtful debts and bad debts written off	24	94	103
Operating cash flows before working capital changes	(12,478)	(12,987)	(16,327)
Decrease in debtors	7,807	13,026	3,257
Decrease in prepayments and advances	281	1,354	1,032
Decrease in inventories	14,243	19,134	12,499
Decrease in creditors	(7,060)	(2,181)	(8,970)
Cash flow generated from / (used in) operations	2,793	18,346	(8,509)
Income tax (paid)/refunded	(465)	1,189	(2,234)
Net cash flows generated from /(used in) operating activities	2,328	19,535	(10,743)
Cash flow from investing activities:			
Purchase of furniture, fixtures and equipment	(4,678)	(4,678)	(4,491)
Proceeds from disposal of property, furniture, fixtures and equipment	2,083	553	19,569
Proceeds from sale of mandatory convertible bonds	–	–	21,977
Loan repayment received from related party of associate	–	–	11,000
Purchase of investment securities	–	–	(168)
Net cash outflow on disposal of subsidiary	–	–	(316)
Proceeds from sale of investment securities, net	–	1,299	–
Interest received	–	–	749
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)	48,320
Cash flows from financing activities:			
Repayment of bank borrowings	(6,275)	(15,784)	(36,583)
Proceeds from bank borrowings	2,839	1,704	4,908
Repayment of obligations under finance leases	(389)	(176)	(168)
Interest paid	(1,744)	(2,507)	(3,227)
Proceeds from finance lease liabilities	1,189	–	–
Dividends paid to shareholders	–	–	(1,422)
Net cash flows used in financing activities	(4,380)	(16,763)	(36,492)
Net increase /(decrease) in cash and cash equivalents	6,377	(54)	1,085
Cash and cash equivalents at beginning of financial year	(5,828)	(5,887)	(7,488)
Net effect of exchange rate changes on opening cash and cash equivalents	(11)	113	516
Cash and cash equivalents at end of financial year	<u>538</u>	<u>(5,828)</u>	<u>(5,887)</u>

APPENDIX B – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

A review of the cash flow of the Group for the relevant periods is set out below:

FY2017 versus FY2016

Net cash flows generated from/ (used in) investing activities

The lower net cash flows generated from operating activities in FY2017 was mainly due to decrease in trade creditors with the reduced number of brands we represented and the decrease in shipments to our Indonesia associate resulting in lower trade receivables.

Net cash flows generated from/ (used in) investing activities

The higher net cash flows generated from investing activities was due to the proceeds received from disposal of NooTrees business and the sale of Goyard business back to principal.

Net cash flows used in financing activities

This was mainly due to settlement of bank bills payable.

FY2016 versus FY2015

Net cash flows generated from/ (used in) investing activities

The higher net cash from operating activities was mainly due to lower shipments to our Indonesian associate resulting in reduced trade receivables and reduction in inventory of 26% compared to previous year.

Net cash flows generated from/ (used in) investing activities

In FY2015, there were proceeds received from sale of properties and mandatory convertible bonds and repayment received from related party of associate (none in FY2016).

Net cash flows used in financing activities

In FY2015, part of the proceeds received from sale of properties and mandatory bonds were utilised to reduce borrowings.

APPENDIX C – AGGREGATE INTEREST (DIRECT AND DEEMED) UNDER THE MINIMUM SUBSCRIPTION SCENARIO

Name	As at the date of this Letter		Rights Shares entitlement pursuant to the Irrevocable Undertakings		After the Rights issue but before the exercise of any of the Warrants		Warrant Shares entitlement upon exercise of the Warrants acquired pursuant to the Irrevocable Undertakings ⁽²⁾		After the Rights cum Warrants Issue and the exercise of all the Warrants		After the Rights cum Warrants Issue and the exercise of all the Warrants (except for the Warrants of Benjamin Group)		After the Rights cum Warrants Issue and the exercise of all the Warrants (except for the Warrants of Benjamin Group and the Peter Lim Group)		After the Rights cum Warrants Issue and the exercise of all the Warrants (except for the Warrants of the Peter Lim Group and Raffles and its concert parties)			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Benjamin Group	155,747,950	27.39	184,588,680 ⁽¹⁾	<u>37.40</u>	340,336,630	<u>37.40</u>	369,177,360	44.56	709,513,990	27.82	340,336,630	46.75	709,513,990	46.75	340,336,630	34.56	709,513,990	55.47
Peter Lim Group	100,641,000	17.70	119,269,234 ⁽¹⁾	24.17	219,910,234	24.17	238,538,468	28.79	458,448,702	<u>37.48</u>	458,448,702	<u>30.21</u>	219,910,234	22.33	219,910,234	22.33	219,910,234	17.19
Raffles and its concert parties	62,280,000	10.95	37,368,000 ⁽¹⁾	10.95	99,648,000	10.95	74,736,000	10.95	174,384,000	14.26	174,384,000	6.57	99,648,000	6.57	174,384,000	17.71	99,648,000	7.79

Notes:

1. Rights Shares with Warrants Entitlement

Based on the Existing Issued Share Capital and the existing shareholdings of the Undertaking Shareholders, the Benjamin Group, the Peter Lim Group and Raffles and its concert parties will subscribe for 93,448,770, 60,384,600 and 37,368,000 Rights Shares with Warrants respectively.

Excess Rights Shares with Warrants

Based on the Existing Issued Share Capital, the relative shareholdings between the Benjamin Group and the Peter Lim Group are approximately 60.75% and 39.25% respectively. Assuming that the Undertaking Shareholders take up their respective Rights Shares with Warrants Entitlement, there will be 150,024,544 Excess Rights Shares with Warrants. As set out in section 3.10 of this Circular, under the Benjamin and Peter Undertakings, the Benjamin Family and Lim Eng Hock have undertaken to take up all Excess Rights Shares with Warrants *pro rata* to the relative shareholdings between them. Based on the relative shareholdings between the Benjamin Group and the Peter Lim Group, the Benjamin Group and the Peter Lim Group will subscribe for 91,139,910 and 58,884,634 Excess Rights Shares with Warrants respectively.

Total Rights Shares with Warrants

Benjamin Group – 93,448,770 + 91,139,910 = 184,588,680

Peter Lim Group – 60,384,600 + 58,884,634 = 119,269,234

Raffles and its concert parties – 37,368,000

2. On the basis of two (2) Warrants for every one (1) Rights Share validly subscribed, and the conversion of one (1) Warrant into one (1) Warrant Share.

NOTICE OF EXTRAORDINARY GENERAL MEETING

F J BENJAMIN HOLDINGS LTD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of F J Benjamin Holdings Ltd (“**Company**”) will be held at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on 2 March 2018 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below as ordinary resolutions.

*All capitalised terms in this Notice of Extraordinary General Meeting which are not defined herein shall have the same meanings as ascribed to them in the circular to shareholders of the Company (“**Shareholders**”) dated 15 February 2018.*

ORDINARY RESOLUTION 1 THE RIGHTS CUM WARRANTS ISSUE

That, contingent upon the passing of Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 herein in this Notice of Extraordinary General Meeting,

- (a) the renounceable non-underwritten rights cum warrants issue (“**Rights cum Warrants Issue**”) of up to 341,225,914 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.035 for each Rights Share, with up to 682,451,828 free detachable warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (“**Warrant Share**”) at the exercise price of S\$0.04 for each Warrant Share, on the basis of three (3) Rights Shares for every five (5) existing ordinary shares in the capital of the Company (“**Shares**”) held by each Shareholder as at a time and date to be determined by the Directors and announced by the Company in due course, at and on which the register of members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Shareholders under the Rights cum Warrants Issue (“**Books Closure Date**”), and two (2) Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded, be and is hereby approved;
- (b) the directors of the Company (“**Directors**”) or any of them be and are hereby authorised to:
- (i) create and issue:
- (A) such number of Rights Shares as the Directors may determine, up to a maximum of 341,225,914 Rights Shares at an issue price of S\$0.035 for each Rights Share;
- (B) such number of free detachable Warrants as the Directors may determine, subject to a maximum of 682,451,828 free Warrants to be issued together with the Rights Shares, each Warrant carrying the right to subscribe for one (1) Warrant Share at an exercise price of S\$0.04 for each Warrant Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the deed poll constituting the Warrants (“**Deed Poll**”) to be executed by the Company on such terms and conditions as the Directors may deem fit; and
- (C) such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll); and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) provisionally allot and issue up to 341,225,914 Rights Shares with up to 682,451,828 free Warrants, on the basis of three (3) Rights Shares for every five (5) Shares held by Shareholders whose names appear in the register of members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date (“**Entitled Shareholders**”) with registered addresses in Singapore or who have, not later than 5:00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date provided to the CDP or the share registrar of the Company (“**Share Registrar**”), as the case may be, addresses in Singapore for the service of notice and documents, with two (2) Warrants for every one (1) Rights Share validly subscribed, fractional entitlements to be disregarded, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
- (A) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable non-underwritten basis to the Entitled Shareholders;
- (B) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”);
- (C) the entitlements to the Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (D) provisional allotments of the Rights Shares with Warrants not taken up or cannot be sold or are not sold on the SGX-ST for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Rights cum Warrants Issue, shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (E) the Rights Shares when issued and fully paid will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Rights Shares; and
- (F) the Warrant Shares to be issued on exercise of the Warrants will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Warrant Shares;
- (c) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (i) a maximum of 682,451,828 Warrant Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Warrant Shares (when issued and paid) to rank *pari passu* in all respects with the then

NOTICE OF EXTRAORDINARY GENERAL MEETING

existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Warrant Shares; and

- (ii) on the same basis as paragraph (c)(i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (b) above; and
- (d) the Directors (save for Frank J Benjamin, Eli Manasseh Benjamin and Douglas Benjamin) be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

ORDINARY RESOLUTION 2 THE BENJAMIN WHITEWASH RESOLUTION

That, contingent upon the passing of Ordinary Resolution 1, Ordinary Resolution 3 and Ordinary Resolution 4 herein in this Notice of Extraordinary General Meeting, approval be and is hereby given as follows:

- (a) subject to and contingent upon the passing of Ordinary Resolution 1 and the satisfaction of all the conditions set out in the Securities Industry Council's ("**SIC**") letter dated 15 January 2018, the shareholders of the Company (other than Frank J Benjamin, Eli Manasseh Benjamin, Segulah Pte Ltd, Douglas Benjamin, Samuel Benjamin, Ben-Judah Benjamin (collectively, the "**Benjamin Family**"), Lim Eng Hock, their respective concert parties and parties not independent of them (collectively, the "**Undertaking Group**")), do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**") from Frank J Benjamin, in the event that Frank J Benjamin's subscription of the Rights Shares and the Warrant Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue results in Frank J Benjamin incurring an obligation to make a mandatory general offer pursuant to Rule 14.1 of the Code.

Voting Exclusion: The Company will, in accordance with the conditional waiver by the SIC, disregard any votes cast on this resolution by the Undertaking Group. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ORDINARY RESOLUTION 3 THE PETER LIM WHITEWASH RESOLUTION

That, contingent upon the passing of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 4 herein in this Notice of Extraordinary General Meeting, approval be and is hereby given as follows:

- (a) subject to and contingent upon the passing of Ordinary Resolution 1 and the satisfaction of all the conditions set out in SIC's letter dated 15 January 2018, the shareholders of the Company (other than the Undertaking Group), do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14.1 of the Code from Lim Eng Hock, in the event that Lim Eng Hock's subscription of the Rights Shares and the Warrant Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue results in Lim Eng Hock incurring an obligation to make a mandatory general offer pursuant to Rule 14.1 of the Code.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Voting Exclusion: The Company will, in accordance with the conditional waiver by the SIC, disregard any votes cast on this resolution by the Undertaking Group. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ORDINARY RESOLUTION 4 THE TRANSFER OF CONTROLLING INTEREST TO RAFFLES INVESTMENTS LIMITED

That, contingent upon the passing of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 herein in this Notice of Extraordinary General Meeting, approval be and is hereby given as follows:

- (a) approval be and is hereby given to the allotment and issuance by the Company of up to 37,368,000 Rights Shares to Raffles Investments Limited (“**Raffles**”), at the issue price of S\$0.035 for each Rights Share, and up to 74,736,000 Warrants at the exercise price of S\$0.04 for each Warrant Share, on and subject to the terms of the Rights cum Warrants Issue and the Irrevocable Undertakings provided by Raffles, whereby the issuance of such Rights Shares and subsequent exercise of the Warrants may result in a transfer of a controlling interest in the Company to Raffles pursuant to Rule 803 of the Listing Manual; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this resolution as he shall think fit and in the interests of the Company.

Raffles and its concert parties shall abstain, and shall procure their associates from voting on resolutions approving Ordinary Resolution 4 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 4 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

ORDINARY RESOLUTION 5 THE DIRECTOR ALLOTMENT

That, contingent upon the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 herein in this Notice of Extraordinary General Meeting, approval be and is hereby given as follows:

- (a) approval be and is hereby given to the allotment and issuance by the Company of up to 184,588,680 Rights Shares to Frank J Benjamin, a director of the Company, at the issue price of S\$0.035 for each Rights Share, and up to 369,177,360 Warrants at the exercise price of S\$0.04 for each Warrant Share, on and subject to the terms of the Rights cum Warrants Issue and the Irrevocable Undertakings provided by the Benjamin Family, pursuant to Rule 804 of the Listing Manual; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this resolution as he shall think fit and in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Frank J Benjamin and his concert parties shall abstain, and shall procure their associates from voting on resolutions approving Ordinary Resolution 5 and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 5 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

BY ORDER OF THE BOARD

Liew Choon Wei
Independent Director

F J BENJAMIN HOLDINGS LTD
15 February 2018

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 EGM.
- (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the EGM, 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 of Singapore.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Jalan Kilang Timor, #07-01 Pacific Tech Centre, Singapore 159303 not less than forty-eight (48) hours before the time appointing for the holding of the EGM.
4. An investor who buys shares using CPF monies (**“CPF Investor”**) and/or SRS monies (**“SRS Investor”**) (as may be applicable) may attend and cast his/her vote(s) at the AGM in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF Investors and SRS Investors, who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.

PROXY FORM

F J BENJAMIN HOLDINGS LTD

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF and/or SRS Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

of _____

being a member/members of F J Benjamin Holdings Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on 2 March 2018 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the EGM 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 EGM and at any adjournment thereof. All resolutions put to the vote at the EGM shall be decided by way of poll.

(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	The Rights cum Warrants Issue		
2	The Benjamin Whitewash Resolution		
3	The Peter Lim Whitewash Resolution		
4	The Transfer of Controlling Interest to Raffles Investments Limited		
5	The Director Allotment		

(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 _____ 2018

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*



PROXY FORM

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 the EGM 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 EGM 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 EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM 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 EGM.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Jalan Kilang Timor, #07-01 Pacific Tech Centre, Singapore 159303 not less than forty-eight (48) hours before the time appointed for the EGM.
 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 EGM, 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 EGM dated 15 February 2018.

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 EGM, as certified by The Central Depository (Pte) Limited to the Company.