ANNUAL REPORT 2019/20

FJ BENJAMIN

CONTENTS

CORPORATE PROFILE

With a rich heritage dating back to 1959, SGX-listed F J Benjamin Holdings Ltd is an industry leader in brand building and management, and development of retail and distribution networks for international luxury and lifestyle brands across South East Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in four cities, manages over 20 iconic brands and operates 169 stores.

The Group employs over 1,800 employees and runs three core businesses:

Luxury and Lifestyle Fashion Retailing and Distribution

F J Benjamin exclusively retails and distributes brands such as Babyzen, Be Safe, Fauré Le Page, Guess, La Senza, Lancel, Marc Jacobs, Moby, Petunia Pickle Bottom, Pretty Ballerinas, Rebecca Minkoff, Sheridan, Superdry and U.S. Polo across various territories.

Timepiece Distribution

F J Benjamin exclusively distributes timepiece brands – Alpina, Baume & Mercier, Casio (in Indonesia only), Frédérique Constant, Gc, Guess, Nautica and Victorinox Swiss Army across Southeast Asia.

Health and Wellness Distribution

F J Benjamin exclusively distributes air purifier Airfree in Singapore and Malaysia.

CORPORATE DIRECTORY

REGISTERED OFFICE

1 Jalan Kilang Timor,
#07-01/02
Pacific Tech Centre
Singapore 159303
Tel: (65) 6737 0155
Fax: (65) 6732 9616
Email: info@fjbenjamin.com
Website: www.fjbenjamin.com

DIRECTORS

Mr Frank Benjamin
Non-Executive Chairman

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Mr Ng Hin Lee
Lead Independent Director

Mr Liew Choon Wei
Independent Director

Mr Yee Kee Shian Leon
Independent Director
(Appointed on 2 September 2019)

COMPANY SECRETARY

Ms Karen Chong Mee Keng

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner: Mr Christopher Wong
(since financial year ended
30 June 2017)

SOLICITORS

Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

PRINCIPAL BANKERS

Citibank Berhad

DBS Bank Ltd

Malayan Banking Berhad

RHB Bank Berhad

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Limited

United Overseas Bank Limited

CHAIRMAN'S REVIEW

"OUR INITIAL PRIORITIES IN THE EARLY MONTHS OF THE PANDEMIC WERE TO ENSURE THE SAFETY OF OUR COLLEAGUES AND CUSTOMERS, TO MANAGE OUR INVENTORY AND LIMIT THE IMPACT OF A SUDDEN CONTRACTION IN DEMAND."

DEAR SHAREHOLDERS,

The Covid-19 pandemic continues to have a devastating impact on many industries throughout the world, especially in fashion where spending is highly discretionary in nature.

The timing of the pandemic was most unfortunate. The Group had returned to profitability by the end of the previous financial year after a restructuring exercise. Our initial priorities in the early months of the pandemic were to ensure the safety of our colleagues and customers, to manage our inventory and limit the impact of a sudden contraction in demand.

We moved swiftly to ramp up our online business, and thanks to our good relationship with our principals, managed to negotiate the rights to sell online for brands we represent with stores as well as new labels for which we do not have stores. We are now offering the convenience of e-commerce to 10 brands in our portfolio.

Even as we scale our online presence, we have not forsaken our brick-and-mortar outlets. All our stores have since reopened and we remain committed to maintaining our physical network as we believe that the way forward is an omnichannel approach. Our strategy is to provide a seamless, continuous customer experience across every touchpoint, anytime, anywhere and on any device. In recent years, we have invested in data analytics to better understand our customers' shopping habits.

HEALTHCARE AND WELLNESS

We have indicated last year that we were exploring opportunities in the healthcare and wellness business to provide us with diversification outside retail fashion. The Covid-19 pandemic makes the move timely and compelling. During the period under review, we signed an exclusive distributorship agreement with AIRFREE Products Electronics SA, a Portuguese company that manufactures its namesake brand of air purifiers/steriliser in Portugal. We are excited about the potential of this product which kills bacteria, allergens, viruses, bedmites, etc by sterilising them to a temperature of 200°C. We are also looking to add complementary products to this division which we believe has good growth potential.

FINANCIALS

The Group posted a net loss of $15.0 million for the financial year ended 30 June 2020 (FY2020) against net profit after tax of $177,000 the year before. The results reflected a contraction in demand during government-imposed lockdowns in the third quarter of our financial year.

Group revenue fell 29% to $92.9 million from $131.5 million previously while operating loss before expected credit losses allowance and impairment totalled $2.9 million, a reversal from operating profit of $4.1 million in FY19. Despite the challenging year, gross profit margin improved from 49% to 50% in FY2020. Operating expenses fell 16% to $51.1 million, primarily from lower logistics and warehousing costs, lower staff commission paid and rental rebates given by landlords.

CORPORATE UPDATE

In February 2020, we announced that following the amendments to Rule 705(2) of the SGX-ST Listing Manual which took effect from 7 February 2020, the Group will not be required to release its financial statements on a quarterly basis. The Board believes that announcement of financial statements on half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep shareholders and potential investors updated on the Group's state of affairs. As such, the Board has decided not to continue with quarterly results announcements. Instead, the Group will announce its financial statements on a half-yearly basis as required under the Amended Listing Rules. We will, however, keep shareholders informed on material developments relating to the Group.

The Company was placed on the Singapore Exchange watch list in December 2016 for sustaining pre-tax losses for more than three consecutive years and an average daily market capitalisation of less than $40 million for more than six months. On 20 June 2019, the Singapore Exchange approved the extension of the cure period for another 12 months ending 4 December 2020. The Company is at present working with its financial advisors to exit the watch list and will make appropriate announcement in due course.

APPRECIATION

Finally, I would like to thank my fellow directors for their contributions and counsel, and our customers, shareholders, business partners and associates, for their unstinting support during a very challenging year. I am ever so grateful to our management for navigating the Group through the challenges presented by the coronavirus pandemic, and our staff for going the extra mile to get the work done. I know their hard work and efforts will put us in a good place to bounce back when the recovery comes.

FRANK BENJAMIN
Non-Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

"WE AIM TO COME OUT STRONGER FROM THIS ECONOMIC CRISIS BY BUILDING ON OUR CAPABILITIES, RAISING OUR PRODUCTIVITY, MITIGATING RISKS, AND BEING ALERT TO OPPORTUNITIES THAT CAN ADD VALUE TO OUR EXISTING BUSINESSES."

DEAR SHAREHOLDERS,

The financial year ended 30 June 2020 was a most difficult year for the F J Benjamin Group and the fashion industry globally as we faced unprecedented challenges arising from the Covid-19 pandemic.

In Southeast Asia, government-imposed lockdowns saw all non-essential businesses including retail malls, food and beverage outlets, and offices ordered to close, and employees working from home. Footfall at retail malls plummeted well before the lockdown period while consumers cut back on all but essential items as uncertainties over the economy and job losses mounted. Retail sales in Singapore fell 52.1% in May, during the first phase of Singapore's so-called circuit-breaker period, probably the sharpest monthly decline ever. The Republic is now grappling with its worst recession since Independence.

Malaysia implemented its mandatory control order on 18 March while Indonesia avoided a nationwide lockdown but imposed large-scale movement restrictions where all our stores were closed. As of 14 September, due to the rise of infections in Jakarta, the authorities have imposed tighter restrictions and social distancing whilst our stores all remain open.

By July, all the Group's stores in the region were allowed to reopen although social distancing measures and fear of infection kept in-store traffic at below pre-Covid levels.

The Group was on the path of profitability when the coronavirus crisis hit the world. We were fortunate that by then we were no longer saddled with loss-making brands but were operating with a leaner but stronger brand portfolio. The massive disruptions to demand and supply chains and the obstructed logistics from border closures, adversely affected our ability to trade.

In early February, when we noticed the decline in footfall in the malls, we immediately reduced our forward inventory purchases, held back on non-essential expenses like marketing and advertising, and implemented a shorter work week for office staff.

Prior to Covid-19, we had embarked on e-commerce on a modest scale, starting with Superdry, a UK cult brand popular for its hoodies and T-shirts, for which we had been able to secure the rights to sell online. With the shutters coming down on our stores due to the lockdowns, we swung into action, beginning with a series of negotiations with key principals to allow us to extend our online presence.

By September, we had substantially scaled our online stores with 10 brands, including some new labels that we did not have brick-and-mortar presence like Dr. Barbara Sturm, Anti Social Social Club, Axel Arigato and Moby. During this period, we carried out what seemed like two years of digital transformation in two months, building e-commerce websites, setting up payment systems, managing search engine optimisation, leveraging digital channels such as search engines and social media, to connect with current and prospective customers. We believe that our rapid pivoting to digital channels has helped to offset the loss of sales when our stores were shut, and now that they are open, we hope to synergise our offline and online stores so that we are truly providing an omnichannel experience for seamless and continuous customer experience. This is the future of retail, to be where our customers want to interact with us, in our stores or in cyberspace, 24/7.

During the year, we have also taken the first step in setting up the health and wellness division by signing an exclusive distributorship agreement with AIRFREE Products Electronics SA, a leading Portuguese company that manufactures its namesake brand of air purifiers in Portugal.

Airfree is a purifier/steriliser which kills bacteria, allergens, viruses, bedmites, etc by sterilising them to a temperature of 200°C. The products are distributed through chain stores and various online platforms including cleanair.fjbenjamin.com.sg. We are looking to add additional complementary and unique products to this division. Going forward and post Covid-19, we believe consumers will channel more disposal income to health and hygiene products. This latest business has gotten off to a promising start and has proved to be an encouraging debut in what we believe will be a new business segment of growth.

FINANCIAL & OPERATING REVIEW

The Group reported net loss after tax of $15.0 million for the financial year ended 30 June 2020 compared with net profit after tax of $177,000 previously. This included allowances made for expected credit losses, impairment of fixed assets and right-of-use assets, and write down in value of investment in associate totalling $4.3 million.

Group revenue fell 29% to $92.9 million from $131.5 million in the same period last year while operating loss before expected credit losses allowance and impairment totalled $2.9 million, a reversal from operating profit of $4.1 million in FY19. Despite the challenging year, gross profit margin improved from 49% to 50% in FY2020.

Group operating expenses fell 16% to $51.1 million, primarily from lower logistics and warehousing costs, lower staff commission paid and rental rebates given by landlords.

Sales in Singapore (excluding exports to Indonesia) was down 29% while sales in Malaysia declined 25%, which excluded Celine and Loewe stores whose agreements expired in November and a decision was made by the Group not to renew.

Sales at the Group's Indonesia associate fell 29% compared to FY19 due to the closure of stores in Indonesia from 30 March to 15 June, while exports to Indonesia from Singapore were $5.3 million compared to $10.9 million last year, mirroring a reduction in purchases. The Group's share of losses in associate was $5.3 million, up from $1.7 million in the previous financial year.

Anticipating the potential effects of Covid-19, the Group cut back on forward purchases in February, leading to a reduction in inventory at year end to $29.2 million compared to $32.4 million the year before.

Net borrowings totalled $13.0 million, up from $12.6 million as at 30 June 2019, pushing gearing to 34%, up from 24% as at 30 June 2019.

During the year, the Group generated net cash flows of $12.6 million from operating activities and invested $1.4 million in shop fittings. Additional bank loans of $7.1 million were obtained and repaid bank borrowings and interest expense amounted to $5.4 million.

RETAIL NETWORK

As at 30 June, the Group's distribution network in the region comprised 169 stores, compared with 198 in the previous year. These include 14 stores in Singapore, 53 in Malaysia and 102 in Indonesia.

OUTLOOK

We aim to come out stronger from this economic crisis by building on our capabilities, raising our productivity, mitigating risks, and being alert to opportunities that can add value to our existing businesses. We do not expect a return to normality in the near future as the Covid-19 situation remains in a flux subject to an early development of a vaccine.

We will continue to expand our reach to customers in the most cost-effective manner, whether online or offline.

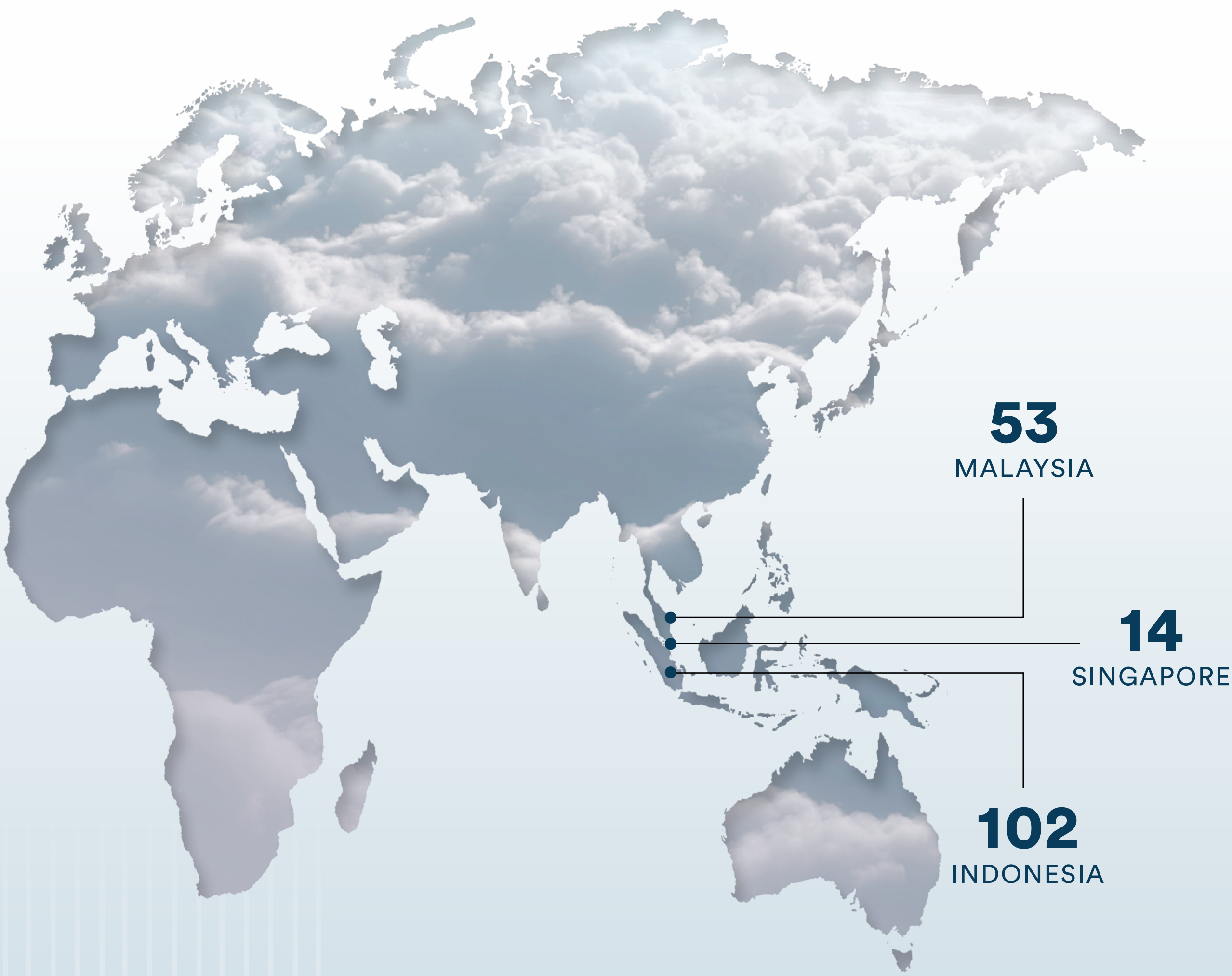
APPRECIATION

I am grateful to our principals, shareholders, business partners and associates, and Board of Directors, for their continuous support during the year.

I would also like to extend my deep appreciation to all the management team and staff who have worked tirelessly as a team to overcome the daunting challenges of our times. We will endeavour to work smart and deliver improved results in the coming year.

ELI MANASSEH (NASH) BENJAMIN
Chief Executive Officer
F J Benjamin Holdings Ltd

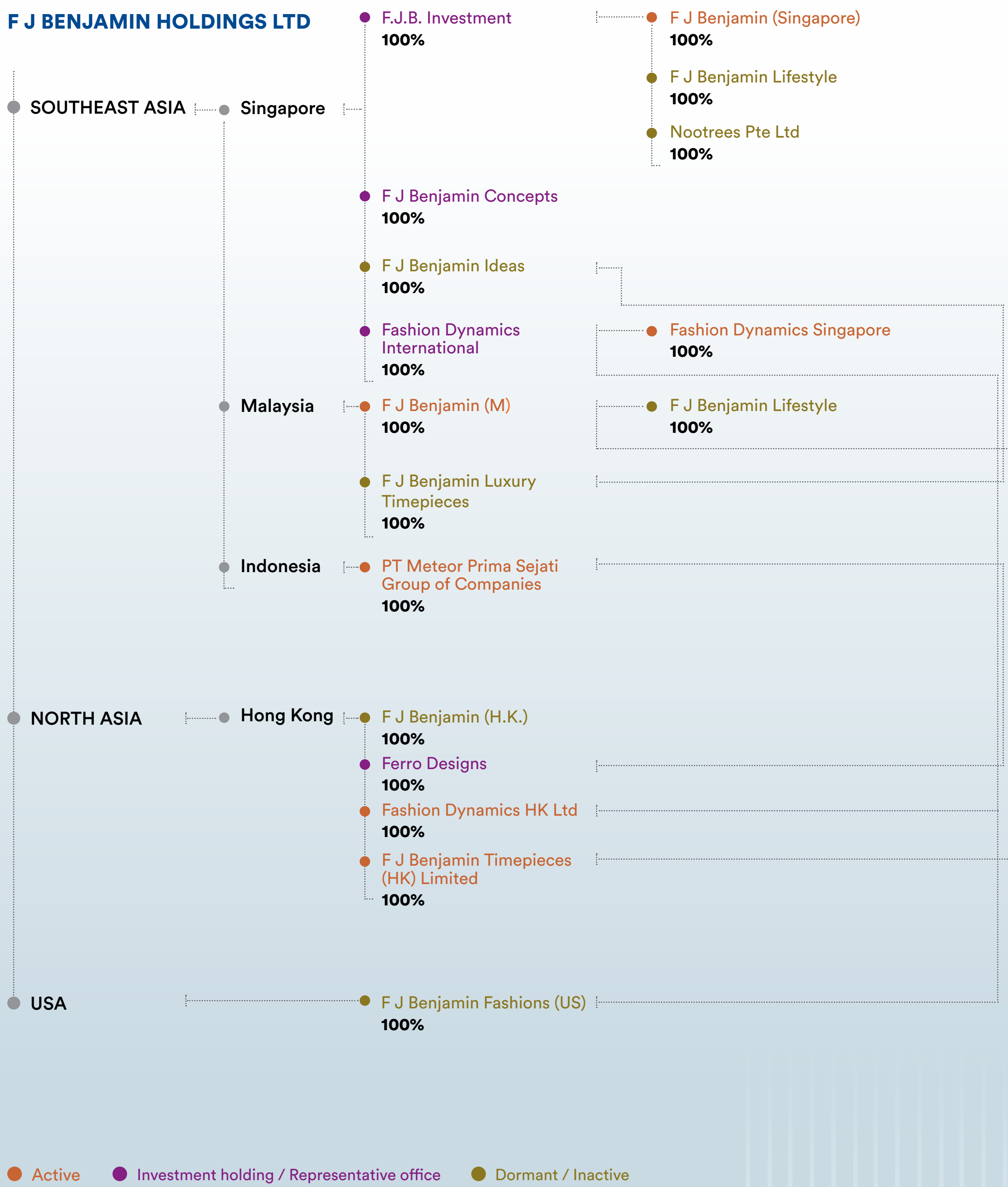
GEOGRAPHICAL PRESENCE



RETAIL FOOTPRINT

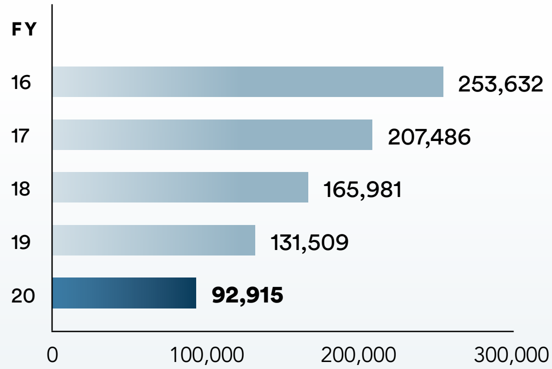
	FY2020	FY2019
Singapore	**14**	14
Malaysia	**53**	62
Indonesia	**102**	122
TOTAL	**169**	**198**

CORPORATE STRUCTURE

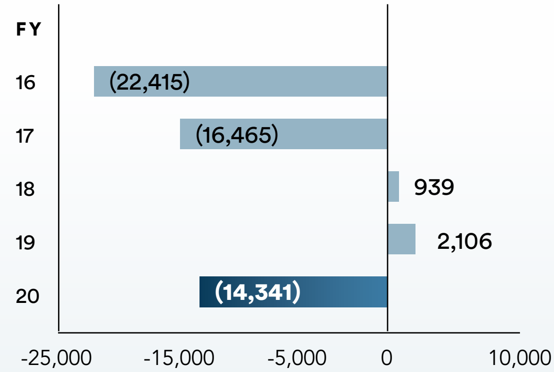


GROUP FIVE-YEAR FINANCIAL SUMMARY

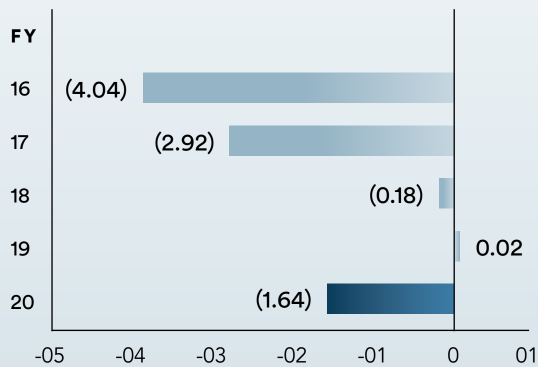
Turnover ($'000)



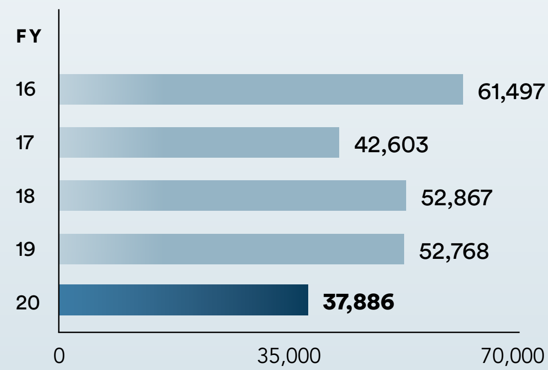
Profit / (Loss) Before Tax ($'000)



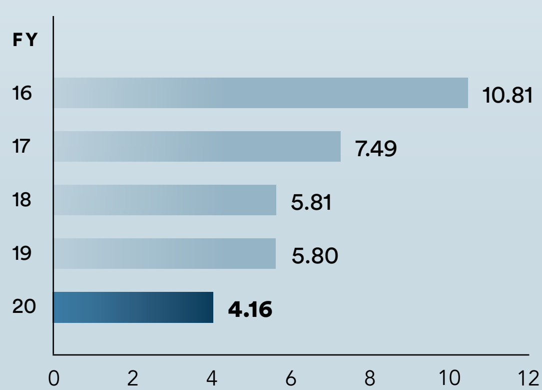
Basic Earnings / (Loss) Per Share (cents)



Shareholders' Equity ($'000)



NTA Per Share (cents)



	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
INCOME STATEMENT					
Turnover	253,632	207,486	165,981	131,509	**92,915**
Operating Profit / (Loss) before Borrowing Costs	(19,796)	(12,028)	5,377	4,717	**(7,280)**
Borrowing Costs	(2,507)	(1,744)	(1,382)	(938)	**(1,728)**
Share of Results of Associate	(112)	(2,693)	(3,056)	(1,673)	**(5,333)**
Profit / (Loss) Before Tax	(22,415)	(16,465)	939	2,106	**(14,341)**
Profit / (Loss) After Tax and Non-controlling Interest	(22,959)	(17,420)	(1,235)	177	**(14,952)**
Basic Earnings / (Loss) Per Share (cents)	(4.04)	(2.92)	(0.18)	0.02	**(1.64)**
Operating Margin (%)	-7.8%	-5.8%	3.2%	3.6%	**-7.8%**
BALANCE SHEET					
Non-Current Assets	45,194	35,806	33,166	30,088	**41,673**
Net Current Assets	16,483	7,571	20,476	24,176	**11,550**
Shareholders' Equity attributable to equity holders of the Company	61,497	42,603	52,867	52,768	**37,886**
Net Debt	31,749	22,747	12,835	12,625	**12,969**
Return on Equity (%)	-37.3%	-40.9%	-2.3%	0.3%	**-39.5%**
Net Debt to Equity	0.52	0.53	0.24	0.24	**0.34**
Net Tangible Assets Per Share (cents)	10.81	7.49	5.81	5.80	**4.16**
Dividend Per Share (cents)	-	-	-	-	**-**

BOARD OF DIRECTORS

MR FRANK BENJAMIN

Date of appointment as Director:
15 June 1973

Date of last re-election:
25 October 2019

Nature of appointment:
Non-Executive

Board committees served on:
Nominating Committee

Mr Frank Benjamin is the founder and Executive Chairman from April 2006 to 30 June 2017. Prior to that, he was the Chief Executive Officer, a position he held since the founding of F J Benjamin in 1959.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973

Date of last re-election:
27 October 2017

Nature of appointment:
Executive

Board committees served on:
None

Mr Eli Manasseh (Nash) Benjamin is the Chief Executive Officer of the Group, and has been with F J Benjamin since 1968. He has over 40 years of experience in the fashion retail and timepiece distribution businesses. He is involved in the formulation of long-term corporate strategies and policies of the Group, maintains a close relationship with all the Group's principals and oversees the business development arm of the Group.

MR DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000

Date of last re-election:
26 October 2018

Nature of appointment:
Executive

Board committees served on:
None

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Operating Officer of the Group. He works closely with Mr Nash Benjamin to coordinate the Group's activities.

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

MR NG HIN LEE

Date of appointment as Director:
11 July 2014

Date of last re-election:
25 October 2019

Nature of appointment:
Independent

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

Mr Ng Hin Lee has more than 30 years of experience in key financial and managerial positions and is a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, he was the Group Chief Financial Officer of Singapore Post Limited and Gul Technologies Singapore Limited where he was the co-founder and Executive Director. He is an independent Non-Executive Director of KOP Limited, and also sits on the boards of several non-listed companies. Mr Ng was bestowed the honour of Singapore Corporate Award – Best CFO of Year 2011 and Suzhou Industrial Park Pioneer Award in 2017.

MR LIEW CHOON WEI

Date of appointment as Director:
29 November 2016

Date of last re-election:
27 October 2017

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Nominating Committee, Remuneration Committee (Chairman, effective 1 July 2020)

Mr Liew was with an international public accounting firm for more than 30 years before retiring in 2013 as an Audit Partner. He is a retired Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of Singapore.

Mr Liew is an Independent Non-Executive Director of Halcyon Agri Corporation Limited and an Independent Non-Executive Director of The Hour Glass Limited. He is an Independent Non-Executive Director of Frasers Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte Ltd respectively. The former and latter are the manager of the real estate investment trust (REIT) and the trustee-manager of the business trust (BT), of which the REIT and BT comprise the stapled group, Frasers Hospitality Trust.

MR YEE KEE SHIAN LEON

Date of appointment as Director:
2 September 2019

Date of last re-election:
25 October 2019

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Remuneration Committee, Nominating Committee (Chairman, effective 1 July 2020)

Mr Yee is the Chairman of Duane Morris & Selvam LLP, a leading international law firm, and serves as its Global Head of Corporate as well as the Head of the firm's China Practice Group. He has extensive corporate law experience and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on banking & finance, corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate restructurings and joint ventures. He serves as an Independent Director on the board of Federal International (2000) Ltd, a company listed on the Main Board of the SGX-ST. He is also the Chairman of its Nominating Committee. He was the former Non-Executive Chairman of a SGX-listed real estate developer and also a former Independent Director of a LSE-listed fashion company.
Mr Yee graduated with a Bachelor of Arts (Law) and a Master of Arts from the University of Cambridge. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales.

SENIOR MANAGEMENT

SINGAPORE

DOUGLAS JACKIE BENJAMIN
Chief Executive Officer
F J Benjamin Singapore Pte Ltd

Please refer to information on the Board of Directors on page 13.

KAREN CHONG
Group Chief Financial Officer and Company Secretary
F J Benjamin Holdings Ltd

Ms Karen Chong has been with the Group since 1997 and oversees the financial and accounting functions of the Group including statutory and regulatory compliance. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a Fellow member of the Institute of Singapore Chartered Accountants.

JACQUELINE TEE
Director – Planning & Operations
F J Benjamin Singapore Pte Ltd

Ms Jacqueline Tee re-joined the Group in 2017 and oversees the Group's inventory planning function and daily operations of the retail division. She also oversees the E Commerce division and led the team in the set up and launch of our various E Commerce websites. She has more than 20 years of experience in the fashion and retail industry, having worked with many different fashion houses and retailers.

MALAYSIA

DOUGLAS JACKIE BENJAMIN
Chief Executive Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Please refer to information on the Board of Directors on page 13.

GORETTA YEOH
Chief Financial Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Ms Goretta Yeoh has worked with the Company for more than 20 years and oversees the financial, warehousing, logistic and treasury functions of the Group's entities in Malaysia.

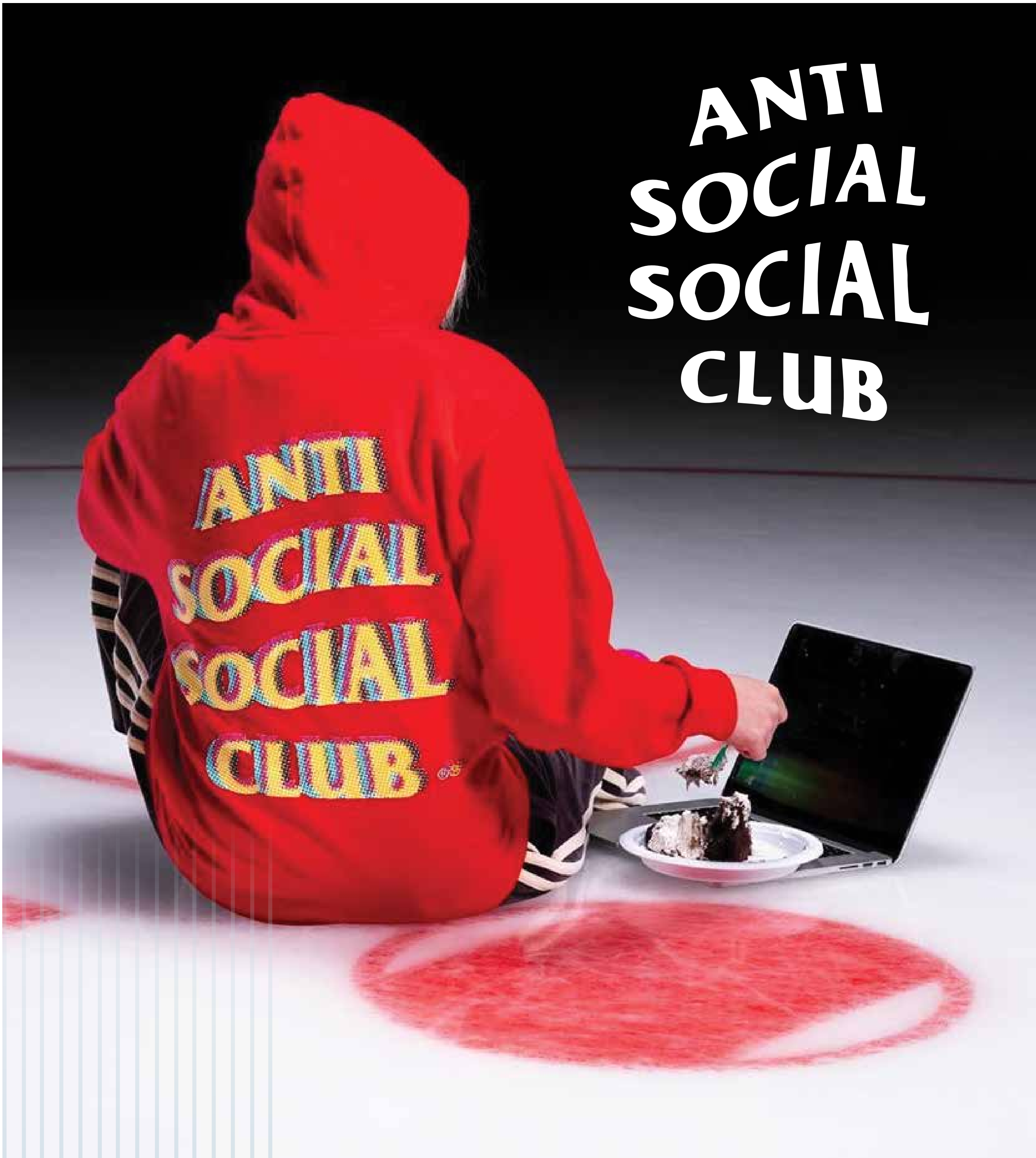
LUXURY

MARC JACOBS

LUXURY

LANCEL
PARIS 1876

REBECCAMINKOFF

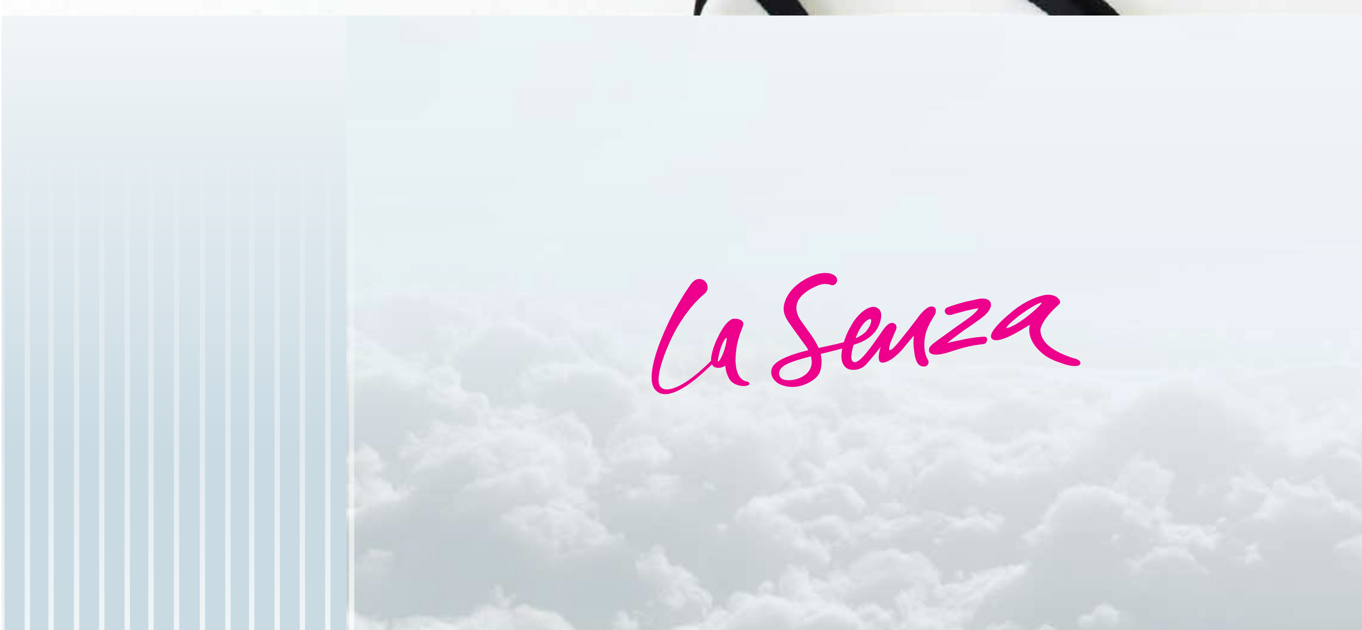


ANTI SOCIAL SOCIAL CLUB

AXEL ARIGATO

LIFESTYLE

GUESS
KIDS


La Senza

U.S. POLO ASSN.
SINCE 1890

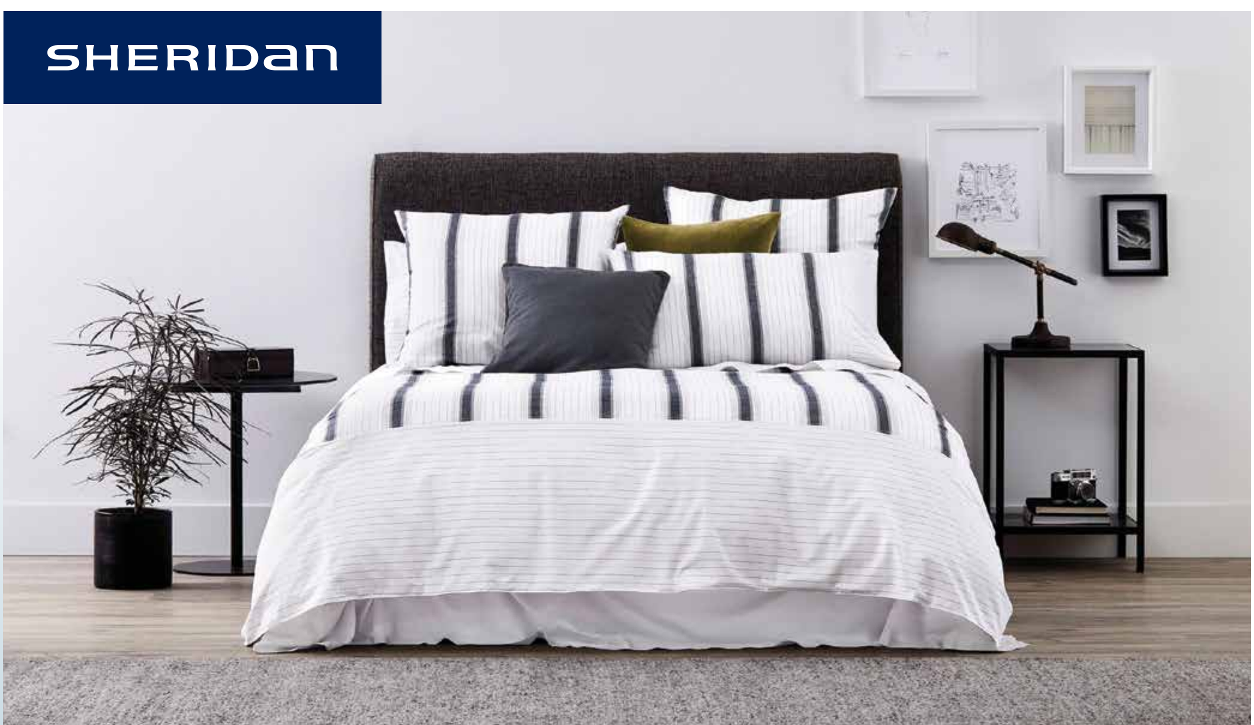
LIFESTYLE


極度乾燥(しなさい)
Superdry®

BeSafe®

petunia pickle bottom®

SHERIDAN




DR. BARBARA
STURM
MOLECULAR
COSMETICS
DARKER
SKIN TONES
ENZYME
CLEANSER
MADE IN GERMANY
DR. BARBARA
STURM
FACE MASK
MADE IN GERMANY


MOBY


Airfree
Airfree
Airfree

SILENT, EFFICIENT AND ENVIRONMENTALLY FRIENDLY THERMODYNAMIC TSSTM TECHNOLOGY

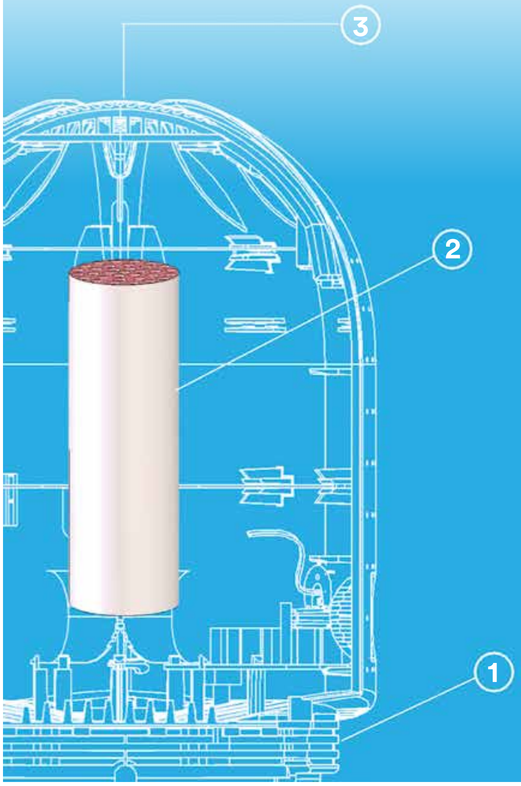
Airfree® applies the same concept as boiling water by using high heat to destroy microorganisms which attains 99.99% air sterilisation efficiency at the **Airfree®** air outlet.

The Thermodynamic TSSTM Technology destroys airborne bacteria, viruses, mould, organic allergens and all airborne microorganisms at temperatures of 200°C.

Internationally certified microbiology labs and universities have tested **Airfree®** and have all confirmed its extra ordinary efficiency.

In the *www.airfree.com* test section, you can access copies of dozens of independent laboratory tests and customer testimonials.

THE PROCESS



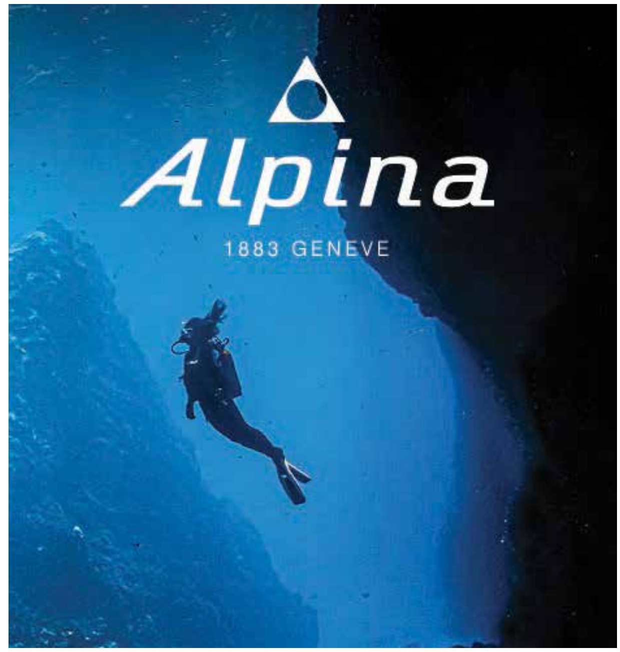
3 **Sterilised air is cooled down and released back to the room**
Air is sterilised in a silent and maintenance-free operation

2 **Airfree "boils" the air destroying all microorganisms**
The air is sterilised at 200°C inside the 32 mini ducts of the TSS patented ceramic core

1 **Contaminated air enters Airfree here**

TIMEPIECE


Alpina
1883 GENEVE
300M - 1000FT
GYRE
SWISS
MADE

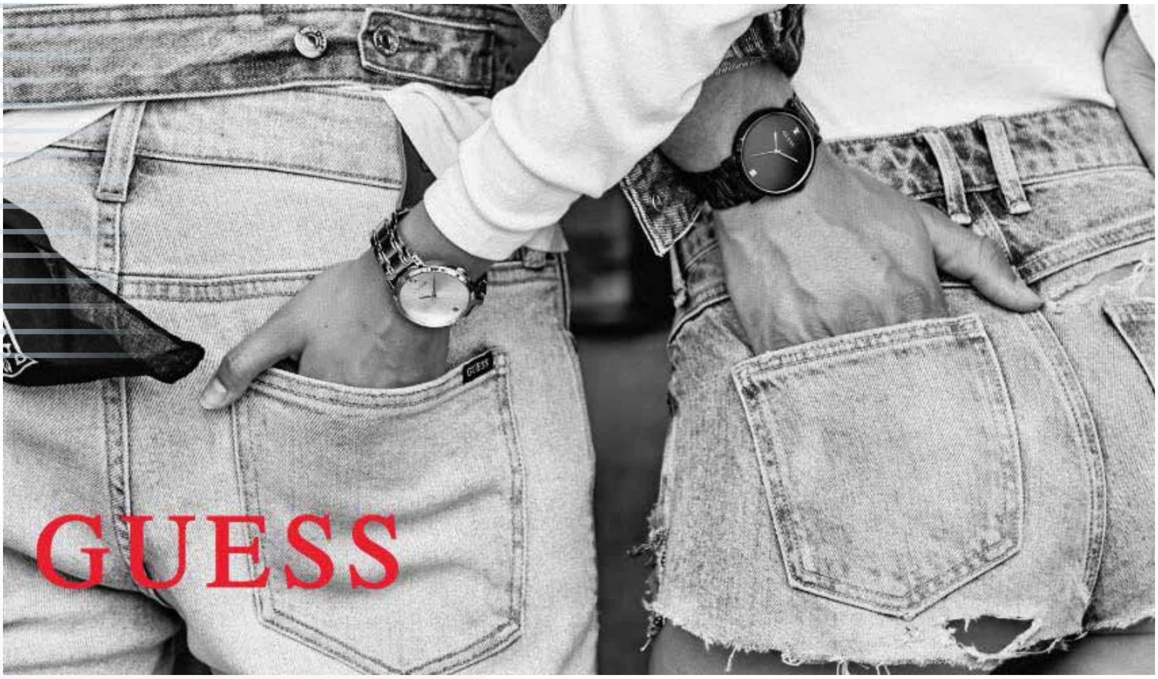

Alpina
1883 GENEVE


FREDERIQUE CONSTANT
GENEVE
SWISS
MADE
FREDERIQUE CONSTANT
GENEVE


BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830
BAUMATIC
5 DAYS-CHRONOMETER
SWISS MADE
TWENTY-ONE (21) JEWELS
5 DAYS POWER RESERVE
POWER RESERVE
ACCURATE
ANTIMAGNETIC
RELIABLE

CASIO

F J BENJAMIN


GUESS


LA PRÉCISION DU STYLE
THE BEST OF SWISS PRECISION AND FRENCH STYLE / GCWATCHES.COM

TIMEPIECE

NAUTICA

FRB COLLECTION

Japanese three-hands movement
or Japanese multifunction movement
WR 100 mt / 330 ft
Screw down case back and screw down crown

VICTORINOX
SWISS ARMY

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of F J Benjamin Holdings Ltd (the "Company") is committed to high standards of corporate governance. The Company has adopted the Code of Corporate Governance 2018 (the "Code") and is working to adopt the other changes, where appropriate. This report describes the Company's corporate governance practices for the financial year ended 30 June 2020 ("FY2020") with specific reference to the principles and provisions of the Code. The Company has adhered to the principles of the Code as well as the listing rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), where appropriate. Variations in practice from any provisions of the Code and measures that has been taken by the Company or intends to take are explained in this report.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>Provision 1.1 Principal Duties of the Board</u>

The Board is accountable to the shareholders and oversees the overall strategy of the Company and its subsidiaries (the "Group") as well as policies on various matters including major investments, key operational initiatives and financial controls. The Board has adopted a set of internal controls which lists out the approval limits for capital expenditure, investments and divestments and bank borrowings at Board level. Approval of sub-limits is also provided at management level to facilitate operational efficiency. In addition to the above, the Terms of Reference of the Board is established to promote high standards of corporate governance. The Terms of Reference outline duties and responsibilities of the Board and matters that are specifically reserved for the Board. It is a reference document to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

The Board has also adopted a Code of Conduct and Ethics for Directors ("Code of Conduct") which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability as well as ethical conduct expected from the Directors in the performance of their duties. Directors should strive to adhere to the Code of Conduct and where conflict of interest arises, the concerned Directors must recuse themselves from discussions and decisions involving the matter and abstain from voting on the matter.

Besides carrying out its statutory responsibilities, the Board's principal responsibilities include:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) review Management performance (including Group's financial and operating performance);

(c) establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

(g) assume responsibility for corporate governance.

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer and the Executive Director as well as the key management personnel to ensure operations and performance of the Group are aligned with the strategies.

Provision 1.2 Induction, Continuous Training and Development of the Directors

Newly appointed Directors are briefed on the Group's business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates as well as relevant laws and regulations. Mr Yee Kee Shian Leon, was appointed to the Board on 2 September 2019 and was briefed amongst others, Group's business activities and operations, organisation structure and strategic direction. The Company informs Board members from time to time of changes in relevant regulatory and accounting standards requirements. The External Auditor will brief the Board on changes to the Singapore Financial Reporting Standards (International) that affect the Group's financial statements during the period.

Directors are provided with opportunities for continuing education or briefings in areas such as Directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members. In addition, Directors are invited from time to time to attend professional programmes for Directors conducted by the Singapore Institute of Directors ("SID") and other relevant bodies. The Company has an on-going training budget for the Directors to fund their participants at industry conferences and seminars, and their attendance at any training programme in connection with their duties as Directors. The Directors have attended appropriate training on Code of Corporate Governance 2018 and accounting standards.

Rule 210(5)(a) of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires a Director who has no prior experience as a Director of a company listed on the SGX-ST to attend the training programmes conducted by the SID as prescribed in Practice Note 2.3 of the Listing Manual of the SGX-ST. Where required, appropriate training shall be arranged for newly appointed Directors to ensure that they are fully aware of their responsibilities and obligations as Directors.

Provision 1.3 Matters Requiring Board Approval

The Board oversees the business affairs of the Group and sets overall strategy and direction. The Board has adopted internal guidelines governing matters that require the Board's approval. Matters specifically reserved for the Board's decision are:

(a) strategic plans of the Group

(b) annual budgets

(c) material acquisitions and disposal of assets/ investments

(d) corporate or financial restructuring and corporate exercises

(e) share issuances, interim dividends and other returns to shareholders

(f) announcement of the Group's result and annual reports

Provision 1.4 Delegation of Authority to Board Committees

To assist the Board in the discharge of specific responsibilities, certain Board Committees have been constituted, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). Each committee has its own Terms of Reference which sets out the compositions, scope of its duties and responsibilities. The Board Committees review and make recommendations on matters within their Terms of Reference to the Board.

At the date of this report, the compositions of the Board Committees are as follows:

Directors	Board Appointment	Nominating Committee	Remuneration Committee	Audit Committee
Frank Benjamin	Non-Executive Chairman	Member	–	–
Eli Manasseh (Nash) Benjamin	Executive Director and Chief Executive Officer	–	–	–
Douglas Benjamin	Executive Director	–	–	–
Ng Hin Lee	Lead Independent Director	–	Member	Chairman
Liew Choon Wei	Independent Director	Member	Chairman *	Member
Yee Kee Shian Leon	Independent Director	Chairman *	Member	Member

* This reflected the change in Chairs of Nominating Committee and Remuneration Committee with effect from 1 July 2020.

Provision 1.5 Meetings of Board and Board Committees

The Board and the Board Committees meet regularly on a quarterly basis and as required. Important and critical matters concerning the Group are also tabled for the Board's and Board Committees' decision by way of written resolutions, electronic mails, tele-conferencing and video-conferencing. The Board has taken into consideration that the Company will not be required to announce its unaudited financial statements for each of the first three quarters of its financial year and the compliance efforts required by the Group in doing so, decided to adopt half-yearly reporting of its unaudited financial statements from FY2020. In view of this, AC meeting will be held on half-yearly basis from FY2020 but Board meetings will continue to be held on quarterly basis. Ad-hoc Board meetings will be called as and when guidance and/or approvals from the Board is required.

The attendance of the Directors at these meetings during the financial year is as follows:

	Board		Nominating Committee		Remuneration Committee		Audit Committee		Annual General Meeting
	No. of meetings								
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Attended
Frank Benjamin	5	5	1	1	NA	NA	NA	NA	1
Eli Manasseh (Nash) Benjamin	5	5	NA	NA	NA	NA	NA	NA	1
Douglas Benjamin	5	5	NA	NA	NA	NA	NA	NA	1
Ng Hin Lee	5	5	NA	NA	2	2	3	3	1
Daniel Ong Jen Yaw*	5	1	NA	NA	NA	NA	3	1	1
Liew Choon Wei	5	5	1	1	2	2	3	3	1
Yee Kee Shian Leon^	5	4	1	1	2	2	3	2	1

^ Appointed as Director of the Company on 2 September 2019.
* Resigned as Director of the Company on 29 October 2019.

To address the time commitments of Directors who sit on multiple boards, the Board and Board Committees meeting dates are scheduled in advance at the beginning of each financial year. The Constitution of the Company allows Directors to participate in meetings by telephone conference, video conference, audio visual or by means of similar communication whereby all persons participating in the meeting are able to hear and be heard without a Director being in the physical presence of other Director(s). Technology is effectively used in the Board and Board Committees' meetings and in communication with the Board, where Directors may receive agenda and meeting materials online such as email and participation via audio or video conferencing.

CORPORATE GOVERNANCE REPORT

<u>Provision 1.6 Board's Access to Information</u>

The Board members are provided with board papers a few days in advance of meetings so that sufficient time is given to the Board members for them to make informed decisions and enable them to discharge their duties and responsibilities effectively. The board papers set out the relevant financial information that review the Group's performance in the most recent quarter and other information which includes background or explanatory information relating to the matters to be brought before the Board. The Directors make enquiries and request for additional information, if needed, during the presentations. Relevant management staff will be invited to make appropriate presentations, provide insights for matters to be discussed at the Board meetings and answer any queries from the Directors. Additional materials or information requested by the Directors (if any) are promptly furnished.

The Board also has access to minutes and documents concerning all Board and Board Committees meetings.

<u>Provision 1.7 Board's Access to Management, Company Secretary and External Advisers</u>

The Company provides for the Directors, individually or as a group to have separate and independent access to management and the Company Secretary, and to seek external independent professional advice, where necessary, at the expense of the Company.

The appointment and removal of Company Secretary are subject to the approval of the Board as a whole. The Company Secretary or representative attends all meetings of the Board and Board Committees and is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

Changes to regulations are closely monitored by the Management and the Directors are briefed during the Board meetings on changes which have an important bearing on the Company or the Directors' disclosure obligations.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

<u>Provisions 2.1, 2.2 and 2.3 Director Independence and Composition of Independent Directors and Non-Executive Director</u>

The Board currently comprises six Directors, three of whom are Independent Directors, one Non-Executive Director and two Executive Directors. The Chairman of the Board, Mr Frank Benjamin is a Non-Independent Non-Executive Director. The Board believes that there is a strong and independent element on the Board as the Independent Directors represented half of the Board members and contributed to the Board process by monitoring and reviewing performance of the management to achieve the agreed goals and objectives. The Independent Directors will constructively challenge management's proposals or decisions and bring independent judgement.

The NC conducted its annual review of the Directors' independence in accordance with the Code and adopts the Code's definition of what constitutes an "independent" Director in its review. The Independent Directors shall disclose to the Board any relationships or circumstances that could interfere, or be reasonably perceived to interfere their independence judgement in the best interests of the Company. Each Independent Director is required annually to complete and submit a declaration form to confirm their independence, drawn up based on the Code and the Listing Manual of the SGX-ST to the NC for review. The results of the self-assessment are then collated by the Company Secretary and reported to the Board. The Independent Directors have confirmed their independence in accordance with the Code.

The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and the Listing Manual of the SGX-ST. None of the Independent Directors have any relationships with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Directors' independent judgement. Independent Directors have abstained from deliberations in respect of the assessment of their own independence.

In regard to Independent Directors to make up majority of the Board when the Chairman is not independent, the Board is in the process of seeking and identifying suitable candidates and will strive to meet Provision 2.2 of the Code.

As at the date of this report, none of the Independent Directors have served on the Board for more than nine years from their respective date of appointment.

Provision 2.4 Size and Diversity of the Board

The composition of the Board is reviewed annually by the NC to ensure that the Board has an appropriate mix of skills, knowledge, experience and independence needed to discharge its duties effectively. The diversity of the Directors' experience in the field of management, financial, accounting, investment and industry knowledge allows for the useful exchange of ideas and views. The Company recognises the benefits of diversity such as age and gender to avoid groupthink and foster constructive debate. Although the Board does not have written policy on board diversity, it has maintained a culture of diversity to benefit from a wide talent pool. The implementation of Board diversity is in progress and aim to comply with the requirement of Provision 2.4 to establish a Board diversity in the financial year ending 30 June 2021.

Based on its composition, the Board is able to exercise objective judgement on corporate affairs. The Board, taking into account the nature of operations of the Group, considers its current size to be adequate for effective decision-making. The Board is satisfied that no individual member of the Board dominates the Board's decision-making and that there is sufficient accountability and capacity for independent decision-making.

The profile and information of the Directors as at the date of this report are set out under the "Board of Directors" section of this Annual Report.

Provision 2.5 Regular Meetings of Non-Executive Directors and Independent Directors

Where appropriate and necessary, the Independent Directors would meet without the presence of management. To facilitate a more effective check on the management, Independent Directors meet at least once a year, each with the Internal and External Auditors without the management and Executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.2 Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer ("CEO") functions are assumed by different individuals, thus ensuring an appropriate balance of power and authority.

The Chairman, Mr Frank Benjamin, is a Non-Executive Director. Besides giving guidance on the corporate direction of the Group, his role includes the scheduling and chairing of Board meetings and the controlling of the quality, quantity and timeliness of information supplied to the Board and assists in ensuring compliance with the Company's corporate governance guidelines.

The CEO, Mr Eli Manasseh (Nash) Benjamin, brother of Mr Frank Benjamin, is an Executive Director. He supervises the day-to-day business operations with the support of the other Executive Director and Management, as well as formulating long-term corporate strategies and policies of the Group.

Provision 3.3 Lead Independent Director

The Code encourages the appointment of a Lead Independent Director to provide leadership in situations where Chairman is conflicted, and especially when the Chairman is not independent.

Mr Ng Hin Lee, who is an Independent Director, the Chairman of AC and member of RC has been appointed as the Lead Independent Director. He is available to shareholders where their concerns raised through normal channels to the CEO or Chief Financial Officer ("CFO") have failed to resolve or where such contact is inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 Nominating Committee

The NC is chaired by Mr Liew Choon Wei (from 29 November 2016 to 30 June 2020) and Mr Yee Kee Shian Leon (from 1 July 2020) and its members are Mr Frank Benjamin and Mr Liew Choon Wei. With the exception of Mr Frank Benjamin, the other two are Independent Directors.

In accordance with the Constitution, the Directors are required to submit themselves for re-election and re-nomination at regular intervals of at least once every three years.

Under its written Terms of Reference approved by the Board, the NC has the following main responsibilities:

(a) to review the Board structure, size, composition and independence;

(b) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;

(c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession;

(d) to review training and professional development programs for the Directors;

(e) to determine independence of each Director;

(f) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company;

(g) the process and criteria for evaluation of the performance of the Board, its board committees and Directors;

(h) to ensure there is clear division of responsibilities between the Chairman and CEO of the Company; and

(i) to provide the Board with its succession plans for the Board Chairman, Directors, CEO and key management personnel of the Company.

There are no alternate directors on its Board.

Provision 4.3 Process for the Selection, Appointment and Re-appointment of New Directors

The NC is responsible for the selection, appointment and reappointment of Directors as follows:

(a) The NC carries out a review of the Board composition at least annually as well as on each occasion that an existing Director gives notice of his/her intention to retire or resign.

(b) The NC identifies suitable candidates for appointment to the Board after considering the skills required in the Board to achieve the Group's strategic and operational objectives. Summary procedures on appointing a new director is as follows:

Step 1 <Candidate identified>	Identified candidate on the recommendation of existing Directors, senior management staff, network of contacts, third-party referrals, recruitment consultants to identify a broader range of candidates.
Step 2 <Assessment and evaluation to be conducted by the NC>	Assessment should be conducted based on, but not limited to experience, knowledge, gender, age, educational background, business interest that may result in a conflict of interest, independence of the candidate (for Independent Directors), skills and other criteria deem fit to the needs of the Board and whether the candidate will add diversity to the Board and have adequate time to discharge his/her duties.
Step 3 <Recommendation to be made by the NC to the Board>	• Board to consider and discuss on the proposed new appointment. • Appoint an independent third party to source and screen candidates, if necessary.
Step 4 <Discussion and decision to be made by the Board on the proposed new appointment. Appointment of new member to the Board is at the Board's sole discretion>	• If proposed appointment is approved, invitation or offer to be made to the proposed/potential candidate to join the Board and/or Board Committees. • If the proposed appointment is rejected, the whole process to be re-commenced.

(c) All Directors must submit themselves for re-appointment at regular intervals of at least once every three years. Article 102 of the Company's Constitution provides that one-third of the Directors shall retire from office by rotation and be subject to re-appointment at the Company's AGM. Pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited which is effective from 1 January 2019, every Director must retire from office at least once every three years and are eligible for re-election.

(d) The NC takes into consideration the Directors' contribution and performance in its deliberations on the re-appointment of existing Directors. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees as well as the quality of intervention and special contribution.

The Directors standing for retirement by rotation pursuant to Article 102 of the Company's Constitution at the forthcoming AGM are as follows:

- Mr Eli Manasseh Benjamin; and
- Mr Liew Choon Wei.

Having considered the assessment conducted by the NC and its recommendation and consents received from the above Directors for re-election at the forthcoming AGM, the Board accepts the nominations from the NC.

Provision 4.4 Determining Directors' Independence

The NC had conducted an annual review of the independence of the Independent Directors as set out in Provisions 2.1, 2.2 and 2.3 above and had ascertained that they are independent.

Provisions 1.5 and 4.5 Directors' multiple board representations

The Board believes that each Director should personally determine the demands of his competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the NC and Board has reviewed and is satisfied with the time commitment of the Directors and has not made a determination of the maximum number of board representations a Director may hold. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

Information of each Director including his directorship in other listed companies and other principal commitments are furnished under the Board of Directors section of this Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2 Board evaluation process, Board performance criteria and individual Director evaluation

The NC evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria.

The Company has implemented a formal annual assessment to evaluate the performance and effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director of the Board.

The performance criteria were recommended by the NC and approved by the Board.

The evaluation of Board's performance as a whole deal with matters on Board composition, procedures and accountability as well as information available to the Board. The evaluation of the Board also covers the Board's contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc. The Board Committee's evaluation deals with the efficiency and effectiveness of each Committee in assisting the Board as set out in their respective Terms of Reference. The criteria for the evaluation of individual Directors include, amongst others, attendance at Board and Board Committee meetings, Directors' duties and know-how and interaction with fellow Directors.

All Directors are given a board evaluation questionnaire to express their view. The completed questionnaires were submitted to the Company Secretary for collation. The findings of such evaluations were presented to the NC for review as well as make the necessary recommendations on areas for continuous improvement before submitting to the Board for discussion and to form the basis of recommending relevant Directors for re-election at the Annual General Meeting ("AGM"). During FY2020, the NC met once in June 2020 and assessed the Board, Board Committees, the Chairman and individual Directors. The Board was satisfied that the Board was effective as a whole and that each Director had demonstrated commitment and had contributed to the effective functioning of the Board and the relevant Board Committees. The Board did not engage an external facilitator for the assessment process for FY2020.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 Remuneration Committee

The RC is chaired by Mr Yee Kee Shian Leon (from 29 October 2019 to 30 June 2020) and Mr Liew Choon Wei (from 1 July 2020) and its members are Mr Ng Hin Lee and Mr Yee Kee Shian Leon. All of them are Independent Directors.

Under its written Terms of Reference approved by the Board, the RC has the following main responsibilities:

(a) to ensure that remuneration policies and systems that support the Company's objectives and strategies are in place and being adhered to;

(b) to co-ordinate annual reviews of the Company's remuneration policies and practice to ensure they are comparable with the pay and employment conditions within the industry and in similar companies;

(c) to recommend the remuneration of Executive Directors and key management personnel, covering all aspect of remuneration, which includes salaries, allowances, bonuses, options and benefits-in-kind to the Board for endorsement in accordance with the approved remuneration policies and processes;

(d) to provide advice as necessary to Management on remuneration policy for employee categories other than those covered in paragraph (c) above;

(e) to review the remuneration, terms of employment and promotion of all employees of the Group who are related to any of the Directors; and

(f) to recommend the Directors' fees of Non-Executive Directors to the Board. Directors' fees are only paid to Non-Executive Directors and are approved by shareholders at the Annual General Meeting.

Provision 6.3 Review of remuneration

The RC reviews and recommends to the Board the framework of remuneration of key management personnel and Directors serving on Board and Board Committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. No Director is involved in deciding and voting his own compensation.

The RC also reviews the Directors' fees of Non-Executive Directors and submit its recommendation to the Board for discussion. The Board recommends the Directors' fees of Non-Executive Directors for approval by the shareholders at the AGM.

In setting the remuneration framework, the RC has considered all aspect of remuneration and aims to have fair and reasonable termination clauses which are not overly generous.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary, at the expense of the Company.

Provision 6.4 Engagement of remuneration consultants

During the financial year ended 30 June 2020, AON Hewitt Singapore Pte Ltd was engaged as remuneration consultant to provide advice on senior management benchmark data.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1, 7.2 and 7.3 Remuneration of Directors and Key Management Personnel

The RC adopts a transparent procedure for fixing the compensation packages of individual Executive Directors and key management personnel. The Company sets remuneration package to ensure it is appropriate to attract, retain and motivate the Executive Directors and key management personnel for the long term.

The RC assists the Board in ensuring that the Executive Directors and key management personnel of the Group are fairly remunerated for their performance and individual contribution to the overall performance of the Group, taking into account the performance of the Group and the individual Directors respectively. The performance-related elements of compensation are designed to align the interests of the Executive Directors with those of the shareholders and are determined using appropriate and meaningful measures to assess the performance of the Executive Directors.

The RC also reviews the Company's obligations arising in the event of termination of the CEO's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The remuneration package comprises a fixed component and a variable component. The fixed component is in the form of a basic salary while the variable component is in the form of a performance bonus which is linked to the Group and individual performance.

The RC also reviews remuneration of Independent Directors and Non-Executive Director to ensure that the remuneration commensurate with the efforts, time spent and responsibilities of the Directors. The Independent Directors and Non-Executive Director are remunerated based on basic fees for serving on the Board and Board Committees. Directors' fees are recommended by the Board for approval by shareholders as a lump sum payment at the AGM.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1, 8.2 and 8.3 Remuneration Report

The Board is of the view that disclosure of the remuneration details of each Director and key management personnel as recommended by the Code will reveal commercially-sensitive information to competitors. Given the highly competitive talent market in the niche industry, it is in the best interests of the Group that specific details of the remuneration of each Director and key management personnel be kept confidential and to disclose in salary bands.

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

Remuneration band and name of Director	Directors' Fee	Basic Salary*	Variable Performance Bonus	Benefit-in-Kind And Others	Total
Executive Directors					
S$350,000 to S$499,999					
Mr Eli Manasseh Benjamin	–	93%	–	7%	100%
Mr Douglas Benjamin	–	91%	–	9%	100%
Non-Executive Directors					
Below S$100,000					
Mr Frank Benjamin	36%	–	–	64%	100%
Mr Ng Hin Lee	100%	–	–	–	100%
Mr Liew Choon Wei	100%	–	–	–	100%
Mr Yee Kee Shian Leon	100%	–	–	–	100%

* Basic salary includes employer's CPF contribution.

Total amount paid as Directors' Fees for FY2020 was S$164,000.

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

No. of executives	3
Total remuneration	S$858,637

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

Name of key management personnel of the Group who are not Directors of the Company	Basic Salary*	Variable Performance Bonus	Benefit-in-Kind	Total
S$200,000 to S$399,999				
Ms Karen Chong	94%	–	6%	100%
Ms Goretta Yeoh	79%	14%	7%	100%
Ms Jacqueline Tee	97%	–	3%	100%

* Basic salary includes employer's CPF contribution.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and the key management personnel.

The following indicates the composition (in percentage terms) of the annual remuneration of employees who are immediate family member of the Director and substantial shareholder of the Company.

Relationship	Basic Salary*	Variable Performance Bonus	Benefit-in-kind	Total
Below S$100,000				
Mavis Benjamin				
Wife of Non-Executive Chairman	80%	–	20%	100%

* Basic salary includes employer's CPF contribution.

Other than the above with remuneration below S$100,000, the Group did not have any employees with remuneration exceeding S$100,000, who is a substantial shareholder of the Company or is an immediate family member of a Director or the CEO or a substantial shareholder of the Company.

Provision 8.3 Employee share scheme

The Company does not have any employee share schemes.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 Risk Management and Internal Control System

The Board, with the assistance from the Audit Committee, is responsible for the governance of risk by ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has established and implemented a risk management framework for the identification, assessment, monitoring and reporting of significant risks. The Board oversees the Management in the formulation, update and maintenance of an adequate and effective risk management framework, while the AC reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls, on an annual basis.

The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is updated by the business and corporate executive heads in the Group regularly and the AC reviews the risk register on a half yearly basis. The Internal Audit function takes into consideration the risks identified and assessed in the register and prepares the audit plan. The audit plan is approved by the AC. The Internal Audit function reports all audit findings and recommendations to the AC on quarterly basis and follows up on all recommendations to ensure timely remediation of audit issues.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication is reliable. In designing the internal controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.

Provision 9.2 Assurances to the Board

For FY2020, the Board has received assurance from:

(a) the CEO and the CFO during the meetings of the Board and Audit Committees that the financial records have been properly maintained and the financial statements for the year ended 30 June 2020 give a true and fair view of the Company's operations and finances; and

(b) the CEO and the key management personnel that the system of risk management and internal controls in place within the Group is adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor, External Auditor's report on their financial audit, reviews performed by management, various Board Committees and the Board, as well as the assurance received from the CEO and the CFO, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks were adequate and effective as at 30 June 2020.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

<u>**Provisions 10.1, 10.2 and 10.3 Roles, Responsibilities and Authorities of AC and Membership**</u>

The AC comprises Mr Ng Hin Lee (Chairman), Mr Liew Choon Wei and Mr Yee Kee Shian Leon, all of whom are Independent Directors. The members of the AC have relevant accounting and/or financial management expertise or experience particularly the AC Chairman, Mr Ng and Mr Liew, both Independent Directors with experience in the audit and accounting industry.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities, with the members, including the Chairman, having accounting or related financial management expertise and experience. The members of the AC keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements, through regular updates from the External Auditor or other professionals. None of the AC members are former partners or Directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or Director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Under its written Terms of Reference approved by the Board, the AC has the following main responsibilities:

(a) to review the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;

(c) to maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;

(d) to review and evaluate the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

(e) to review the audit plan and audit report with the External Auditor;

(f) to review the scope of the internal audit plan with the Internal Auditor and approve it;

(g) to review the half yearly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;

(h) to review and approve interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders;

(i) to review the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment, re-appointment and removal; and to fix the remuneration and terms of engagement of the External Auditor; and

(j) to review the assurance from the CEO and the CFO on the financial records.

The AC has explicit authority to investigate any matter within its Terms of Reference. The AC has full access to, and the co-operation of the Management, as well as the External and Internal Auditors respectively. The AC also has full discretion to invite any Director or any member of Management to attend its meetings.

The AC also reviewed the adequacy of the whistle blowing policy instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of such policy is to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up actions. The AC confirms that no reports have been received under the policy in FY2020.

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited in relation to its engagement of auditors.

The AC, having reviewed the non-audit services provided to the Group and the Company by the External Auditor Ernst & Young LLP, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditor, is pleased to recommend the re-appointment of Ernst & Young LLP ("EY") as the Independent Auditor for shareholders' approval at the forthcoming AGM. Fees of S$323,000 were paid to the External Auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to S$94,000.

Provision 10.4 Internal Audit

The Company has an internal audit function that is independent of the activities it audits. The Internal Auditor reports directly to the Chairman of the AC on audit matters, and the CEO on administrative matters. The AC approves the hiring, removal and evaluation of the Internal Auditor.

His responsibilities include the review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including the AC.

The AC reviews annually the adequacy and effectiveness of internal audit function and is satisfied that the internal audit function has adequate resources and has appropriate standing within the Group and meets the standards set by the Institute of Internal Auditors and has appropriate standing within the Company.

Provision 10.5 Meeting with External and Internal Auditors without Presence of Management

In FY2020, a total of three AC meetings were held. The AC also held one meeting with the External Auditor and the Internal Auditor without the presence of the Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

In the review of the financial statements, the AC reviewed the Key Audit Matters and concurred with the External Auditor, EY and Management on their assessment, judgements and estimates on the significant matters reported by EY as set out under the Independent Auditor's Report section of this Annual Report.

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy by which staff of the Company and other persons may raise concerns about possible improprieties in matters of financial reporting, malpractices, fraudulent activities or other matters within the Group. The objective of such policy is to ensure that independent investigation of such matters by the AC and for appropriate follow-up actions.

Details of the whistle-blowing policy and reporting procedures have been made available to all employees.

The public, customers or other stakeholders can report possible irregularities or provide feedback through the Company's website at www.fjbenjamin.com. The Management and Internal Auditor review the correspondence received and escalates to the CEO or AC Chairman on any instances of potential irregularities. Independent investigations will be conducted and follow up actions taken, if warranted.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

<u>Provisions 11.1, 11.2, 11.3 and 11.4 Conduct of General Meetings</u>

The Board aims to provide timely release of financial information and general meeting notice and circulars to enable shareholders to prepare and participate effectively and vote at general meetings. To encourage participation of the Shareholders, the Company strives to hold general meetings at venues which are accessible to Shareholders.

The general meetings particularly AGM of the Company represents the primary platform for interaction between the shareholders, the Board and Management. In fostering effective participation of and engagement with shareholders at the general meeting, all Directors and External Auditor are present in person to engage directly with the shareholders and address shareholders' queries about the conduct of audit and the preparation, content of the auditor's report, businesses and matters related to the agenda. Attendance of Directors for AGM held on 25 October 2019 is set out under Provision 1.5 of this report.

At Annual General Meetings, Shareholders are given the opportunity to voice their views and direct questions regarding the Group and its businesses to the Board. To encourage greater Shareholders' participation, the Company's Constitution permit a member entitled to attend and vote to appoint up to two proxies to attend and vote on his or her behalf. The Company's Constitution also provides that a proxy need not be a member of the Company. Relevant intermediaries are entitled to appoint more than two proxies to attend and vote at the general meeting.

Separate resolutions are proposed as individual agenda items unless the resolutions are interdependent and linked so as to form one significant proposal. For resolutions that are inter-conditional or special business, explanations will be provided to the shareholders. For resolutions on the election or re-election of Directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given under the "Information on Directors seeking re-election" section of this Annual Report.

Voting at the general meetings will be by way of poll pursuant the Listing Manual. Members are briefed on the procedures of voting at the general meetings by independent polling agent. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the general meetings via SGXNet.

Voting in absentia by mail, email or fax is currently not permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.

In view of the current COVID-19 situation, the forthcoming AGM in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Provision 11.5 Minutes of General Meetings

The Company does not publish minutes of general meetings on its corporate website as there are potential adverse implications to the Company if the minutes of the general meetings are published to the public at large, including risk of disclosure of sensitive information to the Group's competitors. Minutes of general meetings would be available to shareholders upon their written request. The Company ensures that, consistent with the intent of Principle 11, all shareholders are treated fairly and equitably.

In view that the forthcoming AGM will be held by electronic means due to the evolving Covid-19 situation, the Company will publish minutes of the forthcoming AGM on the Company's website and SGXNet as soon as practicable.

Provision 11.6 Dividend Policy

The Company does not have fixed dividend policy. The Board aims to declare and pay annual dividend. In considering the level of dividend payments, the Board takes into account various factors including level of available cash, return on equity, retained earnings, projected level of capital expenditure and other investment plans.

Any declaration of dividend is clearly communicated to shareholders via SGXNET together with the announcement of financial statement. The Company did not declare or recommend any dividend for FY2020 as the Company has incurred losses for the financial year.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitate the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3 Communication with Shareholders

The Company endeavours to provide material information to its Shareholders in a timely and adequate manner. When inadvertent disclosure has been made to a selected group of people, the Company will make the same disclosure publicly via SGXNET as soon as practicable. In addition, the Company communicates with shareholders at least once annually at the AGM with its shareholders.

Information is communicated to shareholders and investors on a timely basis through:

(a) annual reports and notice of general meetings issued to all shareholders;

(b) half year and full year announcement of financial results and other announcements or press releases via SGXNET; and

(c) Company's website at www.fjbenjamin.com

The Company's corporate website is at www.fjbenjamin.com which shareholders can access information of the Group. It provides shareholders and investors with access to all publicly-disclosed information, annual reports, new public releases and announcements. In addition, it has an Investor Relations section on its website for shareholders to express their views.

The Company has engaged Catherine Ong Associates to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at cath@catherineong.com.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH SHAREHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1, 13.2 and 13.3 Engagement with Stakeholders

The Company has arrangements in place to identify and engage its material stakeholder groups and to manage relationships with the groups. The key stakeholders that the Company has identified are shareholders, employees, customers, suppliers and government and regulatory bodies. The Company engages its stakeholders through various channels to ensure the best interest of the Group and the needs and interest of material stakeholders are aligned.

The sustainability report has been prepared with reference to Global Reporting Index ("GRI") Standards: 'Core' option and the Sustainability Reporting Guide of SGX-ST Practice Note 7.6. The Group will be issuing its Sustainability Report 2020 in the fourth quarter of 2020.

The Group maintains a corporate website at www.fjbenjamin.com at which stakeholders can access information of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

The Company has adopted the Best Practices Guide with respect to dealings in securities. All employees of the Group who may be in possession of unpublished and/or material price-sensitive information are prohibited from dealing in securities of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year or one month before the announcement of the Company's full year results and ending on the date of the announcement of the results, in accordance with the guidelines set out in the Best Practices Guide.

As the Company has ceased quarterly reporting in respect of FY2020, the Company has updated its guidelines whereby all employees of the Group who may be in possession of unpublished and/or material price-sensitive information are prohibited from dealing in securities of the Company during the period commencing two weeks before the announcement of the Company's half-yearly financial results and ending on the date of the announcement of the results.

Officers are also prohibited to deal in securities of the Company on short-term consideration.

Material Contracts

No material contracts of the Company and its subsidiaries involving the interest of the CEO or any Director or controlling Shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

Interested Person Transactions

Transactions with the Company's interested persons (a term that is defined in the listing manual of the SGX-ST) are subjected to review and approval by the Board comprising those Directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interest of the Company and Shareholders, before making recommendations to the Board for endorsement. For FY2020, there were no material interested person transactions entered into.

Use of Proceeds from Rights Issue

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares with 682,451,828 free detachable warrants. The total net proceeds from the Rights Issue amounted to S$8.118 million.

The amount utilised as at 30 June 2020 are as follows:

		Amount S$'000
Net Proceeds received		8,118
Share issuance expenses		(435)
Net funds available		7,683
Allocated as follows:		
(a)	General working capital purposes	
	Total allocated	3,842
	Repayment of trade invoices financed by banks and trade suppliers' invoices (FY18)	(3,842)
		–
(b)	Expansion of Group's business activities	
	Total allocated	3,841
	Fit out and inventory for new store opened (FY18)	(800)
		3,041

A total of S$5.077 million has been utilised, leaving a balance of S$3.041 million which is set aside for expansion of the Group's business activities.

The use of proceeds from the Rights cum Warrants Issue as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2020.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on the date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

Mr Frank Benjamin	–	Non-Executive Chairman
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Mr Ng Hin Lee	–	Independent Director
Mr Liew Choon Wei	–	Independent Director
Mr Yee Kee Shian Leon	–	Independent Director (appointed on 2 September 2019)
Mr Daniel Ong Jen Yaw	–	Independent Director (resigned on 29 October 2019)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company as stated below:

	Holdings registered in the name of Director or nominee		Holdings in which a Director is deemed to have an interest	
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Mr Frank Benjamin	125,429,770	126,429,770	–	–
Mr Eli Manasseh Benjamin	31,460,050	31,710,050	–	–
Mr Douglas Jackie Benjamin	168,000	168,000	10,000	10,000
Warrants of the Company				
Mr Frank Benjamin	172,477,540	172,477,540	–	–
Mr Eli Manasseh Benjamin	14,300,000	14,300,000	–	–
Mr Douglas Jackie Benjamin	96,000	96,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

OPTIONS

There were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries during the financial year.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;

- reviewed the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;

- maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;

- reviewed and evaluated the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

- reviewed the audit plan and audit report with the External Auditor;

- reviewed the scope of the internal audit plan with the Internal Auditor and approve it;

- reviewed the half-yearly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;

- reviewed and approved interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders;

- reviewed the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment, re-appointment and removal; and to fix the remuneration and terms of engagement of the External Auditor; and

- reviewed the assurance from the CEO and CFO on the financial records.

The AC having reviewed all non-audit services provided by the External Auditors to the Group is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The AC has also conducted a review of interested person transactions.

The AC convened three meetings during the financial year. The AC has also met with the Internal and External Auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Douglas Jackie Benjamin
Director

Singapore
29 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F J BENJAMIN HOLDINGS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of F J Benjamin Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (continued)

Assessment of impairment of investment in associate

The carrying value of the Group's investment in associate amounts to $15.3 million as at 30 June 2020. This represents 40% of the total net assets of the Group. As at 30 June 2020, management assessed that there were indicators of impairment and have accordingly, assessed the recoverable amount of the investment in associate. The recoverable amount of the investment in associate was determined based on value-in-use calculations using probability-based cash flow projections approved by management. During the year ended 30 June 2020, management recognised an impairment loss of $0.9 million. We have identified this as a key audit matter as the recoverable amount calculation involves significant judgement and estimates that are affected by future market and economic conditions, which includes the impact brought about by the COVID-19 pandemic.

Our audit procedures included, amongst others, reviewing management's identification of indicators of impairment in the associate. We assessed the valuation methodology and the reasonableness of key assumptions used to estimate the recoverable amount of the investment. The key assumptions used includes revenue growth, budgeted gross margin, discount rate and the long-term growth rate. We assessed the reasonableness of the revenue growth rates and budgeted gross margin by comparing them to available external industry data and financial results available subsequent to year end, taking into consideration market conditions prevailing at the reporting date and past performance. We obtained an understanding of the ongoing effects of COVID-19 pandemic on the operations of the associated company and assessed the probabilities assigned by management to possible recovery scenarios. We involved our internal specialist to assess the reasonableness of discount rates and long term growth rates used by checking the discount rate to comparable companies in the same industry and comparing the long term growth rate to external economic data such as economic growth and inflation rate. We also assessed the adequacy of the disclosures on the investment in associated company in Note 15 to the financial statements.

Recoverability of trade and other debtors

As at 30 June 2020, the Group had trade and other debtors amounted to $10.1 million and $12.8 million respectively. The expected credit loss allowances on trade and other debtors amounted to $0.1 million and $3.3 million respectively as at 30 June 2020. The determination as to whether the debt is collectable and the amount to be recognised for the expected credit losses involves significant management judgement. In estimating the expected credit loss allowances ("ECL"), management has considered various factors such as past due balances, recent historical payment patterns and credit loss patterns over a period, debtors' financial ability to repay, existence of disputes, economic environment and forecast of future macro-economic conditions where the debtors operate, taking into consideration COVID-19 impact and any other available information concerning the creditworthiness of debtors. Given the high level of management judgement involved and the materiality of the amounts involved, we have focused our attention on this area.

Key audit matters (continued)

Recoverability of trade and other debtors (continued)

We evaluated the Group's processes and controls relating to the monitoring of the outstanding debts due. Our audit procedures included, among others, requesting receivables confirmations and obtaining evidence of receipts from debtors subsequent to the year end. For other debtors, we reviewed management's determination of whether there was a significant increase in the credit risk of the other receivables since initial recognition. We also evaluated management's assessment of the recoverability of the debts through reviewing debtor aging report to identify collection risk, reviewing historical payment patterns and correspondences with customers on expected settlement dates. In addition, we reviewed the reasonableness of the key data sources and assumptions used in the computation of loss rate and forward looking adjustment.

We also assessed the adequacy of the disclosures on the trade debtors, other debtors and the related risks such as credit risk and liquidity risk in Notes 3.2(iii), 18, 19, 29(a) and 29(c) to the financial statements.

Impairment assessment of furniture, fixtures and equipment ("FFE"), right-of-use assets ("ROUA") and investment in subsidiaries

The Group operates numerous retail stores primarily in Singapore and Malaysia through its subsidiaries. As at 30 June 2020, the carrying amount of the Group's FFE and ROUA is $6.3 million and $19.8 million respectively. Investment in subsidiaries amounted to $40.1 million as at 30 June 2020. The impairment losses recognised for the year are disclosed in Note 12, Note 13 and Note 14 respectively. The COVID-19 pandemic had significantly impacted the Group's retail business in Singapore and Malaysia. Accordingly, there are impairment indications affecting certain significant cash-generating units ("CGU") of the Group as well as the Company's investment in subsidiaries. Management's impairment assessment of these assets using value-in-use calculations was significant to the audit due to magnitude of the carrying amount of assets, heightened level of estimation uncertainty associated with current market and economic condition and it involved significant management judgment. Hence, we consider this to be a key audit matter.

Our audit procedures included, amongst others, reviewing management's identification of impairment indicators. In evaluating management's estimation of the recoverable amount, we tested management's key assumptions underlying the value-in-use calculation. The key assumptions include projections of revenue growth rate, gross profit margin, discount rates and long-term growth rate. We assessed the revenue growth rates and gross profit margin by comparing them to recent performance of the stores and available external industry data prevailing at reporting date, taking into consideration current economic environment. We involved our internal specialist to assess the reasonableness of discount rates and long term growth rates used by checking the discount rate to comparable companies in the same industry and comparing the long term growth rate to external economic data such as economic growth and inflation rate. We also assessed the adequacy and appropriateness of the related disclosures set out in Note 3.2(i), Note 12, Note 13 and Note 14 to the financial statements.

Key audit matters (continued)

Adequacy of allowances for inventory obsolescence and net realisable value

As at 30 June 2020, the carrying amount of inventories amounted to $29.2 million, after considering the allowance for inventory obsolescence of $3.7 million. As the Group sells retail merchandise that is subject to changing consumer demands and fashion trends, significant judgement is required to assess and estimate the appropriate level of allowance for merchandise which may be ultimately destroyed, sold below cost or remained unsold as a result of a reduction in consumer demand due to COVID-19 pandemic. Such judgements include management's expectations for future sales, inventory liquidation plans and management's forecast of inventory levels required to meet consumer demand. In addition, the judgements used by management may vary between business units depending on the nature of the merchandise. As such, we determine this to be a key audit matter.

Our audit procedures included, amongst others, assessing the process, methods and assumptions used by management to develop the policy for allowance for obsolescence. We considered the reasonableness of management's estimates used in determining the allowance for obsolescence by reviewing the historical markdowns of inventory values, gross margin analysis, historical sales pattern of inventories and future sales expectations, taking into consideration the gross margins on sales subsequent to the year end to gauge the impact brought about by the COVID-19 pandemic. We have reviewed on sample basis that inventory items are categorised appropriately in the relevant ageing bracket and assessed the reasonableness of allowances percentage applied by reference to utilisation based on actual sales made.

We also assessed the adequacy of the related disclosures set out in Note 3.2(ii) and Note 16 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F J BENJAMIN HOLDINGS LTD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wong Mun Yick Christopher.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 September 2020

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(In Singapore Dollars)

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	5	92,915	131,509
Other income/ (expenses), net	6	1,384	(154)
Interest income		271	256
		94,570	131,611
Cost of goods sold		(46,365)	(66,841)
Staff costs	7	(19,562)	(21,377)
Rental of premises		(6,843)	(22,307)
Advertising and promotion		(1,846)	(1,988)
Depreciation of furniture, fixtures and equipment	12	(2,954)	(3,153)
Depreciation of right-of-use assets	13	(10,242)	–
Other operating expenses		(9,680)	(11,879)
Operating (loss)/ profit before expected credit losses allowance and impairment		(2,922)	4,066
Allowance for expected credit losses	19	(3,178)	–
Impairment of furniture, fixtures and equipment and right-of-use assets	12, 13	(241)	–
Impairment of investment in associate	15	(930)	–
Operating (loss)/profit		(7,271)	4,066
Interest expenses from bank borrowings and hire purchase	9	(938)	(938)
Interest expenses from lease liabilities	24	(790)	–
Foreign exchange (loss)/ gain, net		(9)	651
Share of results of associate, net of tax		(5,333)	(1,673)
(Loss)/ profit before tax	8	(14,341)	2,106
Income tax expenses	10	(611)	(1,929)
Net (loss)/ profit for the year		(14,952)	177
(Loss)/ profit attributable to:			
Owners of the Company		(14,952)	177
(Loss)/ earnings per share (cents)			
Basic and diluted	11	(1.64)	0.02

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(In Singapore Dollars)

	Group	
	2020	**2019**
	$'000	$'000
(Loss)/ profit for the year	(14,952)	177
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	43	(488)
Share of other comprehensive income of associate, net of tax	27	212
Total comprehensive income for the year	(14,882)	(99)
Total comprehensive income attributable to:		
Owners of the Company	(14,882)	(99)

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

BALANCE SHEETS

AS AT 30 JUNE 2020

(In Singapore Dollars)

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Furniture, fixtures and equipment	12	6,256	8,236	1	1
Right-of-use assets	13	19,767	–	48	–
Subsidiaries	14	–	–	40,135	31,050
Investment in associate	15	15,272	21,586	–	–
Deferred tax assets	23	378	266	–	–
		41,673	30,088	40,184	31,051
Current assets					
Inventories	16	29,183	32,410	–	–
Investment securities	17	–	–	–	–
Trade debtors	18	10,079	14,293	–	–
Other debtors	19	12,767	16,952	58	19,169
Prepayments and advances		499	575	17	50
Tax recoverable		491	59	–	–
Cash on hand and at banks	28	11,715	7,722	3,058	3,039
		64,734	72,011	3,133	22,258
Current liabilities					
Trade and other creditors	20	23,500	28,582	2,206	10,843
Hire purchase	21	357	442	–	–
Bank borrowings	22	18,420	18,409	–	–
Lease liabilities	24	10,905	–	48	–
Provision for taxation		2	402	–	–
		53,184	47,835	2,254	10,843
Net current assets		11,550	24,176	879	11,415
Non-current liabilities					
Other creditors	20	–	–	8,397	–
Hire purchase	21	80	362	–	–
Bank borrowings	22	5,827	1,134	–	–
Lease liabilities	24	9,430	–	–	–
		15,337	1,496	8,397	–
Net assets		37,886	52,768	32,666	42,466
Equity attributable to owners of the Company					
Share capital	25	176,955	176,955	176,955	176,955
Foreign currency translation reserve	26	(652)	(695)	–	–
Other reserves	27	437	410	–	–
Accumulated losses		(138,854)	(123,902)	(144,289)	(134,489)
Total equity		37,886	52,768	32,666	42,466

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(In Singapore Dollars)

	Attributable to owners of the Company				
	Share capital $'000	Foreign currency translation reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Group					
At 1 July 2019	176,955	(695)	410	(123,902)	52,768
Loss for the year	–	–	–	(14,952)	(14,952)
Other comprehensive income					
Foreign currency translation	–	43	–	–	43
Share of other comprehensive income of associate, net of tax	–	–	27	–	27
Total comprehensive income for the year	–	43	27	(14,952)	(14,882)
At 30 June 2020	176,955	(652)	437	(138,854)	37,886
At 1 July 2018	176,955	(207)	198	(124,079)	52,867
Profit for the year	–	–	–	177	177
Other comprehensive income					
Foreign currency translation	–	(488)	–	–	(488)
Share of other comprehensive income of associate, net of tax	–	–	212	–	212
Total comprehensive income for the year	–	(488)	212	177	(99)
At 30 June 2019	176,955	(695)	410	(123,902)	52,768

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(In Singapore Dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
At 1 July 2019	176,955	(134,489)	42,466
Loss for the year, representing total comprehensive income for the year	–	(9,800)	(9,800)
At 30 June 2020	176,955	(144,289)	32,666
At 1 July 2018	176,955	(139,523)	37,432
Profit for the year, representing total comprehensive income for the year	–	5,034	5,034
At 30 June 2019	176,955	(134,489)	42,466

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(In Singapore Dollars)

	Group	
	2020	**2019**
	$'000	$'000
Cash flows from operating activities:		
(Loss)/ profit before tax	(14,341)	2,106
Adjustments for:		
Depreciation of furniture, fixtures and equipment	2,954	3,153
Depreciation of right-of-use assets	10,242	–
Share of results of associate, net of tax	5,333	1,673
Currency realignment	86	(46)
Loss on disposal of furniture, fixtures and equipment	249	900
Interest income	(271)	(256)
Interest expenses from bank borrowings and hire purchase	938	938
Interest expenses from lease liabilities	790	–
Impairment of furniture, fixtures and equipment and right-of-use assets	241	–
Impairment of investment in associate	930	–
Allowance/ (Reversal) for inventory obsolescence and inventories written off, net	804	(672)
Allowance for expected credit losses	3,178	6
Operating cash flows before working capital changes	11,133	7,802
Decrease in debtors	4,973	3,768
Decrease/ (Increase) in prepayments and advances	76	(78)
Decrease/ (Increase) in inventories	2,423	(93)
Decrease in creditors	(4,529)	(5,002)
Cash flows generated from operations	14,076	6,397
Interest received	50	36
Income tax paid	(1,562)	(2,143)
Net cash flows generated from operating activities	12,564	4,290
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	(1,413)	(3,086)
Proceeds from disposal of furniture, fixtures and equipment	3	192
Net cash flows used in investing activities	(1,410)	(2,894)
Cash flows from financing activities:		
Repayment of bank borrowings	(4,080)	(900)
Proceeds from bank borrowings	7,103	1,064
Repayment of obligations under hire purchase	(376)	(440)
Interest paid	(926)	(938)
Payment of lease liabilities	(10,561)	–
Net cash flows used in financing activities	(8,840)	(1,214)
Net increase in cash and cash equivalents	2,314	182
Cash and cash equivalents at beginning of financial year	6,203	6,185
Net effect of exchange rate changes on opening cash and cash equivalents	(2)	(164)
Cash and cash equivalents at end of financial year (Note 28)	8,515	6,203

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

1. CORPORATE INFORMATION

F J Benjamin Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and the principal place of business of the Company is located at 1 Jalan Kilang Timor, #07-01/02 Pacific Tech Centre, Singapore 159303.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

For the financial year ended 30 June 2020, the Group incurred a net loss of $15.0 million (2019: profit of $0.2 million). The consolidated financial statements have been prepared on a going concern basis as directors are of the view that the Group will be able to continue to generate net cash inflows from operating activities for a period of 12 months from the date these financial statements were approved, to meet their financial obligations as and when they fall due.

Outbreak of the Coronavirus Disease ("COVID-19")

The coronavirus outbreak in late January 2020 took a heavy toll on the retail industry across Southeast Asia as governments imposed lockdowns and social distancing measures that drastically reduced consumer spending at retail malls. Singapore began the first phase of circuit breaker on 7 April 2020 while Malaysia implemented mandatory control order on 18 March 2020. All non-essential businesses were ordered to close and work-from-home was instituted. The Group's stores in Singapore resumed trading on 19 June 2020 while those in Malaysia started staggered trading from 4 May 2020. It has impacted and is expected to continue to impact the business of the Group subsequent to the financial year end. The Group's business in South-east Asia has not escaped the fallout from social distancing measures and does not expect a return to normality in the near future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Outbreak of the Coronavirus Disease ("COVID-19") (continued)

There are impairment indicators on non-financial assets (including FFE, ROUA, investment in associate and investment in subsidiaries). The Group has taken a robust approach in assessing the impact of the carrying amount of assets and provided for the necessary impairments based on its current assessment. In addition, the Group has also considered the impact of COVID-19 in assessing the adequacy of inventory obsolescence and the expected credit loss of the trade and other debtors. Refer to Note 3.2 on the estimations involved and Note 12, 13, 14, 15, 16, 18 and 19 for further details.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2019. Except for the impact arising from the adoption of SFRS(I) 16 and Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions as described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Lease – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Accordingly, the comparative information for 2019 is not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

The accounting policy beginning on and after 1 July 2019 is disclosed in Note 2.19.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

SFRS(I) 16 Leases (continued)

As at 1 July 2019, the adoption of SFRS(I) 16 resulted in the following effects to the Group:

	Increase/ (decrease) Group $'000
Assets	
Right-of-use assets	20,236
Liabilities	
Lease liabilities	20,269
Other creditors	(33)

Lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	Group $'000
Operating lease commitments as at 30 June 2019	28,522
Less:	
– Commitments relating to short-term leases	(5,767)
– Commitments relating to non-lease charges	(1,320)
– Discounted using weighted average incremental borrowings rate of 3.56%	(1,306)
Add:	
– Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	140
Lease liabilities as at 1 July 2019	20,269

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions that is effective for annual periods beginning on or after 1 June 2020. As a practical expedient, the amendment to SFRS(I) 16 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions set out.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to Illustrative Examples, Implementation Guidance and SFRS(I) Practice Statements	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (continued)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Furniture, fixtures and equipment

All items of furniture, fixtures and equipment are initially recorded at cost. Subsequent to recognition, furniture, fixtures and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	–	3 to 10 years
Electrical installation and office equipment	–	6 to 7 years
Motor vehicles	–	5 years
Data processing equipment	–	3 years
Leasehold improvements	–	1 to 6 years

Assets under construction included in leasehold improvements are not depreciated as these assets are not yet available for use.

The carrying values of furniture, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of furniture, fixtures and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates (continued)

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade debtors are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade debtors do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade debtors, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when the counterparty fails to make contractual payments and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and demand deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the invoiced value of goods on a weighted average basis together with the related charges incurred in importing such goods. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as “Other income”.

2.16 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.19 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 July 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset as follows:

Leasehold buildings	–	1 to 5 years
Office equipment	–	1 to 5 years

The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is set out in Note 2.7.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of SFRS(I) 16, 1 July 2019:

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (continued)

The Group assesses its revenue arrangements to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the satisfaction of each performance obligation, which is usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Contract liability is recognised when the Group has not yet delivered the goods but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group satisfies the performance obligation.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Market support and administrative service income

Market support and administrative service income is recognised upon rendering of services.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(b) Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of impact application of judgement which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Assessment of impairment of non-financial assets

The Group and Company assesses whether there are indicators of impairment for furniture, fixtures and equipment, right-of-use assets, investment in subsidiaries and investment in associate at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the recoverable amounts of the cash generating units which is determined based on the higher of fair value less cost to sell ("FVLCTS') and value-in-use ("VIU") methods. In determining the recoverable amounts of the cash generating units, the Group and Company evaluates, amongst other factors, the market and economic environment in which the cash generating units operate and the economic performance of these assets.

The carrying amounts of the Group's furniture, fixtures and equipment and right-of-use assets at 30 June 2020 were approximately $6,256,000 (2019: $8,236,000) and $19,767,000 (2019: $nil) respectively.

The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associate at 30 June 2020 were approximately $40,135,000 (2019: $31,050,000) and $15,272,000 (2019: $21,586,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(ii) Allowance for inventory obsolescence and net realisable value

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to the historical markdowns of inventory values, gross margin analysis, historical sales pattern of inventories and future sales expectations.

Inventories are stated at the lower of cost and net realisable value. The net realisable value is estimated based on the estimated average realisable value of each type of inventory. The carrying amount of the Group's inventories at 30 June 2020 was approximately $29,183,000 (2019: $32,410,000).

(iii) Expected credit losses of trade and other debtors

The Group uses a provision matrix to calculate ECLs for trade debtors. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. For other debtors, ECLs is measured based on general approach. If the credit risk of the other debtors has not increased significantly since initial recognition, a loss allowances of 12- month is recognised. A loss allowances for lifetime expected credit losses is recognised if there has been a significant increase in credit risk since initial recognition of the other debtors.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions. The Group's historical loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other debtors is disclosed in Note 29.

The carrying amounts of the Group's trade and other debtors at 30 June 2020 were approximately $10,079,000 and $12,767,000 (2019: $14,293,000 and $16,952,000) respectively.

4. GROUP COMPANIES

The subsidiaries as at 30 June are:

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2020 %	2019 %
	Held by the Company			
~	Fashion Dynamics International Pte Ltd [Singapore]	Investment holding company	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	100	100
~	F J Benjamin Ideas Pte Ltd [Singapore]	Dormant	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
@	F J Benjamin (H.K.) Limited [Hong Kong]	Dormant	100	100
@	Ferro Designs Limited [Hong Kong]	Investment holding company	100	100
*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	–	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2020 %	2019 %
	Held through subsidiaries			
~	Nootrees Pte Ltd [Singapore]	Dormant	100	100
~	F J Benjamin Lifestyle Pte Ltd [Singapore]	Dormant	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	100	100
~	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Dormant	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Dormant	100	100
@	F J Benjamin Timepieces (HK) Limited [Hong Kong]	Wholesale and retail of watches and accessories	100	100
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Dormant	100	100
+	F J Benjamin Italy S.R.L. [Italy]	Dormant	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2020 %	2019 %
	Held through subsidiaries			
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear, timepieces and accessories	100	100

~ Audited by Ernst & Young LLP, Singapore.
\# Audited by member firms of Ernst & Young Global in the respective countries.
\+ Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
* Struck off during the financial year ended 30 June 2020.
@ Audited by YATA Certified Public Accountants, Hong Kong.

5. REVENUE

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

	Group 2020 $'000	2019 $'000
Timing of transfer of goods		
At a point in time	92,915	131,509

(a) Disaggregation of revenue

The Group has determined that disaggregation of revenue using existing segments and geographical markets meet the disclosure objective of SFRS(I) 15.114. Information regarding operating segments is disclosed in Note 31.

(b) Contract liabilities

	Group 2020 $'000	2019 $'000
Contract liabilities (Note 20)	47	47

5. REVENUE (CONTINUED)

(b) Contract liabilities (continued)

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of gift vouchers and loyalty programme.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Set out below is the amount of revenue recognised from:

	Group	
	2020	2019
	$'000	$'000
Amounts included in the contract liabilities at the beginning of the year	43	28

6. OTHER INCOME / (EXPENSES), NET

	Group	
	2020	2019
	$'000	$'000
Market support and administrative service income (Note 35)	450	450
Government grants [(1)]	947	116
Loss on disposal of furniture, fixtures and equipment	(249)	(900)
Write back of payables and accruals	23	101
Reversal of provision for restoration cost (Note 20)	3	11
Others	210	68
	1,384	(154)

(1) Comprise mainly grant income received by the Group under Jobs Support Scheme, Wage Credit Scheme and Temporary Credit Scheme.

7. STAFF COSTS

	Group	
	2020	2019
	$'000	$'000
Salaries and bonuses	13,909	14,484
Provident fund contributions	2,204	2,419
Other short-term benefits	3,449	4,474
	19,562	21,377

8. (LOSS)/ PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/ profit before tax:

	Group	
	2020	2019
	$'000	$'000
Audit fees:		
– Auditors of the Company	229	240
– Other auditors	34	41
Non-audit fees:		
– Auditors of the Company	94	119
– Other auditors	23	34
Allowance/ (Write-back) for inventory obsolescence, net (Note 16)	464	(683)
Inventories written down (Note 16)	340	11
Outlet related expenses	1,910	2,748
Transportation and accommodation expenses	458	715
Utilities	477	616
Freight, warehousing, handling and shipping costs *	2,292	4,317
Royalties	179	335
Professional and legal fees	855	480
Telecommunication	329	411
Samples/repairs of inventories	(34)	(84)
Repair and maintenance	671	661

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

9. INTEREST EXPENSES FROM BANK BORROWINGS AND HIRE PURCHASE

	Group	
	2020	2019
	$'000	$'000
Interest expense on:		
– Bank borrowings	861	862
– Hire purchase	77	76
	938	938

10. INCOME TAX EXPENSES

Major components of income tax expense

The major components of income tax expense for financial years ended 30 June are:

	Group	
	2020	2019
	$'000	$'000
Current income tax:		
– Current tax	638	1,942
– Under/ (over) provision in respect of prior years	86	(129)
Deferred income tax:		
– Movements in temporary differences	11	156
– Over provision in respect of prior years	(124)	(40)
Income tax expense recognised in profit or loss	611	1,929

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 June 2020 and 2019 is as follows:

	Group	
	2020	2019
	$'000	$'000
(Loss)/profit before share of results of associate and before tax	(9,008)	3,779
Tax at the domestic rates applicable to profits in the countries where the Group operates	(1,463)	1,119
Adjustments:		
Income not subjected to tax	(37)	(144)
Expenses not deductible for tax purposes	1,495	767
Deferred tax assets not recognised	654	356
Over provision in respect of prior years	(38)	(169)
Income tax expense recognised in profit or loss	611	1,929

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

As at 30 June 2020, certain subsidiaries had unutilised tax losses of approximately $72.6 million (2019: $68.9 million) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

11. (LOSS)/ EARNINGS PER SHARE

The basic (loss)/ earnings per share amounts are calculated by dividing the (loss)/ profit for the financial year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/ earnings per share amounts are calculated by dividing (loss)/ profit for the financial year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the (loss)/ profit and share data used in the computation for basic and diluted (loss)/ earnings per share for the financial years ended 30 June:

	Group	
	2020	2019
	$'000	$'000
Net (loss)/ profit for the financial year attributable to owners of the Company used in the computations of basic and diluted (loss)/ earnings per share	(14,952)	177
	'000	'000
Weighted average number of ordinary shares for basic and diluted (loss)/ earnings per share computation	909,936	909,936

The Company's warrants are not included in the calculation of diluted (loss)/ earnings per share above because they are antidilutive for the financial years presented.

12. FURNITURE, FIXTURES AND EQUIPMENT

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost						
At 1 July 2018	1,759	2,049	892	2,579	22,752	30,031
Currency realignment	(5)	(44)	(7)	(35)	(522)	(613)
Additions	81	178	–	58	2,888	3,205
Disposals	(329)	(214)	–	(118)	(3,009)	(3,670)
At 30 June 2019 and 1 July 2019	1,506	1,969	885	2,484	22,109	28,953
Currency realignment	5	(3)	(1)	4	(30)	(25)
Additions	–	8	–	154	1,251	1,413
Disposals	(410)	(112)	(77)	(49)	(4,147)	(4,795)
At 30 June 2020	1,101	1,862	807	2,593	19,183	25,546
Accumulated depreciation and impairment loss						
At 1 July 2018	1,524	1,575	892	2,378	14,187	20,556
Currency realignment	(5)	(31)	(7)	(33)	(338)	(414)
Depreciation charge for the financial year	66	158	–	112	2,817	3,153
Disposals	(286)	(165)	–	(117)	(2,010)	(2,578)
At 30 June 2019 and 1 July 2019	1,299	1,537	885	2,340	14,656	20,717
Currency realignment	5	(3)	(1)	6	(27)	(20)
Depreciation charge for the financial year	75	133	–	111	2,635	2,954
Impairment loss	–	–	–	–	182	182
Disposals	(410)	(98)	(77)	(49)	(3,909)	(4,543)
At 30 June 2020	969	1,569	807	2,408	13,537	19,290
Net carrying amount						
At 30 June 2020	132	293	–	185	5,646	6,256
At 30 June 2019	207	432	–	144	7,453	8,236

Assets under construction

The Group's leasehold improvements included $28,000 (2019: $312,000) which relate to expenditure for retail outlets in the course of renovation.

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

Company	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost					
At 1 July 2018	233	397	32	48	710
Additions	–	–	2	–	2
At 30 June 2019 and 1 July 2019	233	397	34	48	712
Additions	–	–	2	–	2
At 30 June 2020	233	397	36	48	714
Accumulated depreciation and impairment loss					
At 1 July 2018	233	397	32	48	710
Depreciation charge for the financial year	–	–	1	–	1
At 30 June 2019 and 1 July 2019	233	397	33	48	711
Depreciation charge for the financial year	–	–	2	–	2
At 30 June 2020	233	397	35	48	713
Net carrying amount					
At 30 June 2020	–	–	1	–	1
At 30 June 2019	–	–	1	–	1

Assets under hire purchase

During the financial year, the Group acquired plant and equipment amounting to $1,413,000 (2019: $3,205,000) of which $nil (2019: $119,000) were acquired by way of hire purchase agreements.

The carrying amount of furniture, fixtures and equipment held under hire purchase at the reporting period were $907,000 (2019: $1,248,000).

Assets pledged as security

Leased assets are pledged as security for the related hire purchase.

There were no other assets pledged as security for bank facilities as at 30 June 2020 and 30 June 2019.

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

Impairment testing

In light of the COVID-19 pandemic and the safe distancing measures, there is reduction to its profits and cash flows for outlets CGU. Management has determined that this is an indicator of impairment on the furniture, fixtures and equipment and right-of-use assets of the outlet CGU. The recoverable amounts of the furniture, fixtures and equipment and right-of-use assets (Note 13 to financial statements) have been determined based on value-in-use calculations using cash flow projections approved by management. The pre-tax discount rate applied to the cash flows projections is 10.3%. During the financial year, management recognised impairment loss on furniture, fixtures and equipment and right-of-use assets of $182,000 and $59,000 respectively.

13. RIGHT-OF-USE ASSETS

The Group leases premises for office, retail operations, warehouse and office equipment that are non-cancellable within the lease period. These leases have varying terms, escalation clauses and renewal rights. Some leases contain extension options exercisable by the Group before the end of the non-cancellable period. These extension options are included in the carrying amount of right-of-use assets and lease liabilities if it is reasonably certain that the extension options will be exercised.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Office Equipment $'000	Leasehold buildings $'000	Total $'000
Cost			
At 1 July 2019			
As previously reported	–	–	–
Effects of adopting SFRS(I) 16	222	20,014	20,236
As restated	222	20,014	20,236
Additions	–	9,818	9,818
Currency realignment	–	(29)	(29)
At 30 June 2020	222	29,803	30,025
Accumulated depreciation and impairment loss			
At 1 July 2019	–	–	–
Depreciation charge for the year	65	10,177	10,242
Impairment loss	–	59	59
Currency realignment	–	(43)	(43)
At 30 June 2020	65	10,193	10,258
Net carrying amount			
At 30 June 2020	157	19,610	19,767

13. RIGHT-OF-USE ASSETS (CONTINUED)

Company	**Leasehold buildings** $'000
Cost	
At 1 July 2019	
As previously reported	–
Effects of adopting SFRS(I) 16	130
As restated	130
Additions	–
At 30 June 2020	130
Accumulated depreciation and impairment loss	
At 1 July 2019	–
Depreciation charge for the year	82
At 30 June 2020	82
Net carrying amount	
At 30 June 2020	48

The Group also has certain leases of office equipment and storage warehouses with lease terms of 12 months or less and/or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in income statement:

	Group **2020** $'000
Depreciation of right-of-use assets	10,242
Interest expenses from lease liabilities	790
Variable lease payments which do not depend on an index or rate (included in rental expenses)	2,085
Expense relating to short-term and/ or low-value leases (included in rental expenses)	7,706
Rent concessions (included in rental expenses)	(2,948)
Total amount recognised in income statement	17,875

14. SUBSIDIARIES

	Company	
	2020	2019
	$'000	$'000
Investment in subsidiaries:		
Unquoted shares, at cost	73,208	73,450
Impairment losses	(64,692)	(64,934)
	8,516	8,516
Receivables from subsidiaries:		
Other receivables	137,959	127,088
Accrual for financial undertakings	(305)	(440)
	137,654	126,648
Allowance for doubtful debts	(106,035)	(104,114)
	31,619	22,534
	40,135	31,050
Movement in allowance account:		
At 1 July	104,114	104,111
Allowance for the financial year	1,921	39
Reversal of allowance in prior years	–	(36)
At 30 June	106,035	104,114

Details of the subsidiaries are set out at Note 4.

Receivables from subsidiaries represent part of net investment are unsecured and non-interest bearing. Settlement of the amounts due are neither planned nor likely to occur in the foreseeable future and they are repayable only when the cash flow of the subsidiaries permit. Accrual for financial undertakings relates to the financial support given to certain subsidiaries.

During the year, the management performed a review on the recoverable amount of the net investment. The recoverable of the net investment was estimated based on value-in-use calculations derived from cash flows projection. Key assumptions includes revenue projection, gross profit margin, discount rates and long term growth rate. The pre-tax discount rate is 10.3%. Based on the assessment, an impairment of $1,921,000 (2019: $39,000) on the net investment was recorded.

The Company has undertaken not to recall amounts receivable from certain subsidiaries amounting to $137,959,000 (2019: $127,088,000) until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

15. INVESTMENT IN ASSOCIATE

	Group	
	2020	2019
	$'000	$'000
Cost of investment in associate	1,172	1,172
Share of post-acquisition reserves	(9,969)	(4,663)
Currency realignment	(1,932)	(1,761)
	(10,729)	(5,252)
Long-term interests, representing part of the Group's net investment in associate:		
Mandatory convertible bonds, representing investment in associate	29,862	29,862
Other receivables	1,051	958
Less: Provision for impairment	(4,912)	(3,982)
	26,001	26,838
PT Gilang Agung Persada and its subsidiaries	15,272	21,586

The investment in associate relates to a 50% (2019: 50%) interest in an Indonesia-incorporated company, PT Gilang Agung Persada and its subsidiaries, whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities.

On 24 July 2014, the Group entered into an agreement with its Indonesian associate to subscribe for $39.9 million of mandatory convertible bonds issued by the associate. Consideration was satisfied by the offsetting of trade and other debts due from that associate. On 11 August 2014, $10.0 million of these bonds were sold to Indonesian investors, PT Saratoga Investama Sedaya Tbk and its co-investors for an aggregate consideration of US$18.0 million. As at 30 June 2020 and 30 June 2019, the Group holds $29.9 million of these bonds, which are entirely denominated in Indonesian Rupiah.

The mandatory convertible bonds bear interest at 8% per annum up to the date of conversion. During the financial year ended 30 June 2016, the Indonesian associate issued a revision to the terms relating to the interest to be paid on the mandatory convertible bonds, stating that with effect from 1 July 2015, all interest arising shall accrue and accumulate and shall be converted into principal and such principal shall be paid on date of conversion by way of an issuance of the fixed underlying shares of the associate.

The bonds shall be converted to shares of the associate at the earlier of (i) the initial public offering of the associate; or (ii) 30 June 2018 or such other date as may be agreed. During the financial year ended 30 June 2020, the parties agreed to extend the conversion date relating to (ii) to 31 January 2021 or such other dates as may be agreed.

Other receivables represent part of net investment are unsecured and non-interest bearing. Settlement of the amounts due are neither planned nor likely to occur in the foreseeable future and they are repayable only when the cash flow of the associate permit.

15. INVESTMENT IN ASSOCIATE (CONTINUED)

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. The recoverable amount of the investment in associate was determined based on value-in-use calculations using probability-based cash flow projections approved by management. Key assumptions includes revenue projection, gross profit margin, discount rates and long term growth rate. The pre-tax discount rate is 22.8%. An impairment loss of $930,000 (2019: $nil) has been recognised in income statement.

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

The summarised aggregated financial information of PT Gilang Agung Persada and its subsidiaries, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2020 $'000	2019 $'000
Summarised balance sheet		
Current assets	54,073	61,882
Non-current assets	20,196	13,749
Total assets	74,269	75,631
Current liabilities	60,750	54,455
Non-current liabilities	4,765	2,085
Total liabilities	65,515	56,540
Net assets	8,754	19,091
Less: mandatory convertible bonds	30,212	29,595
Net liabilities of the associated company	(21,458)	(10,504)
Proportion of Group's ownership	50%	50%
Group's share of net liabilities	(10,729)	(5,252)
Summarised statement of comprehensive income		
Revenue	62,550	88,318
Loss after tax	(10,666)	(3,347)
Other comprehensive income	54	424
Total comprehensive income	(10,612)	(2,923)

The activities of PT Gilang Agung Persada and its subsidiaries are strategic to the Group's activities. No dividends were received from PT Gilang Agung Persada and its subsidiaries during the financial years ended 30 June 2020 and 30 June 2019.

16. INVENTORIES

	Group	
	2020	**2019**
	$'000	$'000
Trading stocks:		
On hand	23,838	28,569
On consignment	2,720	1,104
In transit	2,625	2,737
Total inventories at lower of cost and net realisable value	29,183	32,410
Inventories recognised as an expense in cost of sales	44,372	63,852
Allowance/ (Write-back) for inventory obsolescence charged to the income statement, net	464	(683)
Inventories written down charged to the income statement	340	11

The write-back of allowance for inventory obsolescence was made when the related inventories were sold above their carrying amounts in 2019.

17. INVESTMENT SECURITIES

Financial instruments as at 30 June:

	Group	
	2020	**2019**
	$'000	$'000
At fair value through profit or loss		
Equity instruments (unquoted)	–	–

The investee has ceased its main operations and is unlikely to be recoverable.

18. TRADE DEBTORS

	Group	
	2020	**2019**
	$'000	$'000
External trade debtors	1,268	2,753
Trade debts due from associate	8,917	11,646
	10,185	14,399
Less: Allowance for expected credit losses	(106)	(106)
	10,079	14,293

18. TRADE DEBTORS (CONTINUED)

Trade debtors are non-interest bearing and are generally on 60 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade debts due from associate are non-interest bearing and are generally on 60 days' terms.

Expected credit losses

The movement in allowance for expected credit losses of trade debtors computed based on lifetime ECL are as follows:

	Group	
	2020	**2019**
	$'000	$'000
Movement in allowance accounts:		
At 1 July	106	111
Allowance for the financial year	–	6
Allowance utilised	–	(11)
At 30 June	106	106

19. OTHER DEBTORS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Other debtors	2,196	2,085	17	330
Sales tax refunds receivable	–	677	–	–
Deposits	1,663	2,233	6	6
Loan to related party of associate	5,500	5,500	–	–
Due from subsidiaries	–	–	19,356	30,299
Due from associate	6,701	6,564	19	5
	16,060	17,059	19,398	30,640
Less: Allowance for expected credit losses	(3,293)	(107)	(19,340)	(11,471)
	12,767	16,952	58	19,169

Other debtors and amounts due from associate are non-trade related, non-interest bearing and unsecured.

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

19. OTHER DEBTORS (CONTINUED)

The loan to related party of associate is secured by shares in the associate, bears interest at 4.0% per annum and is repayable on 11 August 2016. During the financial year, the repayment date has been extended to earlier of 9 June 2021 or the date of Initial Public Offering of PT Gilang Agung Persada. The loan is to be settled in cash.

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

The movement in allowance for expected credit losses of other debtors computed based on lifetime ECL are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 July	107	107	11,471	11,574
Allowance for the financial year	3,178	–	7,869	–
Reversal for the financial year	–	–	–	(103)
Currency realignment	8	–	–	–
At 30 June	3,293	107	19,340	11,471

20. TRADE AND OTHER CREDITORS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current:				
Trade creditors	11,893	14,666	–	–
Accruals	2,862	4,651	1,767	1,873
Provisions	736	767	–	–
Sundry creditors	6,258	5,453	408	651
Loans due to shareholders and directors	1,380	2,835	–	–
Contract liabilities (Note 5)	47	47	–	–
Derivative financial liabilities	3	18	–	–
Due to subsidiaries	–	–	31	8,319
Due to associate	321	145	–	–
	23,500	28,582	2,206	10,843
Non-current:				
Due to subsidiaries	–	–	8,397	–

20. TRADE AND OTHER CREDITORS (CONTINUED)

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

The amounts due to subsidiaries (current) and associate are non-trade related, unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

The amounts due to subsidiaries (non-current) are non-trade related, unsecured, non-interest bearing and repayable in June 2022 to June 2023. These balances are to be settled in cash.

Loans due to shareholders and directors are unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

The movement in provision for restoration cost are as follows:

	Group	
	2020	**2019**
	$'000	$'000
At 1 July	767	893
Provided during the year	49	75
Utilisation	(76)	(176)
Provision no longer required	(3)	(11)
Currency realignment	(1)	(14)
At 30 June	736	767

Provision for restoration cost is the estimated costs of restoring leasehold premises, retail outlets and warehouse, which are capitalised as part of leasehold improvements and amortised over the remaining leasehold periods.

21. HIRE PURCHASE

The Group has entered into hire purchase agreements for its leasehold improvements. These are secured by a charge over the leased assets (Note 12).

	Group	
	2020	2019
	$'000	$'000
Present value of minimum lease payments are as follows:		
Not later than one year	357	442
Later than one year but not later than five years	80	362
Total present value of minimum lease payments	437	804
Future minimum lease repayments are as follows:		
Not later than one year	404	517
Later than one year but not later than five years	94	424
Total future minimum lease payments	498	941
Amount representing interest	(61)	(137)
	437	804

22. BANK BORROWINGS

	Group	
	2020	2019
	$'000	$'000
Current		
Bank overdrafts (Note 28)	3,200	1,519
Trust receipts and bills payable	9,766	12,630
Term loans	5,454	4,260
	18,420	18,409
Non-current		
Term loans	5,827	1,134
	24,247	19,543

Corporate guarantees are given by the Company amounting to approximately $55,261,000 (2019: $45,958,000) for facilities granted to certain subsidiaries and associate.

As at 30 June 2020, the Group's secured term loan of $1,554,000 (2019: $2,394,000) is secured by second legal mortgage over a personal property of a Director of the Group and personal guarantees from certain Directors of the Group.

22. BANK BORROWINGS (CONTINUED)

Term loans and bank overdrafts

The term loans bore interest at rates that ranged from 2.26% to 5.00% (2019: 3.48% to 5.00%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 4.25% to 8.20% (2019: 5.25% to 8.49%) per annum during the financial year.

Trust receipts and bills payable

The trust receipts and bills payable bear interest at rates that ranged from 2.00% to 5.56% (2019: 2.25% to 6.22%) per annum during the financial year.

The Group's credit facilities are subject to certain terms and conditions, including compliance with debt covenants. Management monitors and assesses its debt covenants for all its loans and borrowings periodically.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	1 July 2019 $'000	Cash flows $'000	Acquisition of furniture, fixtures and equipment $'000	Foreign exchange movement $'000	Other $'000	30 June 2020 $'000
Term loans	5,394	5,887	–	–	–	11,281
Trust receipts and bills payable	12,630	(2,864)	–	–	–	9,766
Obligations under hire purchase						
– current	442	(376)	–	9	282	357
– non-current	362	–	–	–	(282)	80
Total	18,828	2,647	–	9	–	21,484

			Non-cash changes			
	1 July 2018 $'000	Cash flows $'000	Acquisition of furniture, fixtures and equipment $'000	Foreign exchange movement $'000	Other $'000	30 June 2019 $'000
Term loans	6,294	(900)	–	–	–	5,394
Trust receipts and bills payable	11,566	1,064	–	–	–	12,630
Obligations under hire purchase						
– current	425	(440)	27	(12)	442	442
– non-current	735	–	92	(23)	(442)	362
Total	19,020	(276)	119	(35)	–	18,828

The 'other' column relates to reclassification of non-current portion of obligations under hire purchase due to passage of time.

23. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Gross deferred tax liabilities:				
Depreciation	(120)	(170)	(50)	(37)
	(120)	(170)		
Gross deferred tax assets:				
Provisions	498	436	(63)	153
	498	436	(113)	116
Reflected in balance sheet as follows:				
Deferred tax assets	378	266		

Unrecognised temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, no deferred tax liability (2019: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's investments as:

– the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and

– the Group's investment in associate is held by a wholly-owned subsidiary in the same tax jurisdiction, and the Group has determined that undistributed profit of the subsidiary will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to $11,304,000 (2019: $12,058,000). The deferred tax liability is estimated to be $1,130,000 (2019: $1,206,000).

24. LEASE LIABILITIES

The table below sets out the carrying amount of lease liabilities and the movements during the year:

	Group 2020 $'000	Company 2020 $'000
At 1 July 2019		
As previously reported	–	–
Effects of adopting SFRS(I) 16	20,269	130
As restated	20,269	130
Additions	9,818	–
Accretion of interest	790	3
Payments	(10,561)	(85)
Currency realignment	19	–
At 30 June 2020	20,335	48
Current	10,905	48
Non-current	9,430	–
	20,335	48

25. SHARE CAPITAL

	Group and Company			
	2020 No. of shares '000	2020 $'000	2019 No. of shares '000	2019 $'000
Ordinary shares issued and fully paid				
At the beginning and end of the financial year	909,936	176,955	909,936	176,955

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares at $0.035 per new share and 682,451,828 free detachable warrants to its shareholders. Each warrants carries the rights to subscribe one new ordinary share in the capital of the Company at an exercise price of $0.04 per warrant for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and the date of expiry immediately preceding the third anniversary of the date of issue of the warrants. The newly issued shares ranked pari passu in all respects with the previously issued shares. During the financial year, nil warrants were exercised.

26. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency, and the translation of monetary items that in substance forms part of the Company's net investment in the foreign operations.

27. OTHER RESERVES

Other reserves comprises share of movements in the net defined benefits plan liabilities of associate resulting from re-measurements at each year end.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash on hand and at banks	8,096	4,432	58	39
Fixed deposits with licensed banks	3,619	3,290	3,000	3,000
	11,715	7,722	3,058	3,039

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

Fixed deposits with licensed banks must be maintained at all times with banks for term loan and bank guarantees and hence, are not available for general use.

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

	Group	
	2020	2019
	$'000	$'000
Cash on hand and at banks	8,096	4,432
Fixed deposits with licensed banks	3,619	3,290
Bank overdrafts (Note 22)	(3,200)	(1,519)
	8,515	6,203

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by management. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade debtors and other debtors. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

The Group manages its credit risk through application of credit approvals, credit limits and monitoring procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payments.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the debtor

– A breach of contract, such as a default of past due event

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when the receivable remains uncollectible after all reasonable collection efforts have been exhausted. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

A summary of the Group's basis for recognition of the Group's expected credit loss ("ECL") for trade and other debtors is as follows:

Assets classifications	Basis for recognition of expected credit loss provision
Trade debtors	Lifetime ECL (simplified approach)
Other debtors	12-month ECL
Other debtors (Due from associates and related party of associate)	Lifetime ECL

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Trade debtors

The Group provides for lifetime expected credit losses for trade debtors using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade debtors using the provision matrix:

2020	Current S'000	More than 30 days past due S'000	More than 60 days past due S'000	More than 90 days past due S'000	Total S'000
Gross carrying amount	1,192	8	11	8,974	10,185
Loss allowance provision	–	–	–	(106)	(106)
	1,192	8	11	8,868	10,079

2019	Current S'000	More than 30 days past due S'000	More than 60 days past due S'000	More than 90 days past due S'000	Total S'000
Gross carrying amount	5,086	174	142	8,997	14,399
Loss allowance provision	–	–	–	(106)	(106)
	5,086	174	142	8,891	14,293

Information regarding loss allowance movement of trade debtors are disclosed in Note 18 (Trade debtors).

Other debtors

The Company assessed the latest performance and financial position of other debtors, adjusted for the future outlook of the industry in which the counterparties operate in. Accordingly, the Company measured the impairment loss allowance using general approach of ECL. Information regarding loss allowance movement of other debtors are disclosed in Note 19 (Other debtors).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, and
- $55,261,000 (2019: $45,958,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associate.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly.

Credit risk concentration profile

The Group has (i) approximately 88% (2019: 81%) of the trade debts due from an associate in Indonesia and (ii) approximately 13% (2019: 17%) of the financial assets due from a related party of an associate in Indonesia.

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash on hand and at banks and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade debtors) and Note 19 (Other debtors).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from bank borrowings which are subject to floating interest rates and are re-priced at intervals of less than one year.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts, and interest rate economic effect of converting borrowings from fixed rates to floating rates or vice versa.

The effect of a reasonably possible increase in interest rates in each type of currency financial instrument, with all other variables held constant, would increase the loss before tax or decrease the profit before tax by the amounts shown below.

	Group			
	Basis points		Increase in loss before tax	Decrease in profit before tax
	2020	2019	2020	2019
			$'000	$'000
Singapore dollar borrowings	75	75	(89)	(58)
Malaysian dollar borrowings	75	75	(67)	(60)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its liquidity risk by maintaining a healthy balance of cash and cash equivalents and an adequate amount of committed credit facilities.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2020				
Financial assets:				
Trade debtors	10,079	–	–	10,079
Other debtors	12,767	–	–	12,767
Cash on hand and at banks	11,715	–	–	11,715
Total undiscounted financial assets	34,561	–	–	34,561
Financial liabilities:				
Trade and other creditors	22,714	–	–	22,714
Hire purchase	404	94	–	498
Derivative financial liabilities	3	–	–	3
Bank borrowings	19,188	6,118	–	25,306
Lease liabilities	11,294	9,767	–	21,061
Total undiscounted financial liabilities	53,603	15,979	–	69,582
Total net undiscounted financial liabilities	(19,042)	(15,979)	–	(35,021)
2019				
Financial assets:				
Trade debtors	14,293	–	–	14,293
Other debtors	17,172	–	–	17,172
Cash on hand and at banks	7,722	–	–	7,722
Total undiscounted financial assets	39,187	–	–	39,187
Financial liabilities:				
Trade and other creditors	27,750	–	–	27,750
Hire purchase	517	424	–	941
Derivative financial liabilities	18	–	–	18
Bank borrowings	19,229	1,191	–	20,420
Total undiscounted financial liabilities	47,514	1,615	–	49,129
Total net undiscounted financial liabilities	(8,327)	(1,615)	–	(9,942)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2020				
Financial assets:				
Subsidiaries	–	–	31,924	31,924
Other debtors	58	–	–	58
Cash on hand and at banks	3,058	–	–	3,058
Total undiscounted financial assets	3,116	–	31,924	35,040
Financial liabilities:				
Trade and other payables	2,206	–	8,397	10,603
Lease liabilities	50	–	–	50
Total undiscounted financial liabilities	2,256	–	8,397	10,653
Total net undiscounted financial assets	860	–	23,527	24,387
2019				
Financial assets:				
Subsidiaries	–	–	22,974	22,974
Other debtors	19,169	–	–	19,169
Cash on hand and at banks	3,039	–	–	3,039
Total undiscounted financial assets	22,208	–	22,974	45,182
Financial liabilities:				
Trade and other payables	10,843	–	–	10,843
Total undiscounted financial liabilities	10,843	–	–	10,843
Total net undiscounted financial assets	11,365	–	22,974	34,339

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2020				
Financial guarantee	305	–	–	305
2019				
Financial guarantee	440	–	–	440

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The Group seeks to maintain a natural hedge through the matching of liabilities against assets in the same currency or against the entity's functional currency. Where appropriate, the Group engages in foreign currency forward contracts to reduce exposure from currency fluctuations.

The table below summarised the Group's and Company's exposure to the significant foreign currencies balances at the end of the reporting period.

	USD $'000	CHF $'000	EURO $'000	GBP $'000
Group				
2020				
Trade and other debtors	111	60	2	72
Trade and other payables	(8,764)	(346)	(780)	(1,900)
Net borrowings	(2,293)	–	(677)	(953)
2019				
Trade and other debtors	28	–	–	–
Trade and other payables	(9,531)	(468)	(2,408)	(1,292)
Net borrowings	(1,225)	(159)	(2,133)	(1,134)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

	AUD $'000	HKD $'000	EURO $'000
Company			
2020			
Other debtors	173	27,350	38
2019			
Other debtors	171	26,318	36

The following table demonstrates the sensitivity to a reasonably possible change in the major foreign currencies that the Group is exposed to, with all other variables held constant.

	2020 Changes	2020 Loss before tax (increase)/ decrease $'000	2019 Changes	2019 Profit before tax increase/ (decrease) $'000
USD	+5%	(547)	+5%	(536)
CHF	+5%	(14)	+5%	(31)
EURO	+5%	(73)	+5%	(227)
GBP	+5%	(139)	+5%	(121)

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

30. FINANCIAL INSTRUMENTS

Carrying value of assets and liabilities

The carrying amounts of financial assets and liabilities are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Subsidiaries	–	–	31,924	22,974
Trade debtors	10,079	14,293	–	–
Other debtors	12,767	16,952	58	19,169
Cash on hand and at banks	11,715	7,722	3,058	3,039
	34,561	38,967	35,040	45,182
Financial asset carried at fair value through profit or loss				
Investment securities	–	–		
Financial liabilities measured at amortised cost				
Trade and other creditors	22,714	27,750	10,603	10,843
Hire purchase	437	804	–	–
Bank borrowings	24,247	19,543	–	–
	47,398	48,097	10,603	10,843
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	3	18		

30. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of assets and liabilities

A. Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2020 Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	–	3	–	3
Financial liabilities as at 30 June 2020	–	3	–	3

30. FINANCIAL INSTRUMENTS (CONTINUED)

B. Assets and liabilities measured at fair value (continued)

	Group 2019			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets carried at fair value through profit or loss				
Derivative financial liabilities	–	18	–	18
Financial liabilities as at 30 June 2019	–	18	–	18

There have been no transfers between Level 1 and Level 2 during the financial years ended 2020 and 2019.

C. Level 2 fair value measurements

Derivative financial assets/liabilities (forward currency contracts) are valued by reference to current forward exchange rates for contracts with similar maturity profiles.

D. Assets and liabilities that are not carried at fair value and whose carrying amounts approximate fair values

Management has determined that the carrying amounts of all current financial assets, financial liabilities, all bank borrowings and hire purchase reasonably approximate their fair values because these are either short term in nature or are repriced frequently.

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their channel of distribution, and has three reportable operating segments as follows:

i. The Ongoing Retail segment is involved in the operation of retail stores specialising in the retail of consumer fashion wear, accessories and timepieces.

ii. The Distribution segment is involved in the distribution of consumer fashion wear, accessories, home furnishings and timepieces.

iii. The Export segment is involved in the export of consumer fashion wear, accessories and timepieces.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between parties involved in the transactions.

31. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2020					
Sales to external consumers	81,302	5,710	5,903	–	92,915
Segment results	(459)	353	283	(7,728)	(7,551)
Interest income					271
Interest expenses from bank borrowings and hire purchase					(938)
Interest expenses from lease liabilities					(790)
Share of results of associate, net of tax					(5,333)
Loss before tax					(14,341)
Income tax expenses					(611)
Net loss for the year					(14,952)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2019					
Sales to external consumers	111,751	7,943	11,815	–	131,509
Segment results	6,416	110	697	(2,762)	4,461
Interest income					256
Interest expenses from bank borrowings and hire purchase					(938)
Share of results of associate, net of tax					(1,673)
Profit before tax					2,106
Income tax expenses					(1,929)
Net profit for the year					177

31. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2020					
Segment assets	67,343	4,397	3,748	9,278	84,766
Investment in associate	–	–	–	15,272	15,272
	67,343	4,397	3,748	24,550	100,038
Unallocated assets					6,369
Total assets					106,407
Segment liabilities	40,511	2,153	1,934	2,874	47,472
Unallocated liabilities					21,049
Total liabilities					68,521
Capital expenditure	1,286	–	–	127	1,413
Depreciation	2,589	38	–	327	2,954

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2019					
Segment assets	52,854	4,947	6,487	10,400	74,688
Investment in associate	–	–	–	21,586	21,586
	52,854	4,947	6,487	31,986	96,274
Unallocated assets					5,825
Total assets					102,099
Segment liabilities	22,009	2,275	3,944	2,677	30,905
Unallocated liabilities					18,426
Total liabilities					49,331
Capital expenditure	2,750	1	–	454	3,205
Depreciation	2,728	71	–	354	3,153

31. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

Assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented as unallocated assets and liabilities, as shown in the table below.

	2020 $'000	2019 $'000
Unallocated assets		
Other debtors	5,500	5,500
Deferred tax assets	378	266
Tax recoverable	491	59
	6,369	5,825
Unallocated liabilities		
Bank borrowings (excluding bank overdrafts)	21,047	18,024
Provision for taxation	2	402
	21,049	18,426

Geographical segments

Revenue, non-current assets and capital expenditure information based on geographical location of customers and assets respectively are as follows:

	Southeast Asia $'000	Other $'000	Group $'000
2020			
Turnover	92,915	–	92,915
Other geographical information:			
Non-current assets	41,672	1	41,673
Capital expenditure	1,413	–	1,413
2019			
Turnover	131,509	–	131,509
Other geographical information:			
Non-current assets	30,087	1	30,088
Capital expenditure	3,204	1	3,205

32. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2023 and contain provisions for rental adjustments, renewal options, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing.

As at 30 June 2019, the future minimum lease payments payable under non-cancellable operating leases at the end of reporting period but not recognised as liabilities are as follows:

	Group 2019 $'000
Within one year	14,387
Between one year to five years	14,093
Later than five years	42
	28,522

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 30 June 2020, except for short-term and low-value leases.

33. CONTINGENT LIABILITIES, UNSECURED

The Company has undertaken to provide financial support to certain subsidiaries for deficiencies in their shareholders' funds and to extend adequate funding to meet their operational needs.

The accrual for financial undertaking is disclosed in Note 14.

34. COMMITMENTS

As at 30 June 2020, the Group has entered into several licensing and distribution agreements with its principals. These agreements stipulate certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions.

As at 30 June 2020, the Group has outstanding forward contracts with settlement dates within the next one year of USD 1,347,300 and GBP 200,000 (2019: USD 1,652,500).

35. RELATED PARTY TRANSACTIONS DISCLOSURE

In addition to related party transactions disclosed in other notes to the financial statements, during the financial year, the Group has entered into transactions with related parties on terms agreed between the parties, as shown below:

	2020 $'000	2019 $'000
Sale of goods to associate	5,330	10,907
Market support and administrative service income from associate	450	450
Directors' fees		
– Directors of the Company	164	205
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	925	738
– Other Directors of subsidiaries	794	776
– Non Directors	311	323
	2,030	1,837

Provident fund contributions of $88,000 (2019: $96,000) are included in remuneration of key management personnel.

36. CAPITAL MANAGEMENT

The Group aims to maintain healthy capital ratios, using gearing ratio and return on equity, in order to support its business and maximise shareholders' value, while at the same time maintaining an appropriate dividend policy to reward its shareholders.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

The Group monitors capital using a gearing ratio and return on equity. Gearing ratio is computed as net debt divided by total equity attributable to owners of the Company while return on equity is computed as net profit attributable to owners of the Company for the financial year divided by the total equity attributable to owners of the Company. Net debt is calculated as borrowings and hire purchase less cash on hand and at banks.

36. CAPITAL MANAGEMENT (CONTINUED)

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

	Group	
	2020	2019
	$'000	$'000
Bank borrowings	24,247	19,543
Hire purchase	437	804
Less: cash on hand and at banks	(11,715)	(7,722)
Net debt	12,969	12,625
Equity attributable to owners of the Company	37,886	52,768
Net (loss)/ profit attributable to owners of the Company for the financial year	(14,952)	177
Gearing ratio	34.2%	23.9%
Return on equity	(39.5%)	0.3%

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors dated 29 September 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2020

Number of Equity Securities	:	909,935,771
Number of Treasury Shares	:	Nil
Subsidiary Holding	:	Nil
Class of Equity Shares	:	Ordinary shares
Voting Rights	:	One Vote per Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	44	1.02	1,486	0.00
100 – 1,000	698	16.13	679,302	0.07
1,001 – 10,000	1,777	41.06	9,188,910	1.01
10,001 – 1,000,000	1,760	40.66	181,398,768	19.94
1,000,001 AND ABOVE	49	1.13	718,667,305	78.98
TOTAL	**4,328**	**100.00**	**909,935,771**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	DBS NOMINEES (PRIVATE) LIMITED	149,098,960	16.39
2.	BENJAMIN FRANK	126,429,770	13.89
3.	LIM ENG HOCK	116,664,320	12.82
4.	RAFFLES INVESTMENTS PRIVATE LIMITED	99,648,000	10.95
5.	UOB KAY HIAN PRIVATE LIMITED	48,526,450	5.33
6.	WESTERN PROPERTIES PTE LTD	44,880,000	4.93
7.	CITIBANK NOMINEES SINGAPORE PTE LTD	11,447,900	1.26
8.	LIM YEW HOE	10,703,900	1.18
9.	RAFFLES NOMINEES (PTE.) LIMITED	10,418,260	1.14
10.	DB NOMINEES (SINGAPORE) PTE LTD	6,929,000	0.76
11.	NEO YAM CHENG OR LEE KWEE LAN	6,006,400	0.66
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,217,900	0.57
13.	LIM HUI MEI OR EDWIN GOMEZ	5,000,000	0.55
14.	PHILLIP SECURITIES PTE LTD	4,048,405	0.44
15.	TAN ENG CHUA EDWIN	4,011,100	0.44
16.	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	3,944,000	0.43
17.	MAYBANK KIM ENG SECURITIES PTE.LTD	3,684,000	0.40
18.	LEE WEE NGAM	3,500,000	0.38
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,296,500	0.36
20.	CHIEW POH CHENG	3,263,840	0.36
	TOTAL	**666,718,705**	**73.24**

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2020

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		DIRECT INTEREST	%	DEEMED INTEREST	%
1.	Frank Benjamin	126,429,770	13.89	–	–
2.	Lim Eng Hock	116,664,320	12.82	–	–
3.	Segulah Pte Ltd@	91,937,900	10.10	–	–
4.	Raffles Investments Private Limited#	99,648,000	10.95	–	–
5.	Temasek Holdings (Private) Ltd@	–	–	91,937,900	10.10
6.	DBS Trustee Limited@	–	–	91,937,900	10.10
7.	DBS Group Holdings Limited@	–	–	91,937,900	10.10
8.	DBS Bank Ltd.@	–	–	91,937,900	10.10
9.	Tan Chin Tuan Pte. Ltd.#	–	–	99,648,000	10.95
10.	Aequitas Pte Ltd#	–	–	99,648,000	10.95
11.	Tecity Pte Ltd#	–	–	99,648,000	10.95
12.	Dr Tan Kheng Lian#	–	–	99,648,000	10.95
13.	Mavis Benjamin, Mrs*	–	–	126,429,770	13.89

@ Temasek Holdings (Private) Ltd, DBS Trustee Limited, DBS Group Holdings Limited and DBS Bank Ltd are deemed to be interested in the shares held by Segulah Pte Ltd.

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

* Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 16 September 2020, approximately 48.70% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

STATISTICS OF WARRANTHOLDINGS

AS AT 16 SEPTEMBER 2020

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	7	0.59	378	0.00
100 – 1,000	4	0.34	3,680	0.00
1,001 – 10,000	317	26.66	1,843,504	0.27
10,001 – 1,000,000	822	69.13	95,927,516	14.06
1,000,001 AND ABOVE	39	3.28	584,676,750	85.67
TOTAL	**1,189**	**100.00**	**682,451,828**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1.	BENJAMIN FRANK	172,477,540	25.27
2.	LIM ENG HOCK	87,498,240	12.82
3.	RAFFLES INVESTMENTS PRIVATE LIMITED	74,736,000	10.95
4.	DBS NOMINEES (PRIVATE) LIMITED	52,620,220	7.71
5.	WESTERN PROPERTIES PTE LTD	33,660,000	4.93
6.	SSP INNOVATIONS PTE LTD	23,116,800	3.39
7.	LIM CHER KHIANG	16,652,340	2.44
8.	DEREK MARTIN DA CUNHA	16,000,000	2.34
9.	BENJAMIN ELI MANASSEH	14,300,000	2.10
10.	UOB KAY HIAN PRIVATE LIMITED	11,926,000	1.75
11.	LIM YEW HOE	8,609,800	1.26
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,542,800	1.25
13.	TAN ENG CHUA EDWIN	8,412,200	1.23
14.	MAYBANK KIM ENG SECURITIES PTE.LTD	8,158,400	1.20
15.	RAFFLES NOMINEES (PTE.) LIMITED	5,914,020	0.87
16.	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	2,892,000	0.42
17.	TAN YONG SENG	2,800,000	0.41
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,799,200	0.41
19.	CHANG SEE HIANG	2,520,000	0.37
20.	CHIEW POH CHENG	2,387,880	0.35
	TOTAL	**556,023,440**	**81.47**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd (“**the Company**”) will be held by way of electronic means (via live audio-visual webcast or live audio-only stream) on Tuesday, 27 October 2020 at 11.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Independent Auditor’s Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 102 of the Constitution of the Company:

   (i) Mr Eli Manasseh Benjamin **(Resolution 2)**
   (ii) Mr Liew Choon Wei **(Resolution 3)**

3. To approve the sum of up to S$205,000 to be paid as directors’ fees for the financial year ending 30 June 2021 (FY2020: up to S$205,000). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolution, with or without any modifications:

6. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act ("subsidiary holdings")) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of any instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the listing rules of the SGX-ST as may for the time being be applicable (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 6)

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 12 October 2020

EXPLANATORY NOTES:

Ordinary Resolution 2 is to re-elect Mr Eli Manasseh Benjamin who will be retiring pursuant to Article 102 of the Constitution of the Company. Mr Eli Manasseh Benjamin will, upon re-election as Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company and will be considered non-independent.

Ordinary Resolution 3 is to re-elect Mr Liew Choon Wei who will be retiring pursuant to Article 102 of the Constitution of the Company. Mr Liew will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent.

Key information on the retiring directors can be found on pages 152 to 157 of the Annual Report.

Ordinary Resolution 6 is to empower the directors to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTES:

1. The Annual General Meeting (the "**Meeting**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Alternative arrangements relating to, amongst others, attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast ("**live webcast**") or listening to the Meeting proceedings via live audio-only stream ("**live audio feed**"), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "**Instructions to Shareholders for Annual General Meeting 2020**".

3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting**.

   In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including Central Provident Fund ("**CPF**") members or Supplementary Retirement Scheme ("**SRS**") investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should contact their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by **11.00 a.m. on 15 October 2020**, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **11.00 a.m. on 25 October 2020**.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must either be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623; **or**

   (b) if submitted electronically, be submitted via email to AGM.TeamE@boardroomlimited.com.

   in either case, **by 11.00 a.m. on 25 October 2020 (being at least forty-eight (48) hours before the time for holding the Meeting)**.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms electronically via email to AGM.TeamE@boardroomlimited.com.

6. The Proxy Form must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form 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.

7. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

IMPORTANT:

The following documents are available for access and download from the Company's website and SGX website at the URLs https://www.fjbenjamin.com/investors-annual-reports.php and https://www.sgx.com/securities/company-announcements respectively.

- Annual Report for the financial year ended 30 June 2020
- Notice of Annual General Meeting
- Proxy Form
- Instructions to Shareholders for Annual General Meeting 2020

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Eli Manasseh Benjamin and Mr Liew Choon Wei are the Directors seeking re-election at the annual general meeting of F J Benjamin Holdings Ltd ("Company") on 27 October 2020.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors, as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST is as follows:

Name	:	Mr Eli Manasseh Benjamin	Mr Liew Choon Wei
Date Of Appointment	:	26 July 1973	29 November 2016
Age	:	70	66
Country Of Principal Residence	:	Singapore	Singapore
Date of last re-appointment (if applicable)	:	27 October 2017	27 October 2017
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	:	Mr Benjamin's re-election was recommended by NC and approved by Board. His deep insight and knowledge of the Group's business and strategies contribute to the core competency of the Board.	Mr Liew's re-election was recommended by NC and approved by Board. His audit background and related industry experience contribute to the core competency of the Board.
Whether appointment is executive, and if so, the area of responsibility	:	Yes, executive. He is involved in the fomulation of long-term corporate strategies and policies of the Group, maintains a close relationship with all the Group's principals and oversees the business development arm of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Chief Executive Officer, Executive Director	Independent Non-Executive Director Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee
Professional qualifications	:	None	Retired Fellow Member of Association of Chartered Certified Accountants, UK Member of Chartered Accountant of Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	His brother, Mr Frank Benjamin, is a substantial shareholder and Non-Executive Chairman of the Company. His nephew, Mr Douglas Jackie Benjamin, is Group Chief Operating Officer and Executive Director of the Company.	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Conflict of interest (including any competing business)	:	No	No
Working experience and occupation(s) during the past 10 years	:	Executive Director of F J Benjamin Holdings Ltd	July 1990 to March 2013: Audit Partner of Ernst & Young LLP Singapore
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1)	:	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	Yes	No
Shareholding Details	:	31,710,050 ordinary shares 14,300,000 warrants	N/A
Other Principal Commitments Including Directorships:			
Past (for the last 5 years)		None	None
Present		Director: F J Benjamin (Singapore) Pte Ltd Nootrees Pte Ltd Fashion Dynamics International Pte Ltd F J Benjamin Concepts Pte Ltd F J Benjamin Ideas Pte Ltd F.J.B. Investment Pte Ltd F J Benjamin Lifestyle Pte Ltd Fashion Dynamics Singapore Pte Ltd F J Benjamin (M) Sdn Bhd F J Benjamin Lifestyle (M) Sdn Bhd F J Benjamin (HK) Limited Ferro Design Limited F J Benjamin Timepieces (HK) Limited F J Benjamin Italy SRL F J Benjamin (US) Inc.	Director: Frasers Hospitality Asset Management Pte Ltd Frasers Hospitality Trust Management Pte Ltd Halycon Agri Corporation Limited The Hour Glass Limited

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	:	No	No
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	:	No	No
Whether there is any unsatisfied judgment against him?	:	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	:	No	No

Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	: No	No
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	: No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	: No	No
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	: No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	:	No	No
Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	:	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	:	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	:	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	:	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an listed issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roels and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	:	Not applicable. This is re-election of a director.	Not applicable. This is re-election of a director.

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F J BENJAMIN HOLDINGS LTD

(Company Registration No.: 197301125N)

(Incorporated In The Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

This proxy form has been made available on the SGX website and the Company's website and may be accessed at these URLs: https://www.fjbenjamin.com/investors-annual-reports.php and https://www.sgx.com/securities/company-announcements

IMPORTANT:

1. The Annual General Meeting ("**AGM**" or the "**Meeting**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Annual Report and Notice of AGM dated 12 October 2020 have been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at URL https://www.fjbenjamin.com/investors-annual-reports.php
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-webcast "**live webcast**" or live audio-only stream "**live audio feed**"), registration for live webcast or live audio feed, submission of questions in advance of the Meeting, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Instructions to Shareholders for Annual General Meeting 2020".
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
4. Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including Central Provident Fund ("**CPF**") members or Supplementary Retirement Scheme ("**SRS**") investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should contact their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by 11.00 a.m. on 15 October 2020, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 11.00 a.m. on 25 October 2020.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 October 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We, ____

of ____

being a *member/members of F J BENJAMIN HOLDINGS LTD (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company **to be held by way of electronic means (via live audio webcast or live audio-only stream)** on **Tuesday, 27 October 2020 at 11.00 a.m.** and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against or abstain from voting the resolutions to be tabled at the Meeting in the boxes provided hereunder.

All resolutions put to the vote at the Meeting shall be conducted by poll.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against (1)	Number of Votes Abstain(1)
ORDINARY BUSINESS:				
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020			
2	Re-election of Mr Eli Manasseh Benjamin as Director			
3	Re-election of Mr Liew Choon Wei as Director			
4	Approval of a sum of up to S$205,000 to be paid as directors' fees for the financial year ending 30 June 2021			
5	Re-appointment of Messrs Ernst & Young LLP as Independent Auditor of the Company			
SPECIAL BUSINESS:				
6	Authority to issue shares			

*(1) If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** or **Abstain**, please tick (✓) within the box provided. Alternatively, please indicate the number of votes **For** or **Against** or **Abstain** in the box in respect of that resolution. If you mark "Abstain", you are directing your proxy not to vote.*

In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.

Dated this ____________ day of __________________2020

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting**.

2. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

3. 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) Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 of the Company, you should insert the aggregate number of shares. If no number is inserted, this form of proxy shall be deemed to relate to all the shares held by you.

4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF members or SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should contact their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by **11.00 a.m. on 15 October 2020**, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **11.00 a.m. on 25 October 2020**.

7. The duly completed and signed Proxy Form must either be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623; **or**

   (b) if submitted electronically, be submitted via email to AGM.TeamE@boardroomlimited.com.

   in either case, **by 11.00 a.m. on 25 October 2020 (being at least forty-eight (48) hours before the time for holding the Meeting)**.

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to AGM.TeamE@boardroomlimited.com. The Proxy Form is available for download from SGX website at URL https://www.sgx.com/securities/company-announcements and the Company's website at URL https://www.fjbenjamin.com/investors-annual-reports.php.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed proxy forms electronically via email to AGM.TeamE@boardroomlimited.com.

PERSONAL DATA PRIVACY:

By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Meeting dated 12 October 2020.

GENERAL:

The Company shall be entitled to reject this Proxy Form 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 the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

OPERATIONS DIRECTORY

SINGAPORE

F J Benjamin (Singapore) Pte Ltd
Fashion Dynamics Singapore Pte Ltd

1 Jalan Kilang Timor,
#07-01/02
Pacific Tech Centre
Singapore 159303

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

MALAYSIA

F J Benjamin (M) Sdn. Bhd.

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

HONG KONG

F J Benjamin Timepieces (HK) Limited

Unit 1304,
13/F Bonham Trade Centre
50 Bonham Strand
Sheung Wan, Hong Kong

FJ BENJAMIN

F J BENJAMIN HOLDINGS LTD.

CO. REG. NO. 197301125N

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