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

Response to SGX queries on FY2020 results announcement

The Board of Directors (the "Board") of F J Benjamin Holdings Ltd (the "Company") refers to its full yearly results announcement for the financial year ended 30 June 2020 ("FY2020") released on 27 August 2020. The Company wishes to respond to the queries raised by Singapore Exchange Securities Trading Limited ("SGX") on 24 September 2020 as follows:

SGX Query 1:

Page 1: Other income, net - $1,655,000
Disclose the nature of other income, and explain the increase from $102,000.

Company's Response:

This comprised mainly the Government grants received by the Group under the Jobs Support Scheme, Wage Credit Scheme and Temporary Credit Scheme amounting to $947,000 compared to only $116,000 received under Temporary Credit Scheme in FY19, an increase of $831,000. There was a loss on disposal of furniture, fixtures and equipment amounting to $900,000 in FY19 compared to a loss on disposal of furniture, fixtures and equipment of $249,000 for this year, a reduction in loss of $651,000. Other income also included market support and administrative service income from associate of $450,000 (same as FY19) and interest income of $271,000 (FY19: $256,000).

SGX Query 2:

Page 1: Allowance for expected credit losses - $(3,178,000)
Explain the large increase.

Company's Response:

The Group has performed assessment of recoverability of the trade and other receivables, including amounts owing by associate and related party in Indonesia in accordance with Singapore Financial Reporting Standard (International) 9. The Group has considered various factors such as debtors' financial ability to pay, historical credit loss patterns, economic environment and forecast of future macro-economic conditions where the debtors operate especially the impact of Covid-19 pandemic on the economy. Expected credit losses are based on the difference between the contractual cash flows and the cash flows that the Group expects to receive, discounted at effective interest rate. Taking into consideration the COVID-19 impact on Indonesia economy and on the associate's business performance, the Group ascertained that expected cash flows to be lower and hence has made an allowance on credit losses of $3,178,000.

SGX Query 3:

Page 3: Current Liabilities-Lease liabilities - $10,905,000
Explain the large increase.

Company's Response:

This is due to the adoption of the new accounting standard, SFRS(I) 16 which came into effect on 1st July 2019 as mentioned in Point 5 of the Full Year Result announcement on 27 August 2020. The standard requires the Group to recognise most leases on the balance sheet. At commencement date of the lease, the Group recognises a liability to make a lease payment (i.e. lease liabilities) and an asset representing the right to use the asset (i.e. right-of-use assets). The Group adopted SFRS (I) 16 using

modified retrospective approach. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application (1 July 2019). The Group recognises the interest expense on lease liabilities and depreciation expense on right-of-use assets separately.

The amount of lease liabilities of $10,905,000 represents payments due in the next twelve months.

SGX Query 4:
Page 3: Non-Current Liabilities-Lease liabilities - $9,430,000
Explain the large increase.

Company's Response:

Similar to Question 3 above, the amount of $9,430,000 represents the amount payable after the first twelve months to expiration of the leases.

BY ORDER OF THE BOARD

Karen Chong Mee Keng
Company Secretary
25 September 2020