



**NOEL**

ANNUAL REPORT 2020

**Adapting  
To Meet  
Seasons of  
Change**





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# About Us

Noel Gifts International Ltd (Noel Gifts) is Singapore's leading hampers, flowers and gifts company with an extensive offering of chic floral arrangements and gifting ideas for the stylish and discerning.

Over the past 45 years, the company has been Bringing People Closer with premium quality gift selections for all occasions. Since its inception in 1975, the company began business under the name "Noel Commerce" as a year-end hamper packaging company. In 1982, the company expanded to incorporate a flower business and was renamed "Noel Hampers and Gifts Pte Ltd" a year later. In 1993, the company was renamed "Noel Gifts International Ltd" due to steady growth of the business. In the same year, the company also became a public listed company on the second board of Singapore Stock Exchange, SESDAQ. In 2008, Noel Gifts was listed on the SGX Mainboard.

Till today, Noel Gifts remains true to its core values, and continues living its vision of

***Bringing People Closer, Making Everyday Better.***





# Managing Director's Message

*"In these extraordinary times, it remains critical for the Group to continue to reinvent ourselves to meet the needs of tomorrow. The Group will continue to assess and refine our processes, innovating to adapt to the volatile conditions and greater uncertainties that lie ahead."*



# Managing Director's Message

## DEAR SHAREHOLDERS

As we mark another momentous milestone crossing the 45<sup>th</sup> year in our corporate journey, we give thanks to the Almighty God who has guided us through another remarkable year despite the turbulent economic environment and ever-ambiguous landscape.

In these extraordinary times, it remains critical for the Group to continue to reinvent ourselves to meet the needs of tomorrow. The Group will continue to assess and refine our processes, innovating to adapt to the volatile conditions and greater uncertainties that lie ahead.

We are also pleased to welcome the return of our executive and independent directors as we continue on our fulfilling journey of bridging the emotional distance, bringing people closer and making every day better.

## FINANCIAL REVIEW

For the financial year ended 30 June 2020, the Group recorded revenue of \$19.9 million, a decrease of 10.0% from \$22.1 million in the previous year. The decline was mainly attributable to lower gift revenue due to the impact of the Covid-19 pandemic. The gross profit decrease was also largely in line with the decrease in revenue.

Accordingly, the cost of sales decreased from \$11.0 million to \$10.2 million, and the gross profit decreased by \$1.3 million from \$11.0 million to \$9.7 million.

The Group's other income of \$1.4 million in FY2020 mainly comprises receipts of government grants under the Jobs Support Scheme, rental rebates and foreign worker levy rebates, amounting to \$0.7 million in total. The Group also recorded in other income, the fair value gain of \$0.4 million of investment properties as per independent desktop valuation report.

In FY2020, the total distribution, administrative and other operating expense decreased by \$0.9 million from \$10.7 million to \$9.8 million mainly due to lower manpower and marketing expenses. This excludes the fair value loss on investment properties of \$1.2 million in FY2019. Finance costs of \$0.07 million was due to the adoption of the new accounting standard, SFRS(I) 16 Lease, which recognised finance cost on lease liabilities.

# Managing Director's Message

The Group's income tax credit in FY2020 was due to overprovision in prior years as a result of the tax rebate. As such, the Group achieved a profit of \$1.3million as compared to \$0.5 million loss in FY2019.

In view of the above, the Group will be declaring a first and final cash dividend of \$0.002 cents per ordinary share, and a special dividend of \$0.013 cents per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting.

## ADAPTING TO MEET SEASONS OF CHANGE

From a small cottage-industry enterprise to an industry leader today, the Group has constantly adapted to change from the onset and continues to adapt each day to meet the seasons of change. It is imperative that we stay nimble, even more so in the current economic fallout, and react swiftly to arising developments and disruptions in order to move forward. The Group seeks for constant innovation and reinvention as we manoeuvre our way through this uncertain landscape. We strongly believe that by investing in constructive efforts of change, the Group will stay relevant and future-ready for any emerging economic opportunities ahead.

## STRENGTHENING OF BOARD

We would like to take this chance to welcome Mrs Ivy Tan and Mr Koh Soo Keong who have returned as our Executive Director and Independent Director respectively. Mrs Tan will lead the overall management and operations of the Gifts Division. Mr Koh will chair the Remuneration Committee and serve as a member in the Audit and Nominating Committee. With their vast experience, business knowledge and wisdom, we look forward to a new synergy together as we lead the Group to greater heights under the grace of God.

Yours sincerely,

**Alfred Wong Siu Hong**

Managing Director



# Board of Directors



Mr Alfred Wong Siu Hong



Mrs Ivy Tan (Mdm Wong Phui Hong)



Mr Foo Der Rong



Mr Aric Loh Siang Khee



Mr Koh Soo Keong

# Board of Directors

## **MR ALFRED WONG SIU HONG**

### **Managing Director**

Mr Wong is the founder of Noel Gifts International Ltd and has been its Managing Director since its commencement. With over 45 years of experience in the hamper, flower & gift business, he is in charge of the strategic planning, overall financial management and growth of the Group. Since 1997, he has been spearheading the Property division, overseeing property investment and development. He is a recipient of the 1991 ENDEC Entrepreneurship Excellence Award. Mr Wong holds a Master of Business Administration degree with distinction.

## **MRS IVY TAN (MDM WONG PHUI HONG)**

### **Executive Director**

Mrs Ivy Tan is the co-founder of Noel Gifts International Ltd, and has been re-designated as Executive Director on 1st January 2020. With her long tenure with the company that is commensurate with her vast experience and knowledge of the industry, Mrs Tan will be overseeing the overall management and operation of the Gifts Division. Mrs Tan was the Executive Pastor of Bethesda Bedok-Tampines Church (BBTC) from 2008 to 2014. She holds a Master of Business Administration degree with distinction.

## **MR FOO DER RONG**

### **Independent, Non-Executive Director**

Mr Foo was appointed as an Independent Director of the Company on 1st August 2017. He graduated with a Bachelor of Commerce degree from Nanyang University and has a wealth of rich experience and knowledge in business development, corporate restructuring, investment strategies and operation management, in a wide range of industries.

Mr Foo is currently a Director of Tian International Pte Ltd, a Non-Executive Director of Southern Lion Sdn Bhd and an Independent Director of Pavillon Holdings Ltd, SLB Development Ltd and Matex International Ltd. He is also an Executive Director of Adege Holdings Pte Ltd. His previous appointments include being the Managing Director / CEO of Intraco Ltd and Hanwell Holdings Ltd (formerly known as PSC Corporation Ltd) and Executive Director of

Tat Seng Packaging Group Ltd. He was the Vice Chairman of Teck Ghee Community Club and currently serves as a Patron of Teck Ghee Community Club.

## **MR ARIC LOH SIANG KHEE**

### **Independent, Non-Executive Director**

Mr Loh was appointed an Independent Director of the Company on 1st August 2017 and was last re-elected a Director of the Company on 27th October 2017. He is the Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee. He is also the Lead Independent Non-Executive Director of the Company.

Mr Loh was formerly an audit partner at Deloitte & Touche LLP, Singapore. He currently runs his own accounting practice. Mr Loh is also an Independent Director of Tee International Limited.

Mr Loh holds a Bachelor of Accountancy (2nd Class Honours) degree from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and the American Institute of Certified Public Accountants.

## **MR KOH SOO KEONG**

### **Independent, Non-Executive Director**

Mr Koh is a businessperson who has been at the helm of 13 different companies and is presently Chairman of Abl Asia Pte Ltd, Managing Director & Director at EcoSave Pte Ltd, Executive Director of Agape Ace Pte Ltd and Charis Axel Pte Ltd.

He is also on the board of 12 other companies. In the past, Mr Koh held the positions of Chairman of Agri-Food & Veterinary Authority, Chairman at Ascendas Real Estate Investment Trust, Non-Executive Chairman of AusGroup Ltd, Chief Executive Officer of KS Distribution Pte Ltd, President & Chief Executive Officer for Toll Asia and President & Chief Executive Officer for Toll (Asia) Pte Ltd.

Mr Koh holds a Master of Business Administration degree and a Bachelor of Engineering (Honours) degree from the National University of Singapore.

# Management Team

## **MS BERNADETTE KWAN**

### **General Manager**

As Noel Gifts' General Manager, Bernadette is responsible for overseeing the supply chain operations and marketing for the Group.

Having served with Noel Gifts since 1993, Bernadette has 27 years of in-depth industry experience and is familiar with every aspect of the business.

Bernadette holds an MBA from the University of Hull.

## **MR JASON TAN**

### **Senior Manager, Creative**

Before his return to Noel Gifts in 2000, Jason had held various positions in sales and marketing. Upon his return, he was put in charge of establishing the Creative Department. His responsibilities include all creative aspects of the Group.



## **MS MICHELLE CHONG**

### **Senior Manager, Finance**

Michelle joined Noel Gifts in 1993. She oversees the Group's accounting, finance, tax, corporate secretarial functions and other related activities.

She possesses a professional qualification from the Association of Chartered Certified Accountants.

## **MS KIM WONG**

### **Senior Manager, Group Marketing**

Kim joined Noel Gifts in September 2005. She oversees the Group's marketing activities in the Gifts division and is currently pursuing her Doctorate in Innovation.

Kim has more than a decade's experience in the Group, spanning the Sales and Marketing departments. Kim holds a Bachelor of Science in Business Administration from Boston University.

## **MS AUDREY ALLYSON PAVANARIS**

### **Branch Manager**

Audrey is responsible for the entire business operations of Noel Hampers & Gifts in Johore, Malaysia.

She joined the Group in 1995 and is an all-rounded industry veteran with more than two decades of in-depth experience.

# Operations Review



FY2020 has been a significant year for Noel Gifts where the Group continually adapted to meet the seasons of change against the backdrop of a challenging economy in an unprecedented time.

## WORKPLACE PRECAUTIONARY MEASURES

In accordance with the COVID-19 advisories and guidelines provided by the Government, the Group implemented precautionary measures and put into effect business continuity plans across departments. Our retail outlets were temporarily closed during the circuit-breaker for the safety of our employees and customers, and have resumed operations on 19th June 2020 following the safe transition to Phase 2. It is a blessing that the Group has not been affected by any outbreak cases thus far. Safety measures will continue to be implemented at our physical retail even as we evolve to meet the changing needs of our customers.

## OVERCOMING ADVERSITY

During the year, the Group met with a multitude of challenges which ensued from the unforeseen global crisis. This contributed to nationwide uncertainty and an ever-changing situation that rendered existing structures and conventional systems unstable,

along with supply disruptions. The Group sought to stay ahead and on top of the situation with relentless developments and adjustments put in place, drawing from the tenacity of our people as we adapted our models in anticipation of new needs arising from the pandemic.

The Group conceptualised new products and offerings ranging from Immunity Boosters, Stay Home Hampers, to Fresh Fruit and Vegetable Hampers that catered directly to the essential needs of our customers which had shifted noticeably under the new circumstances. In addition to novel gifting options, the Group also took the opportunity to innovate online. We refreshed our website to make it more user-friendly for an improved gifting experience, and curated a new lifestyle e-magazine format to better connect with our daily customers.



# Operations Review

## CORPORATE SOCIAL RESPONSIBILITY

Early last year, the Group partnered with St Luke's ElderCare (SLEC) to conduct floral workshops for the elderly at their various centres. The initiative was part of the Group's efforts to give back to the community by sharing and guiding the elders on how to create their own floral arrangements. The workshops started in end July, with 6 out of the total 10 sessions completed before being put on hold due to the COVID-19 situation.

The Group collaborated with Montfort Care in celebration of the Lunar New Year to share festive joy with the lower-income families. Representatives, staff volunteers and business partners came together to distribute 105 non-profit prosperity bags for the meaningful event graced by Mr Sam Tan Chin Siong, Minister of State for Social and Family Development and for Foreign Affairs, and Member of Parliament for Radin Mas. An additional donation of \$4,500 was made by the Group in support of the lower-income families.

During the COVID-19 situation, the Group showed appreciation and support for the healthcare frontliners with surprise gift boxes of snacks delivered to National Centre for Infectious Diseases (NCID), Tan Tock Seng Hospital (TTSH), Mount Alvernia Hospital (MAH), Sengkang General Hospital (SKH), Singapore General Hospital (SGH), KK Women's and Children's Hospital (KKH) and Mount Elizabeth Novena Hospital (MNH). Giveaway stations providing free snacks, fruits and flowers were also set up at their six corresponding retail outlets for over a week to thank the healthcare workers for their selfless contributions, dedication and hard work.

Internally, our staff were also delighted to receive specially-packed appreciation gift boxes distributed by the Group to recognise their efforts in adjusting to the new arrangements and rising to meet the challenges brought about by the unprecedented situation.

More comprehensive details provided in the Sustainability Report.



# Financial Highlights

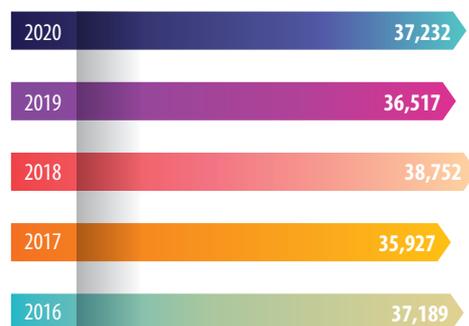
## SHAREHOLDERS' FUND

(S\$'000)



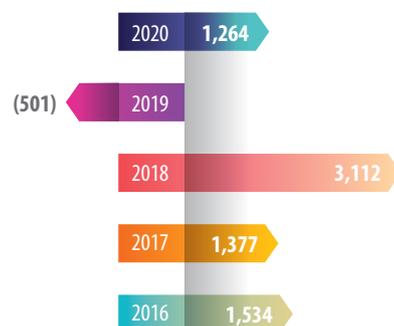
## TOTAL ASSETS

(S\$'000)



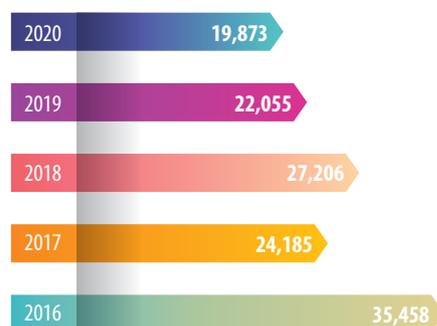
## PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

(S\$'000)



## TURNOVER

(S\$'000)



# Corporate Information

## BOARD OF DIRECTORS

|                      |                                            |
|----------------------|--------------------------------------------|
| Wong Siu Hong Alfred | (Executive Chairman and Managing Director) |
| Wong Phui Hong       | (Executive Director)                       |
| Foo Der Rong         | (Non-Executive and Independent Director)   |
| Aric Loh Siang Khee  | (Non-Executive and Independent Director)   |
| Koh Soo Keong        | (Non-Executive and Independent Director)   |

## AUDIT COMMITTEE

|                     |            |
|---------------------|------------|
| Aric Loh Siang Khee | (Chairman) |
| Foo Der Rong        | (Member)   |
| Koh Soo Keong       | (Member)   |

## NOMINATING COMMITTEE

|                     |            |
|---------------------|------------|
| Foo Der Rong        | (Chairman) |
| Aric Loh Siang Khee | (Member)   |
| Koh Soo Keong       | (Member)   |

## REMUNERATION COMMITTEE

|                     |            |
|---------------------|------------|
| Koh Soo Keong       | (Chairman) |
| Aric Loh Siang Khee | (Member)   |
| Foo Der Rong        | (Member)   |

## JOINT COMPANY SECRETARIES

Ong Beng Hong and Lee Yuan (Wong Tan & Molly Lim LLC)

## REGISTERED OFFICE

21 Ubi Road 1  
#03-01  
Singapore 408724

## AUDITORS

Deloitte & Touche LLP  
6 Shenton Way #33-00  
OUE Downtown 2  
Singapore 068809  
Partner in charge: Mr Ng Hock Lee  
Appointed with effect from financial year ended  
June 30, 2020

## REGISTRARS AND SHARE TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

## PRINCIPAL BANKERS

- 1) The Development Bank of Singapore Limited  
12 Marina Boulevard #43-03,  
Marina Bay Financial Centre Tower 3,  
Singapore 018982
- 2) Malayan Banking Berhad  
2 Battery Road,  
Maybank Tower,  
Singapore 049907
- 3) United Overseas Bank Limited  
80 Raffles Place, UOB Plaza,  
Singapore 048624
- 4) Overseas-Chinese Banking Corporation Limited  
65 Chulia Street, OCBC Centre,  
Singapore 049513

# Sustainability Report

## 1. BOARD STATEMENT

We live by our vision of Bringing People Closer, Making Everyday Better.

Noel Gifts is about building a business that recognises the needs of our customers and cares for our employees, the community, and environment. For us, sustainability is about integrity. We want all our stakeholders to be confident in our brand, to know that we value our environment and our community while we strive for excellence in our operations.

Sustainable growth is fundamental to Noel Gifts' business. This is a responsibility we carry towards our stakeholders to make a positive difference economically, socially, and environmentally. As a sustainable organisation, we place ourselves at a competitive advantage from other gifts company in Singapore and the region. We are pleased to share with you our sustainability report ("Report") for the year ended 30 June 2020. Through this Report, we share our progress in managing these environmental, social and governance ("ESG") impacts, to substantiate our continued commitment towards sustainability. The Board having considered sustainability factors as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

A summary of our sustainability performance for the year ended 30 June 2020 ("FY2020") is as follows:

| S/N                       | Material factor                  | Reporting priority | Sustainability performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------|----------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General disclosure</b> |                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1                         | Total customer satisfaction      | I                  | More than 400 gifting options to meet customer needs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Economic</b>           |                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2                         | Sustainable business performance | I                  | <ul style="list-style-type: none"><li>Recorded revenue of \$19.9 million as compared to \$22.1 million in the previous year ended 30 June 2019 ("FY2019"). The decrease is mainly attributable to lower gift revenue due to the impact of Coronavirus disease 2019 ("COVID-19" or "Pandemic")</li><li>Achieved a profit of \$1.3 million as compared to \$0.5 million loss in FY2019</li><li>Declared a final tax-exempt dividend of \$0.002 cents per ordinary share and a tax-exempt special dividend of \$0.013 cents per ordinary share</li></ul> |

# Sustainability Report

| S/N                  | Material factor                         | Reporting priority | Sustainability performance                                                                                                                                                                                                                                                                           |
|----------------------|-----------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental</b> |                                         |                    |                                                                                                                                                                                                                                                                                                      |
| 3                    | Energy conservation                     | III                | Average monthly electricity usage is 4.18 kWh per square foot                                                                                                                                                                                                                                        |
| <b>Social</b>        |                                         |                    |                                                                                                                                                                                                                                                                                                      |
| 4                    | Equality and diversity in the workplace | II                 | <ul style="list-style-type: none"> <li>Percentage of female to total full-time employees is 76%</li> <li>26% of our workforce is over 50 years old</li> <li>Percentages of employees with tertiary and non-tertiary education are 34% and 66% respectively</li> </ul>                                |
| 5                    | Training and career development         | II                 | <ul style="list-style-type: none"> <li>A total of 721 hours of training for our employees. Our employees received an average of 5.5 hours of training per employee</li> <li>89% of our management and 93% of our non-management staff received performance and career development reviews</li> </ul> |
| 6                    | Employee benefits and retention         | II                 | <ul style="list-style-type: none"> <li>Turnover rate is 28%</li> <li>100% of employees who took Parent-Care Leave have continued to be employed at Noel Gifts 12 months after their return to work</li> </ul>                                                                                        |
| 7                    | Giving back to the community            | II                 | Initiated various campaigns to help the communities                                                                                                                                                                                                                                                  |
| 8                    | Safeguarding customer privacy           | III                | Zero incident of substantiated complaint <sup>1</sup> concerning breaches of customer privacy and loss of customer data reported                                                                                                                                                                     |
| <b>Governance</b>    |                                         |                    |                                                                                                                                                                                                                                                                                                      |
| 9                    | Robust corporate governance framework   | III                | No complaints on serious offence <sup>2</sup> are received via the whistle blowing channel                                                                                                                                                                                                           |

We face uncertainties as a result of the Pandemic which disrupted our operations. To counter the adverse impact of the Pandemic, we have channelled our efforts towards strategic planning and human resources management. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report. We believe that our pro-active business initiatives and operational track record will ride us through this challenging period and allow us to stay on course in our sustainability journey.

Given the volatile nature of the Pandemic and the uncertain outlook, we will continue to engage our stakeholders by providing timely updates on business developments through announcements on the platform of Singapore Exchange Limited ("SGX"). In addition, we will provide more details on our sustainability strategy in relation to the Pandemic in our next sustainability report when there is more clarity.

<sup>1</sup> A substantiated complaint refers to a complaint that has been investigated by the relevant authority and violation of regulations has been established.

<sup>2</sup> A serious offence is defined as one that involves fraud or dishonesty amounting to not less than \$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

# Sustainability Report

## 2. REPORTING METHODOLOGY

This Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option and Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

For this Report, we have not sought for external assurance. However, we may seek to externally assure our future sustainability reports. We strive to be transparent and provide regular opportunities for review of our report.

## 3. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 July 2019 to 30 June 2020 (“Reporting Period”). A sustainability report will be published annually in accordance with our SR Policy.

This Report covers the gifting businesses in Singapore within the Group which contributed more than 95% of our total revenue for the Reporting Period (FY2019: more than 95%).

## 4. FEEDBACK

For questions or to deliver feedback about this Report, please contact [sustainability@noel.com.sg](mailto:sustainability@noel.com.sg)

## 5. STAKEHOLDER ENGAGEMENT

At Noel Gifts, we value the diverse views provided by our various stakeholder groups - including our communities, customers, employees, regulators, shareholders and suppliers – on areas where we can improve our operations. Over the years, we have built a strong relationship with our stakeholders who have helped us to understand ways to identify sustainability issues within the company. We have undertaken a strategic approach to improve our relationship with our stakeholders by enabling continuous and effective modes of dialogues with them.

# Sustainability Report

The table below shows our relationship and interaction with stakeholders during the FY2020:

| S/N | Key stakeholder | Engagement channel                                                                                                                                                                                                         | Frequency of engagement | Key concern raised                                                                                                                               |
|-----|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Communities     | Community campaigns                                                                                                                                                                                                        | Regularly               | Social inclusion                                                                                                                                 |
| 2   | Customers       | Social media <ul style="list-style-type: none"> <li>▪ Newsletter</li> <li>▪ Customer satisfaction surveys</li> <li>▪ Calls</li> </ul>                                                                                      | Daily<br>Regularly      | Customer service and offerings                                                                                                                   |
| 3   | Employees       | Performance and career development reviews <ul style="list-style-type: none"> <li>▪ Email communications</li> <li>▪ Employee engagement programmes</li> <li>▪ Town hall meetings</li> <li>▪ Department meetings</li> </ul> | Annually<br>Regularly   | <ul style="list-style-type: none"> <li>▪ Equal employment opportunity</li> <li>▪ Job security</li> <li>▪ Remuneration</li> </ul>                 |
| 4   | Regulators      | <ul style="list-style-type: none"> <li>▪ Consultations and briefing organised by key regulatory bodies</li> <li>▪ Electronic communications</li> </ul>                                                                     | As and when required    | Corporate governance                                                                                                                             |
| 5   | Shareholders    | <ul style="list-style-type: none"> <li>▪ Group annual report</li> <li>▪ Annual general meeting</li> </ul> Group result announcements                                                                                       | Annually<br>Half-yearly | <ul style="list-style-type: none"> <li>▪ Sustainable business performance</li> <li>▪ Market valuation</li> <li>▪ Corporate governance</li> </ul> |
| 6   | Suppliers       | <ul style="list-style-type: none"> <li>▪ Feedback</li> <li>▪ Email communications</li> <li>▪ Calls</li> </ul>                                                                                                              | Regularly               | Demand volatility                                                                                                                                |

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

## 6. POLICY, PRACTICE AND PERFORMANCE REPORTING

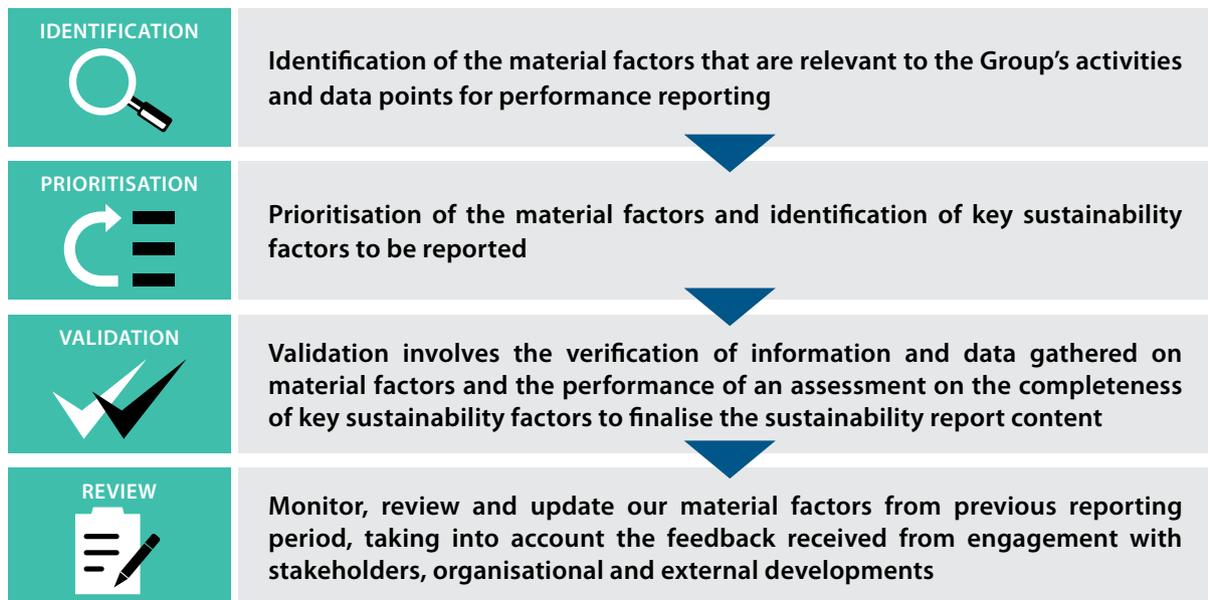
### 6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes senior management executives, is led by the Group's Managing Director, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

# Sustainability Report

## 6.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



## 6.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

| Reporting priority | Description | Criteria                                                                                                                                                        |
|--------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I                  | High        | Factors with high reporting priority are reported on in detail.                                                                                                 |
| II                 | Medium      | Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.                     |
| III                | Low         | Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material. |

The reporting priority is supported by a material factor matrix which considers the level of concern to external stakeholders ("Stakeholders' Concerns") and significance of our impacts on the economy, environment and society ("Business Impact").

# Sustainability Report

## 6.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capture systems.

## 7 MATERIAL FACTORS

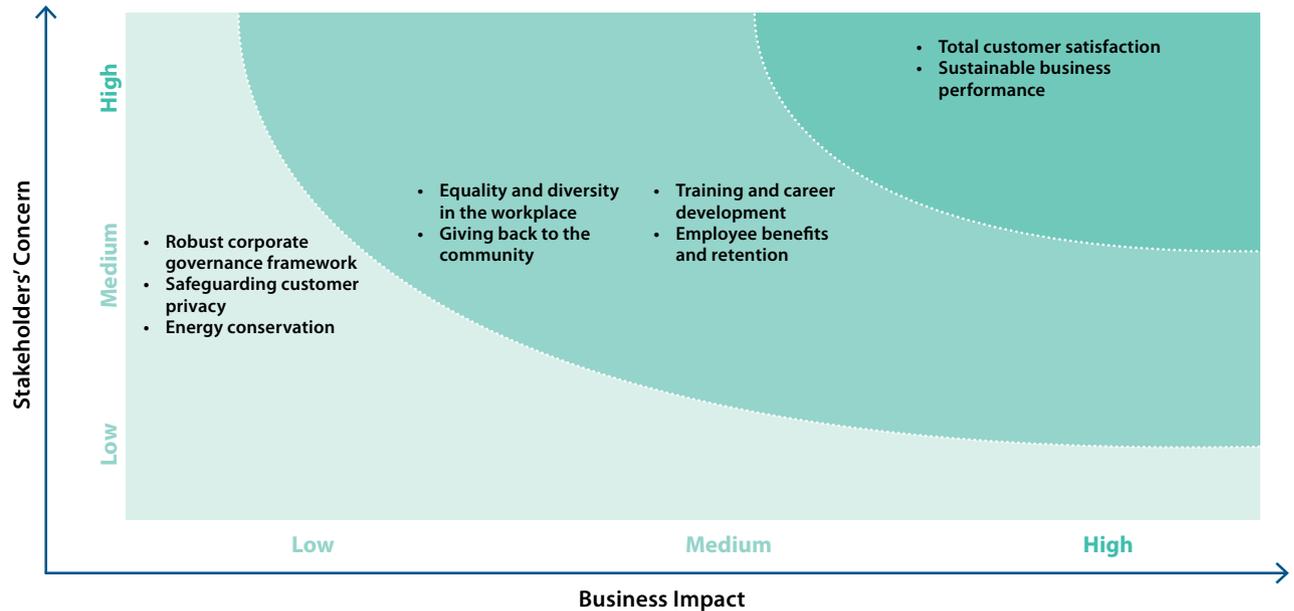
In FY2020, we conducted a stakeholder engagement session and performed a materiality assessment with the senior management to understand the concerns and expectations of our stakeholders. Through this session, we updated factors material to the sustainability our business and their priority level. In this Report, we report our progress in managing these factors and set related targets to improve our performance.

The material factors identified are presented in the table and material factor matrix below:

| S/N                       | Material factor                         | SDG                                    | Reporting priority | Key stakeholder                                                                     |
|---------------------------|-----------------------------------------|----------------------------------------|--------------------|-------------------------------------------------------------------------------------|
| <b>General disclosure</b> |                                         |                                        |                    |                                                                                     |
| 1                         | Total customer satisfaction             | Decent work and economic growth        | I                  | <ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> </ul>      |
| <b>Economic</b>           |                                         |                                        |                    |                                                                                     |
| 2                         | Sustainable business performance        | Decent work and economic growth        | I                  | Shareholders                                                                        |
| <b>Environmental</b>      |                                         |                                        |                    |                                                                                     |
| 3                         | Energy conservation                     | Affordable and clean energy            | III                | <ul style="list-style-type: none"> <li>Shareholders</li> <li>Communities</li> </ul> |
| <b>Social</b>             |                                         |                                        |                    |                                                                                     |
| 4                         | Equality and diversity in the workplace | Reduced inequalities                   | II                 | Employees                                                                           |
| 5                         | Training and career development         | Quality education                      | II                 | Employees                                                                           |
| 6                         | Employee benefits and retention         | Good health and well-being             | II                 | Employees                                                                           |
| 7                         | Giving back to the community            | -                                      | II                 | Communities                                                                         |
| 8                         | Safeguarding customer privacy           | Peace, justice and strong institutions | III                | Customers                                                                           |
| <b>Governance</b>         |                                         |                                        |                    |                                                                                     |
| 9                         | Robust corporate governance framework   | Peace, justice and strong institutions | III                | <ul style="list-style-type: none"> <li>Shareholders</li> <li>Regulators</li> </ul>  |

# Sustainability Report

Material factor matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

## 7.1 Total customer satisfaction

Our service quality reflects our commitment to our customers. Where our product offerings are concerned, we use fair and responsible marketing practices to keep our customers well informed of our products before they make their purchase. Every year, we review our operations to improve our performance and identify areas of improvement, as well as provide the best of services to our customers. Our strategies towards customer satisfaction are as follows:

### **Quality products and sustainable relationship with our suppliers**

Materials used in our gifting arrangements, such as fresh flowers, packaging materials and hamper accessories are carefully sourced from our qualified suppliers, with whom we have maintained long-term relationships. In order to ensure the quality of our products and services, feedback is constantly furnished by our procurement team to suppliers to make improvements. A supplier that does not meet our requirements will be disqualified.

# Sustainability Report

## **Seamless online gifting experience**

With an integrated system and comprehensive selections, we provide a seamless online gifting experience. Technology has made our online ordering simple and quick. With a simple click, our customers could have their flowers and gifts delivered right to the doorstep by our friendly delivery drivers.

## **Wide range of gifting options for customisation**

Having been in the industry for more than 40 years, we understand that gifts are often personal and most of our customers wish to customise a gift to suit a person's preference or a special occasion. Hence, we allow customers to create bespoke gifts via our website's ecommerce team by setting up more than 400 gifting options (FY2019: more than 400 gifting options) to meet their needs.

In view of the Pandemic, our customers have expressed their wishes to seek gift ideas that show concerns towards their loved ones and acquaintances. To cater to our customers' wishes, we launched care pack gifts for them.

## **Fast and convenient delivery services**

We offer same-day delivery services which allow our customers to delight their recipients with impromptu gifts and set the ground for a pleasant surprise.

To help our customers to reach out to their loved ones or business partners who are overseas, we offer international delivery services for our stunning flowers and the finest of gifts.

## **Proactive customer engagement**

Customer feedback is collected from various touchpoints such as sales teams and through customer satisfaction surveys. These feedbacks are collected to gather valuable insights on our customers' requirements and expectation in order to serve them better. We also engage our customers via social media such as Facebook and Instagram. Insights gathered are discussed to improve service quality and provide inputs for our strategies.

## **Maintain a sense of trust and confidence amongst our customers during the Pandemic**

To ease the burden of our customers who wish to convey their care and concern during the circuit breaker period due to the Pandemic and the resultant social distancing measures implemented across Singapore, we waived our delivery fees for all online orders placed between 28 March to 30 April 2020. We will continue to help our customers to bridge the emotional distance, bring the hearts of people together and make every day better for them and the people they care about.



Care pack gifts during the Pandemic

# Sustainability Report

## 7.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits, dividend payments and maintaining a robust balance sheet with strong operating cash flows.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

## 7.3 Energy conservation

We operate a retail chain and office in several locations in Singapore and we rely on electricity to operate equipment such as flower chillers, lighting, various office equipment and air-conditioning.

Electricity consumption rate during the Reporting Period is as follows:

| Description             | Average monthly electricity usage per square foot |      | Increase or decrease between FY20 and FY19 |
|-------------------------|---------------------------------------------------|------|--------------------------------------------|
|                         | FY20                                              | FY19 |                                            |
| Electricity consumption | 4.18                                              | 3.82 | 9%                                         |

During the Reporting Period, our average monthly electricity usage per square foot increased by 9% which is mainly attributed to the additional two larger retail outlets towards the end of FY2019. We track and review spending on electricity consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns.

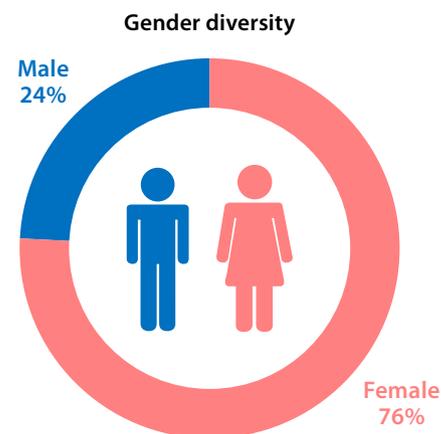
We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power save modes.

## 7.4 Equality and diversity in the workplace

We are committed to providing a work environment for employees that is conducive in fostering fairness, social and cultural diversity. Through a dynamic workforce, we can build our market presence and enhance our organisation's human capital.

The total number of full-time employees ("Workforce") under the entities covered as at 30 June 2020 is 131 (FY2019: 139).

Due to the nature of the industry we operate in, the demographics of our Workforce are predominantly female. As at 30 June 2020, 76% (FY2019: 71%) of our Workforce is made up of female employees.



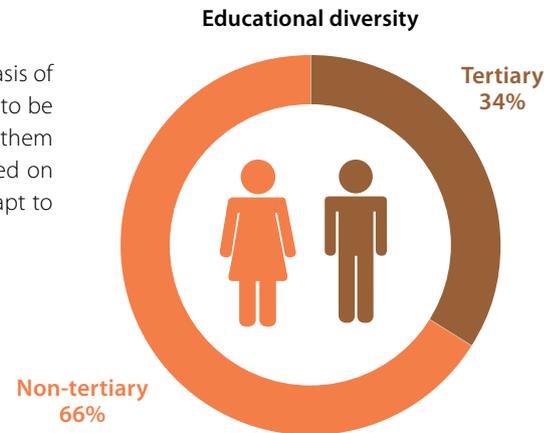
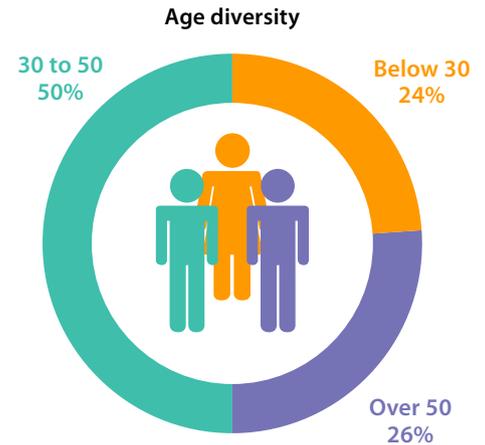
# Sustainability Report

We support the employment and re-employment of employees beyond their official retirement age. We endeavour to deploy such employees into suitable positions and provide retraining or re-skilling (if necessary) under the transition assistance programs that aims to support employees who are retiring or whose employments have been terminated. As at 30 June 2020, 26% (FY2019: 24%) of our Workforce is over 50 years old.

We seek to create an inclusive environment for employees from different educational background. As at 30 June 2020, percentages of employees with tertiary and non-tertiary education are 34% and 66% (FY2019: 30% and 70%) respectively.

We have signed the Employers' Pledge of Fair Employment Practices under the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP" or "Alliance"), to show our commitment towards building a workplace that respects and values our employees. The Tripartite Alliance between the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation, shares a vision for Singapore to be one of the best workplaces in the world.

As part of this Alliance, we endeavour to recruit and select employees on the basis of merit, treat them fairly and with respect, provide them with equal opportunity to be considered for training and development based on strengths and needs to help them achieve their full potential. We also endeavour to reward employees fairly based on their ability, performance, contributions and experience, abide by laws and adapt to the Tripartite Guidelines on Fair Employment Practices<sup>3</sup>.



<sup>3</sup> The Tripartite Guidelines on Fair Employment Practices, formulated by the Tripartite Alliance for Fair and Progressive Employment Practices, sets out fair employment practices for adoption by employers.

# Sustainability Report

## 7.5 Training and career development

We are only as strong as our employees. Our employees play a vital role in contributing to the success of our company. It is our privilege to encourage and reward employees who showcase unique skills and talents. We strive to develop talent in the organisation with the goal of sustaining and building a workforce that contributes to our business success.

Key initiatives taken by us to grow and nurture our employees are as follows:

**a. Nurture a team of highly trained employees**

Nurturing employees' talents and skills has always been our focus. We conduct regular training and career development for our employees to equip them with the right skills and increase their work efficiency. This keeps them motivated to achieve greater professional success. In FY2020, we delivered a total of 721 hours (FY2019: 1,203 hours) of training for our employees. Our employees received an average of 5.5 hours (FY2019: 8.65 hours) of training per employee. The decrease in training hours is mainly due to lesser training sessions conducted during the Pandemic. Training programmes for employees are primarily designed to upgrade their skills and they include internal training courses such as sales training, floral arrangements and product training. In line with our commitment to nurture a team of highly trained employees, we will continuously improve employee development and foster a learning culture at work.

**b. Provide feedback to our employees constantly**

Our employees and management receive regular feedback on their performance and career development. During the Reporting Period, 89% of our management (FY2019: 91%) and 93% of our non-management staff (FY2019: 85%) received performance and career development reviews. The management and non-management staff not included in the performance appraisal or career development reviews in FY2020 would be reviewed upon confirmation of their employment.

## 7.6 Employee benefits and retention

We source for talent that would accelerate our success. In FY2020, our turnover rate<sup>4</sup> is 28% (FY2019: 56%).

To make our staff feel inclusive, we supported the following initiatives during FY20:

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<sup>4</sup> Turnover rate is calculated by dividing the total number of leavers by the total number of employees from entities covered

# Sustainability Report

## **Support employees with family commitments**

Our employees are entitled to 'Shared Parental Leave' and 'Paternity Leave' as per the requirements of the Ministry of Manpower in Singapore. We introduced Parent-care Leave ("PCL") as additional benefits for our employees. This is in line with our commitment to support our employees to attend to their aged parents who have medical conditions. The PCL benefits supplement the existing leave entitlements. We had 28 employees (FY2019: 31 employees) who took PCL in FY2020 and we are happy to announce that 100% (FY2019: 100%) of these employees have continued to be with us 12 months after they returned to work.

## **Integrating flexible work arrangements**

We are committed to provide a conducive and supportive work environment. In line with this commitment, we implemented flexible work arrangements for employees to support them in balancing their responsibilities at work and at home. As at 30 June 2020, 51%<sup>5</sup> of our Workforce has flexible work arrangements to help them in achieving work-life integration.

## **Employees banding together with in times of crisis**

Our top priority lies with the health and safety of our employees and we strongly encourage our employees to work from home due to concerns over the spread of the Pandemic. We have also activated a business continuity plan to segregate our employees into teams to minimise interaction.

During the Pandemic's circuit breaker period, a total of 154 welfare packages were given to our employees, including the contract drivers. We understand that it has been challenging for our employees to adapt and adjust to the many changes and new working arrangements. The disruption in business processes has caused our employees varying degrees of discomfort and some have adjusted better than others, even going beyond the call of duty. The welfare packages, which comprise fruits, surgical masks, hand sanitiser gel and handwash, serves as a token of our appreciation for the efforts put in by our employees during the circuit breaker period.



Welfare package during the Pandemic

<sup>5</sup> No comparative data provided as the flexible work arrangements were initiated since February 2020.

# Sustainability Report

## 7.7 Giving back to the community

Noel Gifts has always had a stellar track record in caring for the community, especially on areas such as empowering the vulnerable and the underprivileged through social mobility causes. On this front, various events were initiated for the communities as follows:

### **Floral arrangement workshops to bring cheer to elders at the St Luke's ElderCare**



We partnered with St Luke's ElderCare to conduct floral workshops for the elders at their various centres. The initiative was part of our efforts to give back to the community by sharing and guiding the elders on how to create their own floral arrangements. The workshops started in end July 2019, with six out of the total ten planned sessions completed before being put on hold due to the Pandemic.

### **Delivering joy and happiness with Montfort Care to vulnerable families**



To celebrate the Lunar New Year, we collaborated with Montfort Care to share festive joy with lower-income families. Representatives, staff volunteers and business partners came together to distribute 105 non-profit prosperity bags to the families during the meaningful event. A donation of \$4,500 was also made by the Group in support of the families.

# Sustainability Report

## **Charity movie screening with The Straits Times School Pocket Money Fund (“STSPMF”)**



During the school holidays last year, we donated \$20,000 to STSPMF and sponsored a private movie screening for 200 beneficiaries and their families. This event, which was held on 14 December 2019 at FilmGarde Bugis+, received a warm response.

STSPMF was started in 2000 as a community project initiated by The Straits Times that provides pocket money to children from low-income families. Under the STSPMF, primary and secondary school pupils will receive a monthly allowance which can be used for their food and transportation expenses, or to meet other schooling needs. The Fund has also extended its help from 2013 to students progressing from secondary schools to Institute of Technical Education (“ITE”), Junior Colleges and Polytechnics.



# Sustainability Report

## **Provide disadvantaged children and youths with opportunities to nurture their talents in arts**



We contributed \$12,000 to The ChariTrees initiative in support of disadvantaged children and youths; a fundraiser for The Business Times Budding Artists Fund which provides children and youths from financially disadvantaged backgrounds with access and opportunities to arts. The Business Times Budding Artists Fund is managed by The Rice Company Ltd, a non-profit organisation and registered charity in Singapore.

## **Appreciation and goodwill for our healthcare heroes on the front lines**



We have set up giveaway stations at our respective retail outlets to show our appreciation and support for the healthcare staff at the frontline of fighting the Pandemic. We put up baskets of free snacks, fruits and flowers for the healthcare workers. We sincerely appreciate their selfless contributions, dedication and hard work during this challenging time.

We have also gifted specially crafted surprise boxes containing snacks for the healthcare staff at various hospitals. These were delivered to National Centre for Infectious Diseases, Tan Tock Seng Hospital, Mount Alvernia Hospital, Sengkang General Hospital, KK Women's and Children's Hospital and Mount Elizabeth Novena Hospital.

# Sustainability Report

## 7.8 Safeguarding customer privacy

Customers are one of our key stakeholders and it is our duty to protect their privacy. Our website uses an order form for customers to submit ordering information such as personal data, products ordered and services. We also collect their contact information (such as their email address) and financial information (such as their account or credit card numbers). Contact information from the order form is in turn used to send orders and information about us to our customers.

We conduct our business in compliance with all applicable data protection laws that governs the collection, use, disclosure and care of personal data. In addition to abiding with the mandatory data privacy laws, we have on our own accord, stepped up measures to further protect customer privacy by having our own policies. On the company website, a privacy statement is in place to demonstrate our commitment to privacy. It mainly discloses our information gathering and dissemination practices for the website: [www.noelgifts.com](http://www.noelgifts.com). It also serves to educate users on the types of data that are collected as well as the purpose. In addition, an email address is also listed for users who have data privacy concerns to reach out to us if they feel that their privacy concerns have not been adequately addressed or considered.

In FY2020, there are no cases of substantiated complaints<sup>6</sup> concerning breaches of customer privacy and loss of customer data reported (FY2019: zero incident).

## 7.9 Robust corporate governance framework

We are committed to achieve high standards of corporate governance and firmly believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2020, no complaints on serious offence<sup>7</sup> are received via the whistle blowing channel (FY2019: zero incident).

Refer to the Corporate Governance Report of the Annual Report for details on our corporate governance practices.

6 A substantiated complaint refers to a complaint that has been investigated by the relevant authority and violation of regulations has been established.

7 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than \$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

# Sustainability Report

## 8 TARGET SETTING

For our material factors identified, we have set targets for FY2021 as follows:

| S/N                       | Material factor                         | Target for FY2021                                                                                                                                                                                               |
|---------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General disclosure</b> |                                         |                                                                                                                                                                                                                 |
| 1                         | Total customer satisfaction             | Maintain or improve product range                                                                                                                                                                               |
| <b>Economic</b>           |                                         |                                                                                                                                                                                                                 |
| 2                         | Sustainable business performance        | Improve or maintain financial performance subject to market conditions                                                                                                                                          |
| <b>Environmental</b>      |                                         |                                                                                                                                                                                                                 |
| 3                         | Energy conservation                     | Maintain or reduce electricity consumption rate                                                                                                                                                                 |
| <b>Social</b>             |                                         |                                                                                                                                                                                                                 |
| 4                         | Equality and diversity in the workplace | Maintain or move towards a more balanced workplace diversity ratios                                                                                                                                             |
| 5                         | Training and career development         | <ul style="list-style-type: none"><li>▪ Maintain or improve hours of training for employees</li><li>▪ Maintain or improve percentage of staff who received performance and career development reviews</li></ul> |
| 6                         | Employee benefits and retention         | Maintain or reduce staff turnover rate subject to market conditions                                                                                                                                             |
| 7                         | Giving back to the community            | Initiate community engagement campaigns                                                                                                                                                                         |
| 8                         | Safeguarding customer privacy           | No cases of substantiated complaints <sup>8</sup> concerning breaches of customer privacy and loss of customer data                                                                                             |
| <b>Governance</b>         |                                         |                                                                                                                                                                                                                 |
| 9                         | Robust corporate governance framework   | No complaints on serious offence <sup>9</sup> are received via the whistle blowing channel                                                                                                                      |

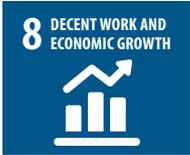
<sup>8</sup> A substantiated complaint refers to a complaint that has been investigated by the relevant authority and violation of regulations has been established.

<sup>9</sup> A serious offence is defined as one that involves fraud or dishonesty amounting to not less than \$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

# Sustainability Report

## 9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our sustainability factors relate to these SDGs:

| SDG                                                                                                                          | Our effort (SR factor)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>3 GOOD HEALTH AND WELL-BEING</p>        | We ensure that our employees are treated fairly and are provided with the necessary welfare, which helps us to maintain a motivated workforce that is vital to the success of our business <b>(Section 7.6 Employee benefits and retention)</b>                                                                                                                                                                                                                                                                                 |
| <p>Ensure healthy lives and promote well-being for all at all ages</p>                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  <p>4 QUALITY EDUCATION</p>                 | We empower our employees by investing in training and development and providing feedback to enhance our business competencies <b>(Section 7.5 Training and career development)</b>                                                                                                                                                                                                                                                                                                                                              |
| <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities</p>                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p>      | We implement measures to reduce our energy consumption rate as not only does it help to improve our energy efficiency, it also helps us to save costs to support our business operations. <b>(Section 7.3 Energy conservation)</b>                                                                                                                                                                                                                                                                                              |
| <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <ul style="list-style-type: none"><li>▪ We place heavy emphasis on customer satisfaction as we understand that a high level of customer satisfaction is essential to the continued success of our business. This also helps to contribute to economic growth as well as the protection and creation of jobs. <b>(Section 7.1 Total customer satisfaction)</b></li><li>▪ We contribute to economic growth through creating long-term value for our stakeholders. <b>(Section 7.2 Sustainable business performance)</b></li></ul> |
| <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

# Sustainability Report

| SDG                                                                                                                                                                                                                                                                        | Our effort (SR factor)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Reduce inequality within and among countries</p>                                                                                                                                      | <p>We ensure equal opportunity and pay fairly for all regardless of gender, age and educational level by establishing various human resource related policies to facilitate this goal. <b>(Section 7.4 Equality and diversity in the workplace)</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                         |
|  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <ul style="list-style-type: none"> <li>▪ We take a serious view of safeguarding our customer's personal data and privacy, as our long-term success is dependent on how we value our customer's concerns. <b>(Section 7.8 Safeguarding customer privacy)</b></li> <li>▪ We are committed to high standards of corporate governance and adopt a zero tolerance approach towards corruption, as we believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value. <b>(Section 7.9 Robust corporate governance framework)</b></li> </ul> |

## 10. GRI CONTENT INDEX

| GRI standard & disclosure title |                                            | Section reference                                                                                                                                                                                                                                                                                                                    | Page                           |
|---------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Organisational profile</b>   |                                            |                                                                                                                                                                                                                                                                                                                                      |                                |
| 102-1                           | Name of the organisation                   | About Us                                                                                                                                                                                                                                                                                                                             | 01                             |
| 102-2                           | Activities, brands, products, and services | <ul style="list-style-type: none"> <li>▪ About Us</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; General</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; Subsidiaries</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; Segment Information</li> </ul>              | 01<br>53<br>100-102<br>123-128 |
| 102-3                           | Location of headquarters                   | <ul style="list-style-type: none"> <li>▪ Corporate Information</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; General</li> </ul>                                                                                                                                                                              | 11<br>53                       |
| 102-4                           | Location of operations                     | <ul style="list-style-type: none"> <li>▪ Corporate Information</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; General</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; Subsidiaries</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; Segment Information</li> </ul> | 11<br>53<br>100-102<br>123-128 |

# Sustainability Report

| GRI standard & disclosure title |                                                              | Section reference                                                                                                                                                                                                                                                                                                                                           | Page                       |
|---------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Organisational profile</b>   |                                                              |                                                                                                                                                                                                                                                                                                                                                             |                            |
| 102-5                           | Ownership and legal form                                     | <ul style="list-style-type: none"> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; General</li> <li>▪ Financial Contents &gt; Notes to Financial Statements &gt; Subsidiaries</li> <li>▪ Statistics of Shareholdings</li> </ul>                                                                                                            | 53<br>100-102<br>161       |
| 102-6                           | Markets served                                               | Financial Contents > Notes to Financial Statements > Segment Information                                                                                                                                                                                                                                                                                    | 123-128                    |
| 102-7                           | Scale of the organisation                                    | <ul style="list-style-type: none"> <li>▪ Financial Highlights</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Equality and Diversity in the Workplace</li> <li>▪ Financial Contents &gt; Statements of Financial Position</li> <li>▪ Financial Contents &gt; Consolidated Statement of Profit or Loss and Other Comprehensive Income</li> </ul> | 10<br>20-21<br>46-47<br>48 |
| 102-8                           | Information on employees and other workers                   | Sustainability Report > Material Factors > Equality and Diversity in the Workplace                                                                                                                                                                                                                                                                          | 20-21                      |
| 102-9                           | Supply chain                                                 | Sustainability Report > Material Factors > Total Customer Satisfaction                                                                                                                                                                                                                                                                                      | 18-19                      |
| 102-10                          | Significant changes to the organisation and its supply chain | None                                                                                                                                                                                                                                                                                                                                                        | -                          |
| 102-11                          | Precautionary Principle or approach                          | None                                                                                                                                                                                                                                                                                                                                                        | -                          |
| 102-12                          | External initiatives                                         | Sustainability Report > Supporting the UN Sustainable Development Goals                                                                                                                                                                                                                                                                                     | 29-30                      |
| 102-13                          | Membership of associations                                   | None                                                                                                                                                                                                                                                                                                                                                        | -                          |
| <b>Strategy</b>                 |                                                              |                                                                                                                                                                                                                                                                                                                                                             |                            |
| 102-14                          | Statement from senior decision-maker                         | Managing Director's Message<br>Sustainability Report > Board Statement                                                                                                                                                                                                                                                                                      | 02-04<br>12-13             |
| <b>Ethics and integrity</b>     |                                                              |                                                                                                                                                                                                                                                                                                                                                             |                            |
| 102-16                          | Values, principles, standards, and norms of behaviour        | <ul style="list-style-type: none"> <li>▪ About Us</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Robust Corporate Governance Framework</li> <li>▪ Corporate Governance Report</li> </ul>                                                                                                                                                       | 01<br>27<br>129-160        |
| <b>Governance</b>               |                                                              |                                                                                                                                                                                                                                                                                                                                                             |                            |
| 102-18                          | Governance structure                                         | <ul style="list-style-type: none"> <li>▪ Sustainability Report &gt; Policy, Practice and Performance Reporting &gt; Reporting Structure</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Robust Corporate Governance Framework</li> <li>▪ Corporate Governance Report</li> </ul>                                                                 | 15<br>27<br>129-160        |

# Sustainability Report

| GRI standard & disclosure title |                                                            | Section reference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Page              |
|---------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>Stakeholder engagement</b>   |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                   |
| 102-40                          | List of stakeholder groups                                 | Sustainability Report > Stakeholder Engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 14-15             |
| 102-41                          | Collective bargaining agreements                           | None of our employees are covered by collective bargaining agreements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                 |
| 102-42                          | Identifying and selecting stakeholders                     | Sustainability Report > Stakeholder Engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 14-15             |
| 102-43                          | Approach to stakeholder engagement                         | Sustainability Report > Stakeholder Engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 14-15             |
| 102-44                          | Key topics and concerns raised                             | <ul style="list-style-type: none"> <li>▪ Sustainability Report &gt; Stakeholder Engagement</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Total Customer Satisfaction</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 14-15<br>18-19    |
| <b>Reporting practice</b>       |                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                   |
| 102-45                          | Entities included in the consolidated financial statements | Financial Contents > Notes to Financial Statements > Subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 100-102           |
| 102-46                          | Defining report content and topic boundaries               | Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 16                |
| 102-47                          | List of material topics                                    | Sustainability Report > Material Factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 17-27             |
| 102-48                          | Restatements of information                                | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                 |
| 102-49                          | Changes in reporting                                       | Sustainability factors added: <ul style="list-style-type: none"> <li>▪ Sustainability Report &gt; Material Factors &gt; Total Customer Satisfaction</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Energy Conservation</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Robust Corporate Governance Framework</li> </ul><br>Sustainability factors removed: <ul style="list-style-type: none"> <li>▪ Sustainability Report FY2019 &gt; Materiality Assessment: Managing Risks and Opportunities&gt; Market Presence</li> <li>▪ Sustainability Report FY2019 &gt; Materiality Assessment: Managing Risks and Opportunities &gt; Marketing and Labelling</li> </ul><br>The above-mentioned factors have been removed based on a materiality assessment performed with the senior management. We will continue to monitor the relevance and materiality of these factors based on internal and external developments and disclose on these factors if applicable. | 18-19<br>20<br>27 |
| 102-50                          | Reporting period                                           | Sustainability Report > Reporting Period and Scope                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 14                |
| 102-51                          | Date of most recent report                                 | Sustainability Report 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                 |
| 102-52                          | Reporting cycle                                            | Sustainability Report > Reporting Period and Scope                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 14                |

# Sustainability Report

| GRI standard & disclosure title |                                                                                                    | Section reference                                                                                                                                                                                                                                                                                                                                    | Page                    |
|---------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Reporting practice</b>       |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |                         |
| 102-53                          | Contact point for questions regarding the report                                                   | Sustainability Report > Feedback                                                                                                                                                                                                                                                                                                                     | 14                      |
| 102-54                          | Claims of reporting in accordance with the GRI Standards                                           | <ul style="list-style-type: none"> <li>▪ Sustainability Report &gt; Reporting Methodology</li> <li>▪ Sustainability Report &gt; GRI Content Index</li> </ul>                                                                                                                                                                                         | 14<br>30-34             |
| 102-55                          | GRI content index                                                                                  | Sustainability Report > GRI Content Index                                                                                                                                                                                                                                                                                                            | 30-34                   |
| 102-56                          | External assurance                                                                                 | We may seek external assurance in the future                                                                                                                                                                                                                                                                                                         | -                       |
| <b>Management approach</b>      |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |                         |
| 103-1                           | Explanation of the material topic and its Boundary                                                 | Sustainability Report > Material Factors                                                                                                                                                                                                                                                                                                             | 17-27                   |
| 103-2                           | The management approach and its components                                                         | <ul style="list-style-type: none"> <li>▪ Sustainability Report &gt; Board Statement</li> <li>▪ Sustainability Report &gt; Policy, Practice and Performance Reporting</li> <li>▪ Sustainability Report &gt; Material Factors</li> </ul>                                                                                                               | 12-13<br>15-17<br>17-27 |
| 103-3                           | Evaluation of the management approach                                                              | Sustainability Report > Material Factors                                                                                                                                                                                                                                                                                                             | 17-27                   |
| <b>Category: Economic</b>       |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |                         |
| 201-1                           | Direct economic value generated and distributed                                                    | <ul style="list-style-type: none"> <li>▪ Financial Highlights</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Sustainable Business Performance</li> <li>▪ Financial Contents &gt; Statements of Financial Position</li> <li>▪ Financial Contents &gt; Consolidated Statement of Profit or Loss and Other Comprehensive Income</li> </ul> | 10<br>20<br>46-47<br>48 |
| <b>Category: Environmental</b>  |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |                         |
| 302-3                           | Energy intensity                                                                                   | Sustainability Report > Material Factors > Energy Conservation                                                                                                                                                                                                                                                                                       | 20                      |
| <b>Category: Social</b>         |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |                         |
| 401-1                           | New employee hires and employee turnover                                                           | Sustainability Report > Material Factors > Employee Benefits and Retention                                                                                                                                                                                                                                                                           | 22-23                   |
| 401-2                           | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Sustainability Report > Material Factors > Employee Benefits and Retention                                                                                                                                                                                                                                                                           | 22-23                   |
| 401-3                           | Parental leave                                                                                     | Sustainability Report > Material Factors > Employee Benefits and Retention                                                                                                                                                                                                                                                                           | 22-23                   |
| 404-1                           | Average hours of training per year per employee                                                    | Sustainability Report > Material Factors > Training and Career Development                                                                                                                                                                                                                                                                           | 22                      |

# Sustainability Report

| GRI standard & disclosure title |                                                                                              | Section reference                                                                                                                                              | Page           |
|---------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Category: Social</b>         |                                                                                              |                                                                                                                                                                |                |
| 404-2                           | Programs for upgrading employee skills and transition assistance programs                    | Sustainability Report > Material Factors > Training and Career Development                                                                                     | 22             |
| 404-3                           | Percentage of employees receiving regular performance and career development reviews         | Sustainability Report > Material Factors > Training and Career Development                                                                                     | 22             |
| 405-1                           | Diversity of governance bodies and employees                                                 | Sustainability Report > Material Factors > Equality and Diversity in the Workplace                                                                             | 20-21          |
| 413-1                           | Operations with local community engagement, impact assessments, and development programs     | <ul style="list-style-type: none"> <li>▪ Operations Review</li> <li>▪ Sustainability Report &gt; Material Factors &gt; Giving Back to the Community</li> </ul> | 08-09<br>24-26 |
| 418-1                           | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Sustainability Report > Material Factors > Safeguarding Customer Privacy                                                                                       | 27             |

# Financial Contents

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# Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended June 30, 2020.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 46 to 128 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 June 30, 2020, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

## **1 DIRECTORS**

The directors of the company in office at the date of this statement are:

Alfred Wong Siu Hong

Wong Phui Hong

Aric Loh Siang Khee

Foo Der Rong

Koh Soo Keong

(Appointed on June 1, 2020)

## **2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

# Directors' Statement

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as follows:

| Name of directors and companies<br>in which interests are held | Shareholdings registered in<br>in name of directors |                     | Shareholdings in which<br>directors are deemed<br>to have an interest |                     |
|----------------------------------------------------------------|-----------------------------------------------------|---------------------|-----------------------------------------------------------------------|---------------------|
|                                                                | At July 1,<br>2019                                  | At June 30,<br>2020 | At July 1,<br>2019                                                    | At June 30,<br>2020 |
| Noel Gifts International Ltd.<br>(Company)                     |                                                     |                     |                                                                       |                     |
|                                                                |                                                     |                     | <u>Ordinary shares</u>                                                |                     |
| Alfred Wong Siu Hong                                           | 28,447,027                                          | 28,635,627          | 18,000,000                                                            | 18,000,000          |
| Wong Phui Hong                                                 | 6,831,372                                           | 6,831,372           | 8,500,000                                                             | 8,500,000           |
| Noel Hampers & Gifts (Johore) Sdn. Bhd.<br>(Subsidiary)        |                                                     |                     |                                                                       |                     |
|                                                                |                                                     |                     | <u>Ordinary shares of RM1 each</u>                                    |                     |
| Wong Phui Hong                                                 | 1,000                                               | 1,000               | -                                                                     | -                   |

By virtue of Section 7 of the Singapore Companies Act, Alfred Wong Siu Hong and Wong Phui Hong are deemed to have an interest in all the related corporations of the company.

The directors' interests in the shares of the company at July 21, 2020 were the same at June 30, 2020.

# Directors' Statement

## 4 SHARE OPTIONS

*(a) Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

*(b) Options exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

*(c) Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

# Directors' Statement

## 5 AUDIT COMMITTEE

The Audit Committee ("Committee") of the company, consisting of all non-executive directors, is chaired by Aric Loh Siang Khee, a non-executive director, and includes Foo Der Rong and Koh Soo Keong, both whom are non-executive directors.

The Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- (a) the audit plans and results of the internal auditor's examination and evaluation of the group's system of internal accounting controls;
- (b) the group's financial and operating results and accounting policies;
- (c) the audit plans of the external auditors;
- (d) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;
- (e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;
- (f) the co-operation and assistance given by the management to the group's external auditors; and
- (g) the re-appointment of the external auditors of the group.

The Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Committee.

The Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

# Directors' Statement

## 6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....  
Alfred Wong Siu Hong

.....  
Wong Phui Hong

October 6, 2020

# Independent Auditor's Report

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Noel Gifts International Ltd. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at June 30, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 128.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and 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)s") 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 June 30, 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the 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 *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.

# Independent Auditor's Report

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD.

## Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was 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 the matter.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How the matter was addressed in audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fair value assessment of investment properties</b></p> <p>As at June 30, 2020, the group has investment properties amounting to \$15.05 million (2019 : \$14.63 million).</p> <p>The group engages an independent valuation expert to fair value certain of its investment properties at reporting date and management applied that fair value per square metre to the remaining investment properties at the same location.</p> <p>The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The independent valuation expert adopts direct comparison method whereby sale transactions of similar properties in the vicinity is considered and adjustments made to price per square metre of comparable properties to account for different attributes such as location, tenure, building size, age and conditions.</p> <p>The significant unobservable inputs used in the valuation model are disclosed in Note 16 to the financial statements.</p> | <p>Our audit focused on ensuring the appropriateness of the fair values of the investment properties and included the following key procedures, amongst others:</p> <ul style="list-style-type: none"> <li>(a) Assessed the objectivity, independence and competency of the external valuation expert. We evaluated their terms of appointment, scope of work and valuation methodologies;</li> <li>(b) Assessed the reasonableness of the valuation methodology and assumptions and estimates used by the independent valuation expert together with our valuation specialist by comparing to where relevant, existing tenancy profiles, publicly available information of similar comparable properties and our understanding of the real estate market;</li> <li>(c) Held discussions with the independent valuation expert to understand their valuation methods and assumptions and basis used together with our valuation specialist, where appropriate; and</li> <li>(d) Assessed the appropriateness of management's approach of applying the average fair value of the units subjected to valuation by independent valuation expert to the remaining investment properties.</li> </ul> <p>In addition, we have evaluated the adequacy and appropriateness of the disclosures in the financial statements.</p> |

# Independent Auditor's Report

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

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 auditors' 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)s, 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.

# Independent Auditor's Report

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD.

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

# Independent Auditor's Report

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD.

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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.

## **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 Mr Ng Hock Lee.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

October 6, 2020

# Statements of Financial Position

June 30, 2020

|                                                                   | Note | Group         |               | Company       |               |
|-------------------------------------------------------------------|------|---------------|---------------|---------------|---------------|
|                                                                   |      | 2020          | 2019          | 2020          | 2019          |
|                                                                   |      | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>ASSETS</b>                                                     |      |               |               |               |               |
| <b>Current assets</b>                                             |      |               |               |               |               |
| Cash and cash equivalents                                         | 6    | 12,929        | 14,365        | 10,687        | 10,934        |
| Trade receivables                                                 | 7    | 942           | 1,197         | 494           | 605           |
| Amount due from subsidiaries                                      | 8    | -             | -             | 215           | 817           |
| Deposits, other receivables and prepayments                       | 9    | 735           | 514           | 624           | 452           |
| Income tax recoverable                                            |      | 2             | -             | -             | -             |
| Inventories                                                       | 10   | 2,009         | 1,908         | 1,444         | 1,247         |
| Total current assets                                              |      | 16,617        | 17,984        | 13,464        | 14,055        |
| <b>Non-current assets</b>                                         |      |               |               |               |               |
| Subsidiaries                                                      | 11   | -             | -             | 3,099         | 3,099         |
| Club membership                                                   | 12   | 192           | 190           | 192           | 190           |
| Financial assets at fair value through other comprehensive income | 13   | 2,441         | 2,425         | 2,441         | 2,425         |
| Plant and equipment                                               | 14   | 939           | 1,285         | 667           | 906           |
| Right-of-use assets                                               | 15   | 1,989         | -             | 1,944         | -             |
| Investment properties                                             | 16   | 15,054        | 14,633        | 15,054        | 14,633        |
| Total non-current assets                                          |      | 20,615        | 18,533        | 23,397        | 21,253        |
| <b>Total assets</b>                                               |      | <b>37,232</b> | <b>36,517</b> | <b>36,861</b> | <b>35,308</b> |

# Statements of Financial Position

June 30, 2020

|                                     | Note | Group          |                | Company        |                |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
|                                     |      | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>LIABILITIES AND EQUITY</b>       |      |                |                |                |                |
| <b>Current liabilities</b>          |      |                |                |                |                |
| Trade payables                      | 17   | 379            | 630            | 295            | 494            |
| Amount due to subsidiaries          | 8    | -              | -              | 988            | 988            |
| Other payables                      | 18   | 1,804          | 2,019          | 1,294          | 1,451          |
| Contract liabilities                | 19   | 181            | -              | 112            | -              |
| Lease liabilities                   | 20   | 805            | -              | 759            | -              |
| Income tax payable                  |      | 10             | 150            | 5              | 108            |
| Total current liabilities           |      | <b>3,179</b>   | 2,799          | <b>3,453</b>   | 3,041          |
| <b>Non-current liabilities</b>      |      |                |                |                |                |
| Other payables                      | 18   | 164            | 203            | 164            | 162            |
| Lease liabilities                   | 20   | 1,224          | -              | 1,224          | -              |
| Deferred tax liability              | 21   | 106            | 103            | 66             | 49             |
| Total non-current liabilities       |      | <b>1,494</b>   | 306            | <b>1,454</b>   | 211            |
| <b>Capital and reserves</b>         |      |                |                |                |                |
| Share capital                       | 22   | 10,251         | 10,251         | 10,251         | 10,251         |
| Currency translation deficit        |      | (86)           | (85)           | -              | -              |
| Fair value adjustment surplus       |      | 26             | 138            | 26             | 138            |
| Retained earnings                   |      | 22,368         | 23,108         | 21,677         | 21,667         |
| Total equity                        |      | <b>32,559</b>  | 33,412         | <b>31,954</b>  | 32,056         |
| <b>Total liabilities and equity</b> |      | <b>37,232</b>  | 36,517         | <b>36,861</b>  | 35,308         |

See accompanying notes to financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2020

|                                                                                                  | Note | Group           |                |
|--------------------------------------------------------------------------------------------------|------|-----------------|----------------|
|                                                                                                  |      | 2020<br>\$'000  | 2019<br>\$'000 |
| <b>Revenue</b>                                                                                   | 23   | <b>19,873</b>   | 22,055         |
| Cost of sales                                                                                    |      | <b>(10,179)</b> | (11,010)       |
| <b>Gross profit</b>                                                                              |      | <b>9,694</b>    | 11,045         |
| Other operating income                                                                           | 24   | <b>1,390</b>    | 463            |
| Distribution costs                                                                               |      | <b>(2,632)</b>  | (3,123)        |
| Administrative expenses                                                                          |      | <b>(6,658)</b>  | (7,194)        |
| Other operating expenses                                                                         |      | <b>(318)</b>    | (1,544)        |
| Loss allowance on trade receivables                                                              |      | <b>(181)</b>    | (49)           |
| Finance costs                                                                                    | 25   | <b>(73)</b>     | -              |
| <b>Profit (Loss) before income tax</b>                                                           | 26   | <b>1,222</b>    | (402)          |
| Income tax credit (expense)                                                                      | 27   | <b>42</b>       | (99)           |
| <b>Profit (Loss) for the year</b>                                                                |      | <b>1,264</b>    | (501)          |
| <b>Other comprehensive (loss) income:</b>                                                        |      |                 |                |
| <i>Item that will not be reclassified subsequently to profit or loss</i>                         |      |                 |                |
| Net fair value (loss) gain in equity instruments designated as at FVTOCI arising during the year |      | <b>(67)</b>     | 116            |
| <i>Items that may be reclassified subsequently to profit or loss</i>                             |      |                 |                |
| Net fair value gain in debt instruments measured at FVTOCI arising during the year               |      | -               | 35             |
| Exchange differences arising on translation of foreign subsidiaries                              |      | <b>(1)</b>      | 12             |
| Financial assets at FVTOCI:                                                                      |      |                 |                |
| Reclassification of fair value adjustment loss from debt securities equity on disposal           |      | -               | (1)            |
|                                                                                                  |      | <b>(68)</b>     | 162            |
| <b>Total comprehensive income (loss) for the year</b>                                            |      | <b>1,196</b>    | (339)          |
| <b>Profit (Loss) per share (cents)</b>                                                           |      |                 |                |
| Basic                                                                                            | 28   | <b>1.23</b>     | (0.49)         |

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year ended June 30, 2020

|                                                                                             | <b>Share<br/>capital<br/>\$'000</b> | <b>Currency<br/>translation<br/>deficit<br/>\$'000</b> | <b>Fair value<br/>adjustment<br/>(deficit)<br/>surplus<br/>\$'000</b> | <b>Retained<br/>earnings<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------|
| <u>Group</u>                                                                                |                                     |                                                        |                                                                       |                                         |                         |
| Balance at July 1, 2018                                                                     | 10,251                              | (97)                                                   | (12)                                                                  | 24,634                                  | 34,776                  |
| <i>Total comprehensive loss for the year</i>                                                |                                     |                                                        |                                                                       |                                         |                         |
| Loss for the year                                                                           | -                                   | -                                                      | -                                                                     | (501)                                   | (501)                   |
| Other comprehensive income for the year                                                     | -                                   | 12                                                     | 150                                                                   | -                                       | 162                     |
| Total                                                                                       | <u>-</u>                            | <u>12</u>                                              | <u>150</u>                                                            | <u>(501)</u>                            | <u>(339)</u>            |
| Dividends, representing transaction with owners,<br>recognised directly in equity (Note 29) | <u>-</u>                            | <u>-</u>                                               | <u>-</u>                                                              | <u>(1,025)</u>                          | <u>(1,025)</u>          |
| Balance at June 30, 2019                                                                    | 10,251                              | (85)                                                   | 138                                                                   | 23,108                                  | 33,412                  |
| <i>Total comprehensive income for the year</i>                                              |                                     |                                                        |                                                                       |                                         |                         |
| Profit for the year                                                                         | -                                   | -                                                      | -                                                                     | 1,264                                   | 1,264                   |
| Other comprehensive loss for the year                                                       | -                                   | (1)                                                    | (67)                                                                  | -                                       | (68)                    |
| Total                                                                                       | <u>-</u>                            | <u>(1)</u>                                             | <u>(67)</u>                                                           | <u>1,264</u>                            | <u>1,196</u>            |
| <i>Transactions with owners, recognised directly in equity</i>                              |                                     |                                                        |                                                                       |                                         |                         |
| Dividends (Note 29)                                                                         | -                                   | -                                                      | -                                                                     | (2,049)                                 | (2,049)                 |
| Transfer upon disposal of equity instruments<br>designated as at FVTOCI                     | -                                   | -                                                      | (45)                                                                  | 45                                      | -                       |
| Total                                                                                       | <u>-</u>                            | <u>-</u>                                               | <u>(45)</u>                                                           | <u>(2,004)</u>                          | <u>(2,049)</u>          |
| Balance at June 30, 2020                                                                    | <u>10,251</u>                       | <u>(86)</u>                                            | <u>26</u>                                                             | <u>22,368</u>                           | <u>32,559</u>           |

# Statements of Changes in Equity

Year ended June 30, 2020

| <u>Company</u>                                                                           | <b>Share<br/>capital<br/>\$'000</b> | <b>Fair value<br/>adjustment<br/>(deficit)<br/>surplus<br/>\$'000</b> | <b>Retained<br/>earnings<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------|
| Balance at July 1, 2018                                                                  | 10,251                              | (12)                                                                  | 23,393                                  | 33,632                  |
| <i>Total comprehensive loss for the year</i>                                             |                                     |                                                                       |                                         |                         |
| Loss for the year                                                                        | -                                   | -                                                                     | (701)                                   | (701)                   |
| Other comprehensive income for the year                                                  | -                                   | 150                                                                   | -                                       | 150                     |
| Total                                                                                    | <u>-</u>                            | <u>150</u>                                                            | <u>(701)</u>                            | <u>(551)</u>            |
| Dividends, representing transaction with owners, recognised directly in equity (Note 29) | <u>-</u>                            | <u>-</u>                                                              | <u>(1,025)</u>                          | <u>(1,025)</u>          |
| Balance at June 30, 2019                                                                 | 10,251                              | 138                                                                   | 21,667                                  | 32,056                  |
| <i>Total comprehensive income for the year</i>                                           |                                     |                                                                       |                                         |                         |
| Profit for the year                                                                      | -                                   | -                                                                     | 2,014                                   | 2,014                   |
| Other comprehensive loss for the year                                                    | -                                   | (67)                                                                  | -                                       | (67)                    |
| Total                                                                                    | <u>-</u>                            | <u>(67)</u>                                                           | <u>2,014</u>                            | <u>1,947</u>            |
| <i>Transactions with owners, recognised directly in equity</i>                           |                                     |                                                                       |                                         |                         |
| Dividends (Note 29)                                                                      | -                                   | -                                                                     | (2,049)                                 | (2,049)                 |
| Transfer upon disposal of equity instruments designated as at FVTOCI                     | -                                   | (45)                                                                  | 45                                      | -                       |
| Total                                                                                    | <u>-</u>                            | <u>(45)</u>                                                           | <u>(2,004)</u>                          | <u>(2,049)</u>          |
| Balance at June 30, 2020                                                                 | <u>10,251</u>                       | <u>26</u>                                                             | <u>21,677</u>                           | <u>31,954</u>           |

See accompanying notes to financial statements.

# Consolidated Statement of Cash Flows

Year ended June 30, 2020

|                                                          | Group          |                |
|----------------------------------------------------------|----------------|----------------|
|                                                          | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Operating activities</b>                              |                |                |
| Profit (Loss) before income tax                          | 1,222          | (402)          |
| Adjustments for:                                         |                |                |
| Loss on disposal of financial assets at FVTOCI           | -              | 1              |
| Reversal of impairment loss on other investment          | (2)            | (25)           |
| Depreciation of plant and equipment                      | 529            | 497            |
| Amortisation on right-of-use assets                      | 962            | -              |
| Impairment loss on right-of-use assets                   | 38             | -              |
| Dividend income                                          | (96)           | (108)          |
| Interest income                                          | (142)          | (168)          |
| Finance expense                                          | 73             | -              |
| Fair value (gain) loss of investment properties          | (421)          | 1,194          |
| Loss allowance on trade receivables                      | 181            | 49             |
| Trade receivables written off                            | 112            | 26             |
| Allowance for inventories                                | 97             | 36             |
| Inventories written off                                  | 69             | -              |
| Net foreign exchange (gain) loss                         | (1)            | 13             |
| Plant and equipment written off                          | -              | 61             |
| Loss (Gain) on disposal of plant and equipment           | 1              | (12)           |
| Operating cash flows before movements in working capital | <b>2,622</b>   | 1,162          |
| Trade receivables                                        | (38)           | (238)          |
| Deposits, other receivables and prepayments              | (221)          | (30)           |
| Inventories                                              | (267)          | 168            |
| Trade payables                                           | (251)          | 102            |
| Other payables                                           | (162)          | (679)          |
| Contract liabilities                                     | 181            | -              |
| Cash generated from operations                           | <b>1,864</b>   | 485            |
| Interest received                                        | 142            | 168            |
| Interest paid                                            | (73)           | -              |
| Income tax paid                                          | (97)           | (353)          |
| Net cash from operating activities                       | <b>1,836</b>   | 300            |

# Consolidated Statement of Cash Flows

Year ended June 30, 2020

|                                                          | <b>Group</b>         |                      |
|----------------------------------------------------------|----------------------|----------------------|
|                                                          | <b>2020</b>          | <b>2019</b>          |
|                                                          | <b>\$'000</b>        | <b>\$'000</b>        |
| <b>Investing activities</b>                              |                      |                      |
| Dividend income                                          | 96                   | 108                  |
| Proceeds on disposal of plant and equipment              | -                    | 12                   |
| Proceeds on disposal of financial assets at FVTOCI       | 480                  | 1,002                |
| Purchase of plant and equipment                          | (184)                | (365)                |
| Purchase of financial assets at FVTOCI                   | (563)                | (126)                |
| Net cash (used in) from investing activities             | <u>(171)</u>         | <u>631</u>           |
| <b>Financing activities</b>                              |                      |                      |
| Dividend paid                                            | (2,049)              | (1,025)              |
| Repayment of lease liabilities                           | (1,052)              | -                    |
| Net cash used in financing activities                    | <u>(3,101)</u>       | <u>(1,025)</u>       |
| Net decrease in cash and cash equivalents                | (1,436)              | (94)                 |
| Cash and cash equivalents at beginning of year           | 14,365               | 14,459               |
| <b>Cash and cash equivalents at end of year (Note 6)</b> | <b><u>12,929</u></b> | <b><u>14,365</u></b> |

See accompanying notes to financial statements.

# Notes to Financial Statements

June 30, 2020

## 1 GENERAL

The company (Registration No. 198303940Z) is incorporated in Singapore with its principal place of business and registered office at 21 Ubi Road 1, #03-01, Singapore 408724. The company is listed on the main board of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are the marketing of gifts, property investment and development and the operation of a franchise programme whereby franchisees will have the right to use the company's name, creative gift designs, and marketing, sales, operations and purchasing strategies and systems.

The principal activities of the subsidiaries are disclosed in Note 11.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended June 30, 2020 were authorised for issue by the Board of Directors on October 6, 2020.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases* (since July 1, 2019) or SFRS(I) 1-17 (before application of SFRS(I) 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

**ADOPTION OF A NEW AND REVISED STANDARDS** - In the current financial year, the group and the company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/ revised SFRS(I) pronouncements does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

### **SFRS(I) 16 Leases**

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the group is July 1, 2019.

The group has applied SFRS(I) 16 using the cumulative catch-up approach but has not restated comparatives, which continue to be presented under SFRS(I) 1-17 for the year ended June 30, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statements of financial position on July 1, 2019.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### SFRS(I) 16 Leases (cont'd)

(a) Impact of the new definition of a lease

The group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 will continue to be applied to those leases entered or changed before July 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17.

The group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after July 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the group.

(b) Impact on lessee accounting

*Former operating leases*

SFRS(I) 16 changes how the group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the group:

- (i) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;
- (ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### SFRS(I) 16 Leases (cont'd)

(b) Impact on lessee accounting (cont'd)

*Former operating leases (cont'd)*

(iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within 'administrative expenses' in the consolidated statement of profit or loss.

The group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases apply SFRS(I) 1-17:

- The group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 in the statements of financial position immediately before the date of initial application as an alternative to performing an impairment review;
- The group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- The group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The group has used hindsight when determining the lease term when the contract contain options to extend or terminate the lease.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### SFRS(I) 16 Leases (cont'd)

(c) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on July 1, 2019 is 2.93% per annum.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at June 30, 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

|                                                                                                                                                                                     | <u>Group</u>  | <u>Company</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|
|                                                                                                                                                                                     | <u>2020</u>   | <u>2020</u>    |
|                                                                                                                                                                                     | <u>\$'000</u> | <u>\$'000</u>  |
| Operating lease commitments at June 30, 2019 (Note 30)                                                                                                                              | 1,812         | 1,479          |
| Less: Short-term leases and leases of low value assets                                                                                                                              | (360)         | (258)          |
| Less: Effect of discounting the above amounts                                                                                                                                       | (22)          | (17)           |
| Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments | 1,311         | 1,311          |
| <b>Lease liabilities recognised as at July 1, 2019</b>                                                                                                                              | <u>2,741</u>  | <u>2,515</u>   |

The group and the company has assessed that there is no significant tax impact arising from the application of SFRS(I) 16.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any provision for onerous leases as an alternative to performing an impairment review, prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application. Consequently, right-of-use assets for the group and company amounted of \$2,649,000 and \$2,423,000, respectively, were recognised on July 1, 2019.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) ISSUED BUT NOT YET EFFECTIVE – At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the group and company were issued but not effective:

- *Amendments to SFRS(I) 16* *Covid-19 Related Rent Concessions*<sup>1</sup>
- *Amendments to SFRS(I) 1-16* *Property, plant and equipment – proceeds before intended use*<sup>2</sup>
- *Amendments to SFRS(I) 1-37* *Onerous contracts – Cost of Fulfilling a Contract*<sup>2</sup>
- *Amendments to SFRS(I) 1* *Classification of Liabilities as Current or Non-current*<sup>3</sup>
- *Amendments to SFRS(I) 10* *Consolidated Financial Statements*<sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after June 1, 2020.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2022, with early application permitted.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2023<sup>5</sup>, with early application permitted.

<sup>4</sup> Application has been deferred indefinitely, however, early application is still permitted.

<sup>5</sup> The mandatory effective date of this Amendment has been revised from January 1, 2022 to January 1, 2023 by the ASC in July 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current—Deferral of Effective Date*.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition to the above new and amendments to SFRS(I)s, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework is SFRS(I)s*, will be effective for annual periods beginning on or after January 1, 2022.

Management anticipates that the adoption of the above SFRS(I) and Amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Classification of financial assets (cont'd)

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI, except for short-term balances when the effect of discounting is immaterial. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Interest income is recognised in profit or loss and is included in the "other operating income" line item in profit or loss.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Classification of financial assets (cont'd)

#### *Debt instruments classified as at FVTOCI*

Listed redeemable notes held by the group are classified as at FVTOCI. Fair value is determined in the manner described in Note 4(c)(vi). The listed redeemable notes are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these listed redeemable notes as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these listed redeemable notes had been measured at amortised cost. All other changes in the carrying amount of these listed redeemable notes are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these listed redeemable notes are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

#### *Equity instruments designated as at FVTOCI*

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Classification of financial assets (cont'd)

#### *Equity instruments designated as at FVTOCI (cont'd)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The group has to designate all investments in equity instruments as at FVTOCI on initial application of SFRS(I) 9, as disclosed in Note 13.

Dividends on these investments in equity instruments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other operating income" line item in profit or loss.

### Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Impairment of financial assets (cont'd)

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Impairment of financial assets (cont'd)

#### *Significant increase in credit risk (cont'd)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Impairment of financial assets (cont'd)

#### *Definition of default*

The group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Impairment of financial assets (cont'd)

#### *Measurement and recognition of expected credit losses*

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investments revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

#### Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Offsetting arrangement

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the group and the company and has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**INVENTORIES** - Inventories are stated at the lower of cost and net realisable value. Cost comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

**LEASES** (before July 1, 2019) - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

LEASES (from July 1, 2019)

### The group as lessor

The group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (from July 1, 2019) (cont'd)

### The group as lessor (cont'd)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

### The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (from July 1, 2019) (cont'd)

The group as lessee (cont'd)

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs related to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (from July 1, 2019) (cont'd)

The group as lessee (cont'd)

Right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in below.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient.

CLUB MEMBERSHIP - Club membership is held on a long term basis, as these memberships have no expiry dates. Club membership is stated at purchase cost less accumulated impairment loss, which represents management's best estimate of its realisable value less cost to sell.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

|                        |   | <u>Years</u> |
|------------------------|---|--------------|
| Computers              | - | 3 to 8       |
| Leasehold improvements | - | 3 to 8       |
| Furniture and fittings | - | 5 to 8       |
| Motor vehicles         | - | 5 to 7       |
| Equipment              | - | 2 to 8       |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and to earn rental income. Investment properties are measured initially at cost, including transaction cost and measured subsequently at fair values at the end of the reporting period. Any gain or loss arising from changes in the fair value of an investment property is recognised in profit or loss for the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The fair values of the group's investment properties are revalued at reporting date on a systematic basis based on management's valuation. Management's valuation is based on valuations from independent professional valuers with reference to recent transactions of similar properties in the vicinity.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS** - At the end of each reporting period, the group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - The group recognises revenue from the following major sources:

- Sale of gifts and hampers
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. The group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Sale of gifts and hampers

The group sells flowers and gifts to its customers.

Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 days upon delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). Revenue from the customer loyalty points is recognised when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognised until the points are redeemed or expire.

### Rental income

The group earned rental income from investment properties held. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided based on the terms specified in the contract.

### Interest income

Interest income is accrued on a time basis, by reference, to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the company whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The company has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# Notes to Financial Statements

June 30, 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in their functional currencies using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On the disposal of a foreign operation i.e., a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

**CASH AND CASH EQUIVALENTS** - Cash and cash equivalents comprise cash on hand, bank balances and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

# Notes to Financial Statements

June 30, 2020

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### ***Critical judgements in applying the group's accounting policies***

There are no critical judgements, apart from those involving estimations (see below), that the management has made in the process of applying the group's accounting policies for the amounts recognised in the financial statements.

### ***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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### (a) Calculation of loss allowance

When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of the trade receivables at the end of the reporting period is disclosed in Note 7 to the financial statements.

# Notes to Financial Statements

June 30, 2020

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### ***Key sources of estimation uncertainty (cont'd)***

(b) Allowance for inventories

Inventories are valued at the lower of cost or net realisable value. The group reviews its inventories levels in order to identify slow-moving and obsolete merchandise as well as assessing if net realisable value is lower than its carrying amount. Where the group identifies slow-moving and obsolete merchandise, or items of inventories with a net realisable value that is lower than its carrying amount, the group estimates the amount of inventories loss as allowance on inventories.

The carrying amount of the inventories at the end of the reporting period is disclosed in Note 10 to the financial statements.

(c) Impairment of investment in subsidiaries

Management has carried out a review of the recoverable amount of the investment in subsidiaries having regard to the existing performance and the carrying value of the net tangible assets of the respective subsidiaries. Management has estimated the recoverable amount based on the fair value less cost to sell which is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries and confident that the allowance for impairment, where necessary, is adequate.

As at the end of the reporting period, total allowance for impairment loss of \$1,472,000 (2018 : \$1,472,000) have been made for investment in subsidiaries based on the market conditions reflecting the recoverability of the net assets in subsidiaries as disclosed in Note 11 to the financial statements.

(d) Valuation of the investment properties

As described in Note 2 to the financial statements, investment properties are stated at fair value based on management's estimation, which is based on valuations performed by independent valuation expert on certain of its investment properties with reference to recent transactions of similar properties in the vicinity. Management applied that fair value per square metre to the remaining investment properties at the same location. In determining the fair value, the independent valuation expert has determined the fair values with reference to recent transactions of similar properties in the vicinity is considered and adjustments made to price per square metre of comparable properties to account for different attributes such as location, tenure, building size, age and conditions.

In relying on the valuation reports of the professional valuer, management has exercised judgement in arriving at a value which is reflective of the current market conditions. The carrying amount of the investment properties based on their fair values at the end of the reporting period is disclosed in Note 16 to the financial statements.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

|                                            | Group          |                | Company        |                |
|--------------------------------------------|----------------|----------------|----------------|----------------|
|                                            | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Financial assets</b>                    |                |                |                |                |
| Financial assets at amortised cost         | 14,557         | 16,013         | 11,982         | 12,761         |
| Financial assets at FVTOCI:                |                |                |                |                |
| Debt instruments classified as at FVTOCI   | 1,022          | 1,749          | 1,022          | 1,749          |
| equity instruments designated as at FVTOCI | 1,419          | 676            | 1,419          | 676            |
| <b>Financial liabilities</b>               |                |                |                |                |
| Financial liabilities at amortised cost    | 4,150          | 2,594          | 4,539          | 2,888          |

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

| Type of financial assets (liabilities) | (a)                                                                           | (b)                                                                                                                                | (c) = (a) - (b)                                                                                                      |
|----------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                        | Gross amounts<br>of recognised<br>financial assets<br>(liabilities)<br>\$'000 | Gross amounts<br>of recognised<br>financial assets<br>(liabilities) set off<br>in the statement of<br>financial position<br>\$'000 | Net amounts of<br>financial assets<br>(liabilities) presented<br>in the statement of<br>financial position<br>\$'000 |
| <u>2020</u>                            |                                                                               |                                                                                                                                    |                                                                                                                      |
| <u>Company</u>                         |                                                                               |                                                                                                                                    |                                                                                                                      |
| Amount due from subsidiaries           | 322                                                                           | (107)                                                                                                                              | 215                                                                                                                  |
| Amount due to subsidiaries             | 1,095                                                                         | (107)                                                                                                                              | 988                                                                                                                  |

In 2020, the group (2019: the group and company) does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) *Financial risk management policies and objectives*

The board of directors meets periodically to analyse and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and foreign exchange rates. Generally, the group's employs a conservative strategy regarding its risk management. As the group's exposure to market risk is kept at a minimum level, the group has not used any derivatives or other instruments for hedging purposes. The group does not hold or issue derivative financial instruments for speculative purposes.

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

#### (i) Foreign exchange risk management

The group and company are exposed to minimal foreign exchange rate risk as the purchases and sales are denominated in its respective functional currencies. Any movement in foreign exchange rate is unlikely to impact the results of the group materially.

#### (ii) Interest rate risk management

The group and company is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets.

The interest rate of fixed deposits and debt instruments classified as at FVTOCI of the group and company are disclosed in Notes 6 and 13 to the financial statements, respectively.

No sensitivity analysis is prepared as the group and company does not expect any material effect on the group and company's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) *Financial risk management policies and objectives (cont'd)*

#### (iii) Credit risk management

The group develops and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The group uses its own trading records to rate its major customers and other debtors.

The group's current credit risk grading framework comprises the following categories:

| <b>Category</b> | <b>Description</b>                                                                                                                    | <b>Basis for recognising expected credit losses (ECL)</b> |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Performing      | The counterparty has a low risk of default and does not have any past-due amounts.                                                    | 12-month ECL                                              |
| Doubtful        | Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.                       | Lifetime ECL - not credit-impaired                        |
| In default      | Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.                                            | Lifetime ECL - credit-impaired                            |
| Write-off       | There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery. | Amount is written off                                     |

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iii) Credit risk management (cont'd)

The table below details the credit quality of the group and company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

|                                                                             | Note | Internal<br>credit<br>rating | 12-month or<br>lifetime ECL              | Gross<br>carrying<br>amount<br>\$'000 | Loss<br>allowance<br>\$'000 | Net<br>carrying<br>amount<br>\$'000 |
|-----------------------------------------------------------------------------|------|------------------------------|------------------------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| <u>2020</u>                                                                 |      |                              |                                          |                                       |                             |                                     |
| <u>Group</u>                                                                |      |                              |                                          |                                       |                             |                                     |
| Trade receivables                                                           | 7    | (i)                          | Lifetime ECL<br>(simplified<br>approach) | 1,275                                 | (333)                       | 942                                 |
| Other receivables                                                           | 9    | Performing                   | 12-month ECL                             | 686                                   | -                           | 686                                 |
| Financial assets at FVTOCI<br>- Debt instruments<br>classified as at FVTOCI | 13   | Performing                   | 12-month ECL                             | 1,022                                 | -                           | 1,022                               |
|                                                                             |      |                              |                                          |                                       | <u>(333)</u>                |                                     |
| <u>Company</u>                                                              |      |                              |                                          |                                       |                             |                                     |
| Trade receivables                                                           | 7    | (i)                          | Lifetime ECL<br>(simplified<br>approach) | 658                                   | (164)                       | 494                                 |
| Amount due from subsidiaries                                                | 8    | Performing                   | 12-month ECL                             | 215                                   | -                           | 215                                 |
| Amount due from subsidiaries                                                | 8    | In default                   | 12-month ECL                             | 448                                   | (448)                       | -                                   |
| Other receivables                                                           | 9    | Performing                   | 12-month ECL                             | 586                                   | -                           | 586                                 |
| Financial assets at FVTOCI<br>- Debt instruments<br>classified as at FVTOCI | 13   | Performing                   | 12-month ECL                             | 1,022                                 | -                           | 1,022                               |
|                                                                             |      |                              |                                          |                                       | <u>(612)</u>                |                                     |

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iii) Credit risk management (cont'd)

|                                                                             | Note | Internal<br>credit<br>rating | 12-month or<br>lifetime ECL              | Gross<br>carrying<br>amount<br>\$'000 | Loss<br>allowance<br>\$'000 | Net<br>carrying<br>amount<br>\$'000 |
|-----------------------------------------------------------------------------|------|------------------------------|------------------------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| <u>2019</u>                                                                 |      |                              |                                          |                                       |                             |                                     |
| <u>Group</u>                                                                |      |                              |                                          |                                       |                             |                                     |
| Trade receivables                                                           | 7    | (i)                          | Lifetime ECL<br>(simplified<br>approach) | 1,461                                 | (264)                       | 1,197                               |
| Other receivables                                                           | 9    | Performing                   | 12-month ECL                             | 451                                   | -                           | 451                                 |
| Financial assets at FVTOCI<br>- Debt instruments<br>classified as at FVTOCI | 13   | Performing                   | 12-month ECL                             | 1,749                                 | -                           | 1,749                               |
|                                                                             |      |                              |                                          |                                       | <u>(264)</u>                |                                     |
| <u>Company</u>                                                              |      |                              |                                          |                                       |                             |                                     |
| Trade receivables                                                           | 7    | (i)                          | Lifetime ECL<br>(simplified<br>approach) | 747                                   | (142)                       | 605                                 |
| Amount due from subsidiaries                                                | 8    | Performing                   | 12-month ECL                             | 817                                   | -                           | 817                                 |
| Amount due from subsidiaries                                                | 8    | In default                   | 12-month ECL                             | 448                                   | (448)                       | -                                   |
| Other receivables                                                           | 9    | Performing                   | 12-month ECL                             | 405                                   | -                           | 405                                 |
| Financial assets at FVTOCI<br>- Debt instruments<br>classified as at FVTOCI | 13   | Performing                   | 12-month ECL                             | 1,749                                 | -                           | 1,749                               |
|                                                                             |      |                              |                                          |                                       | <u>(590)</u>                |                                     |

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) **Financial risk management policies and objectives (cont'd)**

#### (iii) Credit risk management (cont'd)

- (i) The group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

Although the group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single customer or group of customers. The carrying amount of financial assets recorded in the financial statements represents the group's maximum exposure to credit risk. There is no class of financial assets that is past due and/or impaired.

Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

#### (iv) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

#### *Liquidity and interest risk analysis*

#### Non-derivative financial liabilities

The group's and company's non-derivative financial liabilities are payables at amortised cost, which are non-interest bearing, repayable on demand and less than one year except for accrued restoration costs, accrued operating lease incentives and lease liabilities as disclosed in Notes 18 and 20 to the financial statements, respectively.

#### Non-derivative financial assets

Financial assets are due within 12 months and repayable on demand, except for financial assets at FVTOCI, as disclosed in Note 13 to the financial statements, which are held for medium to long-term strategic purposes.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (v) Fair values of financial assets and financial liabilities

*Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The group and company's carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivable, payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*Fair value of financial assets that are measured at fair value on a recurring basis*

Certain of the group's and company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

| Financial assets/<br>Financial liabilities | (Group and Company)<br>Fair value as at |                         |                    |                         | Fair value<br>hierarchy | Valuation<br>technique(s)<br>and key<br>input(s) |
|--------------------------------------------|-----------------------------------------|-------------------------|--------------------|-------------------------|-------------------------|--------------------------------------------------|
|                                            | 2020                                    |                         | 2019               |                         |                         |                                                  |
|                                            | Assets<br>(\$'000)                      | Liabilities<br>(\$'000) | Assets<br>(\$'000) | Liabilities<br>(\$'000) |                         |                                                  |
| Financial assets at FVTOCI (see Note 13)   |                                         |                         |                    |                         |                         |                                                  |
| Quoted equity and debt securities          | 2,441                                   | -                       | 2,425              | -                       | Level 1                 | Quoted bid prices in an active market.           |

There were no transfers between the different levels of the fair value hierarchy in the financial year.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (c) *Financial risk management policies and objectives (cont'd)*

#### (vi) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The group does not actively trade such investments.

Further details of these equity investments is disclosed in Note 13.

#### Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments at FVTOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant:

- The group's net profit for the year ended June 30, 2020 would have been unaffected as the equity investments are classified as at FVTOCI; and
- The group's asset revaluation reserves would decrease/increase by \$142,000 (2019: decrease/increase by \$68,000).

The group's sensitivity to equity prices has not changed significantly from the prior year.

# Notes to Financial Statements

June 30, 2020

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (d) *Capital management policies and objectives*

The group manages its capital to ensure that entities in the group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the group consists of equity attributable to owners of the company, comprising issued capital, reserves and retained earnings.

Management reviews the capital structure on an ongoing basis. The group's and the company's overall strategy remains unchanged from prior year.

## 5 RELATED PARTY TRANSACTIONS

### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year was as follows:

|                          | Group  |        |
|--------------------------|--------|--------|
|                          | 2020   | 2019   |
|                          | \$'000 | \$'000 |
| Short-term benefits      | 1,020  | 1,284  |
| Post-employment benefits | 54     | 95     |
| Advisory fee             | 23     | 3      |
| Total                    | 1,109  | 1,382  |

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

# Notes to Financial Statements

June 30, 2020

## 6 CASH AND CASH EQUIVALENTS

|                        | Group          |                | Company        |                |
|------------------------|----------------|----------------|----------------|----------------|
|                        | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Cash and bank balances | 2,136          | 1,927          | 962            | 1,102          |
| Fixed deposits         | 10,793         | 12,438         | 9,725          | 9,832          |
| Total                  | <b>12,929</b>  | 14,365         | <b>10,687</b>  | 10,934         |

Fixed deposits of the group and the company bear effective interest at an average rate of 0.28% (2019: 1.82%) and 0.23% (2019: 1.81%) per annum respectively. The fixed deposits of the group and company are for an average tenure of 104 days (2019: 115 days) and 70 days (2019: 111 days) respectively.

Management is of the view that the fixed deposits qualified as cash and cash equivalents as these can be withdrawn at any time with insignificant change in value.

Analysis of currency profile of cash and bank balances as of the end of the reporting period, which also represent components of cash and cash equivalents of the group and company, are as follows:

|                  | Group          |                | Company        |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Singapore Dollar | 12,853         | 14,256         | 10,682         | 10,929         |
| Malaysia Ringgit | 50             | 83             | -              | -              |
| Chinese Yuan     | 26             | 26             | 5              | 5              |
|                  | <b>12,929</b>  | 14,365         | <b>10,687</b>  | 10,934         |

# Notes to Financial Statements

June 30, 2020

## 7 TRADE RECEIVABLES

|                      | Group        |        | Company      |        |
|----------------------|--------------|--------|--------------|--------|
|                      | 2020         | 2019   | 2020         | 2019   |
|                      | \$'000       | \$'000 | \$'000       | \$'000 |
| Outside parties      | <b>1,275</b> | 1,461  | <b>658</b>   | 747    |
| Less: Loss allowance | <b>(333)</b> | (264)  | <b>(164)</b> | (142)  |
| Net                  | <b>942</b>   | 1,197  | <b>494</b>   | 605    |

The average credit period is 30 days (2019: 30 days). No interest is charged on outstanding trade receivables. The group and company does not hold any collateral over these balances.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

# Notes to Financial Statements

June 30, 2020

## 7 TRADE RECEIVABLES (cont'd)

The following table details the risk profile of trade receivables from contracts with customers based on the group's provision matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer base.

|                                                  | Trade receivables - days past due |                           |                            |                            |                             |                      | Total<br>\$'000 |
|--------------------------------------------------|-----------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|----------------------|-----------------|
|                                                  | Not past<br>due<br>\$'000         | 1 to<br>30 days<br>\$'000 | 31 to 60<br>days<br>\$'000 | 61 to<br>90 days<br>\$'000 | 91 to<br>120 days<br>\$'000 | > 120 days<br>\$'000 |                 |
| <u>2020</u>                                      |                                   |                           |                            |                            |                             |                      |                 |
| <u>Group</u>                                     |                                   |                           |                            |                            |                             |                      |                 |
| Expected weighted credit loss rate               | -                                 | 6.5%                      | 8.2%                       | 13.8%                      | 37.5%                       | 55.9%                |                 |
| Estimated total gross carrying amount at default | 359                               | 184                       | 98                         | 65                         | 80                          | 490                  | 1,275           |
| Lifetime ECL                                     | -                                 | (12)                      | (8)                        | (9)                        | (30)                        | (274)                | (333)           |
|                                                  |                                   |                           |                            |                            |                             |                      | <u>942</u>      |
| <u>Company</u>                                   |                                   |                           |                            |                            |                             |                      |                 |
| Expected weighted credit loss rate               | -                                 | 8.4%                      | 11.9%                      | 20.4%                      | 23.2%                       | 62.9%                |                 |
| Estimated total gross carrying amount at default | 179                               | 131                       | 59                         | 44                         | 43                          | 202                  | 658             |
| Lifetime ECL                                     | -                                 | (11)                      | (7)                        | (9)                        | (10)                        | (127)                | (164)           |
|                                                  |                                   |                           |                            |                            |                             |                      | <u>494</u>      |

# Notes to Financial Statements

June 30, 2020

## 7 TRADE RECEIVABLES (cont'd)

|                                                  | Trade receivables - days past due |                           |                            |                            |                             |                      | Total<br>\$'000 |
|--------------------------------------------------|-----------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|----------------------|-----------------|
|                                                  | Not past<br>due<br>\$'000         | 1 to<br>30 days<br>\$'000 | 31 to 60<br>days<br>\$'000 | 61 to<br>90 days<br>\$'000 | 91 to<br>120 days<br>\$'000 | > 120 days<br>\$'000 |                 |
| <u>2019</u>                                      |                                   |                           |                            |                            |                             |                      |                 |
| <u>Group</u>                                     |                                   |                           |                            |                            |                             |                      |                 |
| Expected weighted credit loss rate               | -                                 | -                         | -                          | 2.3%                       | 14.4%                       | 48.7%                |                 |
| Estimated total gross carrying amount at default | 568                               | 158                       | 59                         | 43                         | 132                         | 501                  | 1,461           |
| Lifetime ECL                                     | -                                 | -                         | -                          | (1)                        | (19)                        | (244)                | (264)           |
|                                                  |                                   |                           |                            |                            |                             |                      | <u>1,197</u>    |
| <u>Company</u>                                   |                                   |                           |                            |                            |                             |                      |                 |
| Expected weighted credit loss rate               | -                                 | -                         | -                          | 5.3%                       | 10.7%                       | 49.1%                |                 |
| Estimated total gross carrying amount at default | 272                               | 73                        | 30                         | 19                         | 84                          | 269                  | 747             |
| Lifetime ECL                                     | -                                 | -                         | -                          | (1)                        | (9)                         | (132)                | (142)           |
|                                                  |                                   |                           |                            |                            |                             |                      | <u>605</u>      |

# Notes to Financial Statements

June 30, 2020

## 7 TRADE RECEIVABLES (cont'd)

The movements in credit loss allowance, credit-impaired, are as follows:

|                                                                 | Group          |                | Company        |                |
|-----------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                 | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Balance at beginning of the year                                | 264            | 241            | 142            | 117            |
| Loss allowance recognised in profit or loss during the year on: |                |                |                |                |
| - Assets originated                                             | 193            | 78             | 101            | 40             |
| - Reversal of unutilised amounts                                | (12)           | (29)           | -              | (15)           |
|                                                                 | 181            | 49             | 101            | 25             |
| Receivables written off as uncollectible                        | (112)          | (26)           | (79)           | -              |
| Balance at end of the year                                      | 333            | 264            | 164            | 142            |

# Notes to Financial Statements

June 30, 2020

## 8 AMOUNT DUE FROM (TO) SUBSIDIARIES

|                                              | Company      |        |
|----------------------------------------------|--------------|--------|
|                                              | 2020         | 2019   |
|                                              | \$'000       | \$'000 |
| Amounts due from subsidiaries:               |              |        |
| Trade                                        | 60           | 89     |
| Non-trade                                    | 603          | 1,176  |
|                                              | <b>663</b>   | 1,265  |
| Less: Loss allowance (credit-impaired)       | <b>(448)</b> | (448)  |
| Net                                          | <b>215</b>   | 817    |
| Movement in credit loss allowance:           |              |        |
| Balance at beginning of year and end of year | <b>448</b>   | 448    |
| Amounts due to subsidiaries:                 |              |        |
| Non-trade                                    | <b>988</b>   | 988    |

The average credit period for trade balance is 30 days (2019: 30 days). No interest is charged on outstanding trade receivables.

The non-trade balances are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, the amounts due from subsidiaries is considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the amounts due from related corporation since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the receivables as well as the loss upon default. Management has specifically provided for loss allowance amounting to \$448,000 and determines the remaining amounts is subject to immaterial credit loss.

# Notes to Financial Statements

June 30, 2020

## 9 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

|                   | Group      |        | Company    |        |
|-------------------|------------|--------|------------|--------|
|                   | 2020       | 2019   | 2020       | 2019   |
|                   | \$'000     | \$'000 | \$'000     | \$'000 |
| Deposits          | 363        | 381    | 328        | 346    |
| Prepayments       | 49         | 63     | 38         | 47     |
| Other receivables | 323        | 70     | 258        | 59     |
| Total             | <b>735</b> | 514    | <b>624</b> | 452    |

The receivables are interest-free and repayable on demand and the average age of these receivables is less than 30 days.

For the purpose of impairment assessment, deposits and other receivables are considered to have low credit risk as there had been no significant increase in the risk of default since initial recognition. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL which is not material.

## 10 INVENTORIES

|                       | Group        |        | Company      |        |
|-----------------------|--------------|--------|--------------|--------|
|                       | 2020         | 2019   | 2020         | 2019   |
|                       | \$'000       | \$'000 | \$'000       | \$'000 |
| Liquor                | 1,170        | 1,132  | 764          | 764    |
| Gifts and accessories | 839          | 776    | 680          | 483    |
| Total                 | <b>2,009</b> | 1,908  | <b>1,444</b> | 1,247  |

# Notes to Financial Statements

June 30, 2020

## 10 INVENTORIES (cont'd)

This is stated after allowance for obsolescence as follows:

|                                                | Group          |                | Company        |                |
|------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Balance at beginning of year                   | 195            | 229            | 121            | 157            |
| Charge to profit or loss                       | 97             | 36             | 60             | 24             |
| Written-off against allowance for obsolescence | (69)           | (70)           | (33)           | (60)           |
| Balance at end of year                         | <u>223</u>     | <u>195</u>     | <u>148</u>     | <u>121</u>     |

Allowance for inventories have been estimated based on the age, historical and expected future usage of inventories.

## 11 SUBSIDIARIES

|                                 | Company        |                |
|---------------------------------|----------------|----------------|
|                                 | 2020<br>\$'000 | 2019<br>\$'000 |
| Unquoted equity shares, at cost | 4,571          | 4,571          |
| Less: Allowance for impairment  | (1,472)        | (1,472)        |
| Net                             | <u>3,099</u>   | <u>3,099</u>   |

# Notes to Financial Statements

June 30, 2020

## 11 SUBSIDIARIES (cont'd)

Significant transactions with subsidiaries:

|                                         | Company        |                |
|-----------------------------------------|----------------|----------------|
|                                         | 2020<br>\$'000 | 2019<br>\$'000 |
| Sale of goods                           | (132)          | (146)          |
| Purchase of goods                       | 105            | 128            |
| Management fee                          | (952)          | (974)          |
| Franchisee fee                          | (19)           | (24)           |
| SAP maintenance fee                     | (55)           | (55)           |
| Freight charges                         | (9)            | (10)           |
| Expenses borne on behalf with recharges | <b>1,579</b>   | <b>1,362</b>   |

The details of the subsidiaries are as follows:

| Subsidiaries                                           | Effective equity interest and voting power held |      | Cost of investment |        | Principal activities/<br>Country of incorporation and operations |
|--------------------------------------------------------|-------------------------------------------------|------|--------------------|--------|------------------------------------------------------------------|
|                                                        | 2020                                            | 2019 | 2020               | 2019   |                                                                  |
|                                                        | %                                               | %    | \$'000             | \$'000 |                                                                  |
| Humming Flowers & Gifts Pte. Ltd. <sup>(1)</sup>       | 100                                             | 100  | 2,000              | 2,000  | Selling of hampers, flowers and gifts/<br>Singapore              |
| Noel Gifts Malaysia Sdn. Bhd. <sup>(2)</sup>           | 100                                             | 100  | 833                | 833    | In the process of liquidation/<br>Malaysia                       |
| Noel Hampers & Gifts (Johore) Sdn. Bhd. <sup>(2)</sup> | 90                                              | 90   | 537                | 537    | Selling of hampers, flowers and gifts/<br>Malaysia               |

# Notes to Financial Statements

June 30, 2020

## 11 SUBSIDIARIES (cont'd)

| Subsidiaries                                       | Effective equity interest and voting power held |      | Cost of investment |        | Principal activities/<br>Country of incorporation and operations                        |
|----------------------------------------------------|-------------------------------------------------|------|--------------------|--------|-----------------------------------------------------------------------------------------|
|                                                    | 2020                                            | 2019 | 2020               | 2019   |                                                                                         |
|                                                    | %                                               | %    | \$'000             | \$'000 |                                                                                         |
| Noel Property Development Pte. Ltd. <sup>(2)</sup> | 100                                             | 100  | 1,003              | 1,003  | Property investment and development (dormant)/ Singapore                                |
| Noel Gifts (Chengdu) Co. Ltd <sup>(2)</sup>        | 100                                             | 100  | 188                | 188    | Selling of hampers, flowers And gifts (dormant)/ People's Republic of China             |
| Gift Collective Pte. Ltd. <sup>(2)</sup>           | 100                                             | 100  | 10                 | 10     | Engage in retail sale via internet and wholesale trade of a variety of goods/ Singapore |
| Total                                              |                                                 |      | <b>4,571</b>       | 4,571  |                                                                                         |

### Notes:

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(2)</sup> Unaudited management accounts were used for consolidation as the subsidiary is not material to the group.

There were no non-wholly owned subsidiary of the group that have material non-controlling interests.

# Notes to Financial Statements

June 30, 2020

## 12 CLUB MEMBERSHIP

|                               | <b>Group and Company</b> |               |
|-------------------------------|--------------------------|---------------|
|                               | <b>2020</b>              | <b>2019</b>   |
|                               | <b>\$'000</b>            | <b>\$'000</b> |
| Golf club membership, at cost | <b>208</b>               | 208           |
| Less: Impairment loss         | <b>(16)</b>              | (18)          |
| Net                           | <b>192</b>               | 190           |

Club membership represents management's right of use of facilities at selected establishments and have no expiry dates. The carrying amounts reflect management's best estimate of its realisable value less cost to sell.

|                              | <b>Group and Company</b> |               |
|------------------------------|--------------------------|---------------|
|                              | <b>2020</b>              | <b>2019</b>   |
|                              | <b>\$'000</b>            | <b>\$'000</b> |
| Movement in impairment loss: |                          |               |
| Balance at beginning of year | <b>18</b>                | 43            |
| Reversal of impairment       | <b>(2)</b>               | (25)          |
| Balance at end of year       | <b>16</b>                | 18            |

# Notes to Financial Statements

June 30, 2020

## 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|                                                            | Group          |                | Company        |                |
|------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                            | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Investments in equity instruments designated as at FVTOCI: |                |                |                |                |
| - Quoted securities                                        | 1,419          | 676            | 1,419          | 676            |
| Investments in debt instruments classified as at FVTOCI:   |                |                |                |                |
| - Quoted securities                                        | 1,022          | 1,749          | 1,022          | 1,749          |
| Total financial assets at FVTOCI                           | <b>2,441</b>   | 2,425          | <b>2,441</b>   | 2,425          |

The investments offer the company the opportunity for return through dividends and capital gains. A fair value gain of \$67,000 (2019: fair value gain of \$151,000) was recorded in the other comprehensive income.

### Quoted equity securities

The investments in quoted equity securities offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

These equity securities are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity securities as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

# Notes to Financial Statements

June 30, 2020

## 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (cont'd)

### Quoted debt securities

The debt securities include listed redeemable notes that carry an average interest at 4% per annum.

These redeemable notes are held by the group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the redeemable notes are classified as at FVTOCI.

For purpose of impairment assessment, the notes are considered to have low credit risk as they are held with counterparties with credit rating ranging from AAA to BAA. The group holds no collateral over this balance. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. No loss allowance is recognised in the current reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

# Notes to Financial Statements

June 30, 2020

## 14 PLANT AND EQUIPMENT

|                           | <b>Computers</b> | <b>Leasehold</b>    | <b>Furniture</b>    | <b>Motor</b>    | <b>Equipment</b> | <b>Total</b>  |
|---------------------------|------------------|---------------------|---------------------|-----------------|------------------|---------------|
|                           | <b>\$'000</b>    | <b>improvements</b> | <b>and fittings</b> | <b>vehicles</b> | <b>\$'000</b>    | <b>\$'000</b> |
|                           | <b>\$'000</b>    | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b>   | <b>\$'000</b>    | <b>\$'000</b> |
| <u>Group</u>              |                  |                     |                     |                 |                  |               |
| Cost:                     |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | 2,250            | 774                 | 332                 | 1,555           | 580              | 5,491         |
| Additions                 | 62               | 85                  | 21                  | 147             | 11               | 326           |
| Disposals                 | (14)             | (36)                | (4)                 | (116)           | (2)              | (172)         |
| Written-off               | (11)             | (163)               | (48)                | -               | (7)              | (229)         |
| Translation difference    | (2)              | (1)                 | (1)                 | (1)             | (1)              | (6)           |
| At June 30, 2019          | 2,285            | 659                 | 300                 | 1,585           | 581              | 5,410         |
| Additions                 | 158              | 8                   | -                   | -               | 18               | 184           |
| Disposals                 | (51)             | -                   | -                   | -               | -                | (51)          |
| Written off               | -                | (15)                | (2)                 | -               | -                | (17)          |
| At June 30, 2020          | 2,392            | 652                 | 298                 | 1,585           | 599              | 5,526         |
| Accumulated depreciation: |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | 2,043            | 543                 | 261                 | 634             | 465              | 3,946         |
| Depreciation              | 91               | 102                 | 43                  | 220             | 41               | 497           |
| Eliminated on disposals   | (14)             | (14)                | (3)                 | (116)           | (2)              | (149)         |
| Eliminated on written-off | (2)              | (114)               | (46)                | -               | (6)              | (168)         |
| Translation difference    | (2)              | (1)                 | (1)                 | (1)             | -                | (5)           |
| At June 30, 2019          | 2,116            | 516                 | 254                 | 737             | 498              | 4,121         |
| Depreciation              | 141              | 102                 | 27                  | 223             | 36               | 529           |
| Eliminated on disposals   | (51)             | -                   | -                   | -               | -                | (51)          |
| Eliminated on written off | -                | (10)                | (2)                 | -               | -                | (12)          |
| At June 30, 2020          | 2,206            | 608                 | 279                 | 960             | 534              | 4,587         |
| Accumulated impairment:   |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | -                | 26                  | 1                   | -               | -                | 27            |
| Eliminated on disposals   | -                | (22)                | (1)                 | -               | -                | (23)          |
| At June 30, 2019          | -                | 4                   | -                   | -               | -                | 4             |
| Eliminated on written off | -                | (4)                 | -                   | -               | -                | (4)           |
| At June 30, 2020          | -                | -                   | -                   | -               | -                | -             |
| Carrying amount:          |                  |                     |                     |                 |                  |               |
| At June 30, 2020          | 186              | 44                  | 19                  | 625             | 65               | 939           |
| At June 30, 2019          | 169              | 139                 | 46                  | 848             | 83               | 1,285         |

# Notes to Financial Statements

June 30, 2020

## 14 PLANT AND EQUIPMENT (cont'd)

| <u>Company</u>            | <b>Computers</b> | <b>Leasehold</b>    | <b>Furniture</b>    | <b>Motor</b>    | <b>Equipment</b> | <b>Total</b>  |
|---------------------------|------------------|---------------------|---------------------|-----------------|------------------|---------------|
|                           | <b>\$'000</b>    | <b>improvements</b> | <b>and fittings</b> | <b>vehicles</b> | <b>\$'000</b>    | <b>\$'000</b> |
|                           | <b>\$'000</b>    | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b>   | <b>\$'000</b>    | <b>\$'000</b> |
| Cost:                     |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | 2,018            | 546                 | 221                 | 1,002           | 303              | 4,090         |
| Additions                 | 56               | 86                  | 11                  | 147             | 11               | 311           |
| Disposal                  | (19)             | (36)                | (4)                 | (117)           | (7)              | (183)         |
| At June 30, 2019          | 2,055            | 596                 | 228                 | 1,032           | 307              | 4,218         |
| Additions                 | 119              | 8                   | -                   | -               | 18               | 145           |
| Written off               | -                | (15)                | (2)                 | -               | -                | (17)          |
| At June 30, 2020          | 2,174            | 589                 | 226                 | 1,032           | 325              | 4,346         |
| Accumulated depreciation: |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | 1,866            | 388                 | 173                 | 463             | 220              | 3,110         |
| Depreciation              | 61               | 92                  | 27                  | 144             | 27               | 351           |
| Eliminated on disposals   | (14)             | (14)                | (3)                 | (117)           | (5)              | (153)         |
| At June 30, 2019          | 1,913            | 466                 | 197                 | 490             | 242              | 3,308         |
| Depreciation              | 99               | 94                  | 14                  | 148             | 28               | 383           |
| Eliminated on written off | -                | (10)                | (2)                 | -               | -                | (12)          |
| At June 30, 2020          | 2,012            | 550                 | 209                 | 638             | 270              | 3,679         |
| Accumulated impairment:   |                  |                     |                     |                 |                  |               |
| At July 1, 2018           | -                | 26                  | 1                   | -               | -                | 27            |
| Eliminated on written off | -                | (22)                | (1)                 | -               | -                | (23)          |
| At June 30, 2019          | -                | 4                   | -                   | -               | -                | 4             |
| Eliminated on written off | -                | (4)                 | -                   | -               | -                | (4)           |
| At June 30, 2020          | -                | -                   | -                   | -               | -                | -             |
| Carrying amount:          |                  |                     |                     |                 |                  |               |
| At June 30, 2020          | 162              | 39                  | 17                  | 394             | 55               | 667           |
| At June 30, 2019          | 142              | 126                 | 31                  | 542             | 65               | 906           |

There were no company pledged assets and securities as at June 30, 2020 and 2019.

# Notes to Financial Statements

June 30, 2020

## 15 RIGHT-OF-USE ASSETS

The group and the company leases its offices, warehouses and outlets. The lease terms is ranging from three to seven years (2019: three to seven years).

|                           | <b>Offices</b> | <b>Warehouses</b> | <b>Outlets</b> | <b>Total</b>  |
|---------------------------|----------------|-------------------|----------------|---------------|
|                           | <b>\$'000</b>  | <b>\$'000</b>     | <b>\$'000</b>  | <b>\$'000</b> |
| <u>Group</u>              |                |                   |                |               |
| Cost:                     |                |                   |                |               |
| At July 1, 2019           | 1,630          | 226               | 885            | 2,741         |
| Additions                 | -              | 128               | 212            | 340           |
| June 30, 2020             | <u>1,630</u>   | <u>354</u>        | <u>1,097</u>   | <u>3,081</u>  |
| Accumulated amortisation: |                |                   |                |               |
| At July 1, 2019           | -              | -                 | -              | -             |
| Amortisation              | 384            | 186               | 392            | 962           |
| At June 30, 2020          | <u>384</u>     | <u>186</u>        | <u>392</u>     | <u>962</u>    |
| Accumulated impairment:   |                |                   |                |               |
| At July 1, 2019           | -              | -                 | 92             | 92            |
| Impairment                | -              | -                 | 38             | 38            |
| At June 30, 2020          | <u>-</u>       | <u>-</u>          | <u>130</u>     | <u>130</u>    |
| Carrying amount:          |                |                   |                |               |
| At June 30, 2020          | <u>1,246</u>   | <u>168</u>        | <u>575</u>     | <u>1,989</u>  |
| At July 1, 2019           | <u>1,630</u>   | <u>226</u>        | <u>793</u>     | <u>2,649</u>  |

# Notes to Financial Statements

June 30, 2020

## 15 RIGHT-OF-USE ASSETS (cont'd)

|                           | <u>Offices</u> | <u>Warehouses</u> | <u>Outlets</u> | <u>Total</u>  |
|---------------------------|----------------|-------------------|----------------|---------------|
|                           | <u>\$'000</u>  | <u>\$'000</u>     | <u>\$'000</u>  | <u>\$'000</u> |
| <u>Company</u>            |                |                   |                |               |
| Cost:                     |                |                   |                |               |
| At July 1, 2019           | 1,630          | -                 | 885            | 2,515         |
| Additions                 | -              | 128               | 212            | 340           |
| June 30, 2020             | <u>1,630</u>   | <u>128</u>        | <u>1,097</u>   | <u>2,855</u>  |
| Accumulated amortisation: |                |                   |                |               |
| At July 1, 2019           | -              | -                 | -              | -             |
| Amortisation              | 384            | 5                 | 392            | 781           |
| At June 30, 2020          | <u>384</u>     | <u>5</u>          | <u>392</u>     | <u>781</u>    |
| Accumulated impairment:   |                |                   |                |               |
| At July 1, 2019           | -              | -                 | 92             | 92            |
| Impairment                | -              | -                 | 38             | 38            |
| At June 30, 2020          | <u>-</u>       | <u>-</u>          | <u>130</u>     | <u>130</u>    |
| Carrying amount:          |                |                   |                |               |
| At June 30, 2020          | <u>1,246</u>   | <u>123</u>        | <u>575</u>     | <u>1,944</u>  |
| At July 1, 2019           | <u>1,630</u>   | <u>-</u>          | <u>793</u>     | <u>2,423</u>  |

During the year, the group and company carried out a review of the recoverable amount of its right-of-use assets. The review led to the recognition of impairment loss of \$38,000 (2019: Nil) during the year. The recoverable amount of the right-of-use assets has been determined on the basis of its value in use derived from the discounted cash flows using an average growth rate of 5% per annum and a discount rate of 8.9% per annum.

# Notes to Financial Statements

June 30, 2020

## 16 INVESTMENT PROPERTIES

|                                         | <b>Group and Company</b> |               |
|-----------------------------------------|--------------------------|---------------|
|                                         | <b>2020</b>              | <b>2019</b>   |
|                                         | <b>\$'000</b>            | <b>\$'000</b> |
| At fair value:                          |                          |               |
| At beginning of year                    | <b>14,633</b>            | 15,827        |
| Gain (Loss) from fair value adjustments | <b>421</b>               | (1,194)       |
| At end of year                          | <b>15,054</b>            | 14,633        |
| Comprises:                              |                          |               |
| - Freehold land and building            | <b>13,304</b>            | 12,883        |
| - Leasehold property                    | <b>1,750</b>             | 1,750         |
| Total at fair value                     | <b>15,054</b>            | 14,633        |

The property rental income earned by the group from its investment properties are leased out under operating leases, amounted to \$460,000 (2019 : \$526,000) (Note 23). Direct operating expenses arising on the investment properties in the year amounted to \$195,000 (2019 : \$172,000).

The fair values of the group's and company's investment properties at June 30, 2020 and 2019 are arrived at on the basis of the valuation review on certain investment properties carried out by independent external professionals, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are determined based on market comparable approach that reflects recent transaction prices for similar properties in the vicinity is considered and adjustments made to price per square metre of comparable properties to account for different attributes such as location, tenure, building size, age and conditions. Management then applied the fair value per square metre to the remaining investment properties in the same location.

The fair value of the group and company's investment properties as at June 30, 2020 is classified under Level 3 of the fair value hierarchy.

There were no transfers between the respective levels during the year.

# Notes to Financial Statements

June 30, 2020

## 16 INVESTMENT PROPERTIES (cont'd)

The following table shows the significant unobservable inputs used in the valuation models:

| Type                       | Valuation techniques     | Unobservable inputs                                                        | Range                                                     |
|----------------------------|--------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|
| Freehold land and building | Direct comparison method | Transacted price of comparable properties (price per square metre ("psm")) | \$6,103 to \$7,324 psm<br>(2019 : \$5,974 to \$6,789 psm) |
| Leasehold property         | Direct comparison method | Transacted price of comparable properties (price per square metre)         | \$122 to \$141 psm<br>(2019: \$117 to \$145 psm)          |

Significant increases (decreases) in transacted price of comparable properties in isolation would result in significant increase (decrease) in fair value measurement.

## 17 TRADE PAYABLES

The credit period on purchases of goods is range from 30 to 60 days (2019: 30 to 60 days). No interest is charged on the trade payables.

# Notes to Financial Statements

June 30, 2020

## 18 OTHER PAYABLES

|                                       | Group        |        | Company      |        |
|---------------------------------------|--------------|--------|--------------|--------|
|                                       | 2020         | 2019   | 2020         | 2019   |
|                                       | \$'000       | \$'000 | \$'000       | \$'000 |
| Accrual of operating expenses         | 1,015        | 1,612  | 727          | 1,083  |
| Accrued restoration costs             | 217          | 216    | 179          | 177    |
| Accrued operating lease incentives    | 9            | 42     | 6            | 30     |
| Remuneration payable to directors     | 17           | 21     | 17           | 21     |
| Tenancy deposits                      | 91           | 102    | 91           | 102    |
| Provision for onerous lease           | -            | 92     | -            | 92     |
| Deferred income – Jobs Support Scheme | 447          | -      | 342          | -      |
| Sundry payables                       | 172          | 137    | 96           | 108    |
| Total                                 | <b>1,968</b> | 2,222  | <b>1,458</b> | 1,613  |
| Current payables                      | 1,804        | 2,019  | 1,294        | 1,451  |
| Non-current payables                  | 164          | 203    | 164          | 162    |
| Total                                 | <b>1,968</b> | 2,222  | <b>1,458</b> | 1,613  |

The group and company's non-current payables consist of the following:

|                                    | Group      |        | Company    |        |
|------------------------------------|------------|--------|------------|--------|
|                                    | 2020       | 2019   | 2020       | 2019   |
|                                    | \$'000     | \$'000 | \$'000     | \$'000 |
| Accrued restoration costs          | 164        | 195    | 164        | 156    |
| Accrued operating lease incentives | -          | 8      | -          | 6      |
| Total                              | <b>164</b> | 203    | <b>164</b> | 162    |

Accrued restoration costs relates to the estimated costs to be incurred to restore the current leased premise to its original condition at the end of the tenure of the lease in 2020 to 2023. Accrued operating lease incentives relates to the aggregate benefit of operating lease incentive that is recognised over the lease term. The amounts relating to the accrued restoration costs and accrued operating lease incentives have not been discounted for the purpose of measuring accrued restoration costs, because the effect is not material.

# Notes to Financial Statements

June 30, 2020

## 19 CONTRACT LIABILITIES

The group and company has recognised the revenue related contract liabilities in relation to customer loyalty programme and advance payment from customers.

|                         | Group      |        | Company    |        |
|-------------------------|------------|--------|------------|--------|
|                         | 2020       | 2019   | 2020       | 2019   |
|                         | \$'000     | \$'000 | \$'000     | \$'000 |
| Receipts from customers | 50         | -      | 22         | -      |
| Customer loyalty points | 131        | -      | 90         | -      |
|                         | <b>181</b> | -      | <b>112</b> | -      |

## 20 LEASE LIABILITIES

|                       | Group        | Company      |
|-----------------------|--------------|--------------|
|                       | 2020         | 2020         |
|                       | \$'000       | \$'000       |
| Maturity analysis:    |              |              |
| Year 1                | 853          | 807          |
| Year 2                | 697          | 697          |
| Year 3                | 449          | 449          |
| Year 4                | 116          | 116          |
|                       | <b>2,115</b> | <b>2,069</b> |
| Less: Future interest | (86)         | (86)         |
|                       | <b>2,029</b> | <b>1,983</b> |
| Analysed as:          |              |              |
| Current               | 805          | 759          |
| Non-current           | 1,224        | 1,224        |
|                       | <b>2,029</b> | <b>1,983</b> |

The group and company do not face a significant liquidity risk with regard to its lease liabilities. The group and company estimates that the carrying amounts of lease liabilities approximate their fair value.

# Notes to Financial Statements

June 30, 2020

## 20 LEASE LIABILITIES (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

|                   | <b>June 30,<br/>2019</b> | <b>Adoption of<br/>SFRS(I) 16</b> | <b>July 1,<br/>2019</b> | <b>Financing<br/>cash flows</b> | <b>Non-cash<br/>changes<br/>New lease<br/>liabilities</b> | <b>June 30,<br/>2020</b> |
|-------------------|--------------------------|-----------------------------------|-------------------------|---------------------------------|-----------------------------------------------------------|--------------------------|
|                   | <b>\$'000</b>            | <b>\$'000</b>                     | <b>\$'000</b>           | <b>\$'000</b>                   | <b>\$'000</b>                                             | <b>\$'000</b>            |
| <u>Group</u>      |                          |                                   |                         |                                 |                                                           |                          |
| Lease liabilities | -                        | 2,741                             | 2,741                   | (1,052)                         | 340                                                       | <b>2,029</b>             |

## 21 DEFERRED TAX LIABILITY

|                                             | <b>Group</b>  |               | <b>Company</b> |               |
|---------------------------------------------|---------------|---------------|----------------|---------------|
|                                             | <b>2020</b>   | <b>2019</b>   | <b>2020</b>    | <b>2019</b>   |
|                                             | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b>  | <b>\$'000</b> |
| Balance at beginning of year                | <b>103</b>    | 151           | <b>49</b>      | 84            |
| Charge (Credit) to profit or loss (Note 27) | <b>3</b>      | (48)          | <b>17</b>      | (35)          |
| Balance at end of year                      | <b>106</b>    | 103           | <b>66</b>      | 49            |

The balance comprises mainly the tax effect of the accelerated depreciation of plant and equipment.

# Notes to Financial Statements

June 30, 2020

## 22 SHARE CAPITAL

|                              | Group and Company         |             |               |        |
|------------------------------|---------------------------|-------------|---------------|--------|
|                              | 2020                      | 2019        | 2020          | 2019   |
|                              | Number of ordinary shares |             | \$'000        | \$'000 |
| Issued and paid up:          |                           |             |               |        |
| At beginning and end of year | <b>102,476,024</b>        | 102,476,024 | <b>10,251</b> | 10,251 |

The company has one class of ordinary shares which has no par value, one vote per share and carry a right to dividends when declared by the company.

## 23 REVENUE

|                                             | Group         |        |
|---------------------------------------------|---------------|--------|
|                                             | 2020          | 2019   |
|                                             | \$'000        | \$'000 |
| Sale of gifts and hampers, at point in time | <b>19,413</b> | 21,529 |
| Rental income                               | <b>460</b>    | 526    |
| Total                                       | <b>19,873</b> | 22,055 |

As at June 30, 2020, the transaction price allocated to performance obligation that are unsatisfied (or partially satisfied) in relation to customer loyalty programme and advance payment from customers are approximately \$181,000 (2019: \$Nil). This will be recognised as revenue as the customer loyalty programme points are redeemed, which is expected to occur in the following year.

# Notes to Financial Statements

June 30, 2020

## 24 OTHER OPERATING INCOME

|                                                         | Group        |        |
|---------------------------------------------------------|--------------|--------|
|                                                         | 2020         | 2019   |
|                                                         | \$'000       | \$'000 |
| Government grants                                       |              |        |
| - Jobs Support Scheme ("JSS") <sup>(a)</sup>            | 436          | -      |
| - Rental Rebate <sup>(b)</sup>                          | 127          | -      |
| - Others                                                | 167          | 166    |
| Dividend income from financial assets at FVTOCI         | 96           | 108    |
| Interest income from financial assets at amortised cost | 142          | 168    |
| Gain on disposal of plant and equipment                 | -            | 11     |
| Fair value gain of investment properties                | 421          | -      |
| Others                                                  | 1            | 10     |
| Total                                                   | <b>1,390</b> | 463    |

- (a) The JSS grant was announced at the Budget 2020 (the "Unity Budget") in February 2020 for the purpose of providing wage support to employers to help them retain their local employees (Singapore citizens and permanent residents) during the period of economic uncertainty arising from the COVID-19 situation. The Unity Budget was subsequently enhanced in the two supplementary budgets (the "Resilience Budget" and the "Solidarity Budget") and the Multi-Ministry Taskforce on COVID-19 announcements on March 26, 2020, April 6, 2020 and April 21, 2020 respectively.

Under the JSS, the Government co-funds between 25% to 75% of the first \$4,600 of gross monthly wages paid to each local employee in a ten month period. Deferred income, as disclosed in Note 18, is recognised as grant income in the profit and loss on a systematic basis over the months in which the related salary costs are recognised as expense.

# Notes to Financial Statements

June 30, 2020

## 24 OTHER OPERATING INCOME (cont'd)

- (b) Under the COVID-19 (Temporary Measures) (Amendment) Act passed on June 5, 2020, to provide relief for Small and Medium Enterprises (SMEs) and Non-Profit Organisations (NPOs) operating in qualifying non-residential properties, owners of such qualifying properties will be granted Government cash grant. These property owners are required to provide rental relief through a waiver of rent for their eligible SME and NPO tenant-occupiers. Generally, where the Rental Relief Framework applies, the rental waivers may be offset (partially, or otherwise) against any monetary payments or rental reductions provided, or earlier agreed to, by the landlord and the tenants on or after February 1, 2020, as well as any Property Tax Rebate that owners have passed on or are obliged to pass on to their tenants on or before July 31, 2020 in respect of the property. Rental rebate recognised by the group in relation to COVID-19 (Temporary Measures) (Amendment) Act is presented as a net of rental rebates received and provided to their tenants.

## 25 FINANCE COSTS

Interest expense on lease liabilities

| <b>Group</b>  |               |
|---------------|---------------|
| <b>2020</b>   | <b>2019</b>   |
| <b>\$'000</b> | <b>\$'000</b> |
| <b>73</b>     | <b>-</b>      |

# Notes to Financial Statements

June 30, 2020

## 26 PROFIT (LOSS) BEFORE INCOME TAX

Profit (Loss) before income tax has been arrived at after charging (crediting):

|                                                                         | Group        |        |
|-------------------------------------------------------------------------|--------------|--------|
|                                                                         | 2020         | 2019   |
|                                                                         | \$'000       | \$'000 |
| Employee benefit expense (including directors' remuneration)            | <b>6,659</b> | 7,207  |
| Cost of defined contribution plans included in employee benefit expense | <b>656</b>   | 697    |
| Cost of inventories included in cost of sales                           | <b>7,785</b> | 8,480  |
| Auditors' remuneration:                                                 |              |        |
| Auditor of the company                                                  | <b>71</b>    | 65     |
| Other auditors                                                          | <b>2</b>     | 2      |
| Non-audit fees paid to:                                                 |              |        |
| Auditor of the company                                                  | <b>12</b>    | 12     |
| Other auditors                                                          | <b>7</b>     | 3      |
| Directors' remuneration:                                                |              |        |
| Director of the company                                                 | <b>560</b>   | 459    |
| Other directors                                                         | <b>39</b>    | 44     |
| Directors' fees                                                         | <b>75</b>    | 91     |
| Net foreign exchange loss                                               | <b>3</b>     | 23     |
| Depreciation of plant and equipment                                     | <b>529</b>   | 497    |
| Loss on disposal of plant and equipment                                 | <b>1</b>     | -      |
| Amortisation of right-of-use assets                                     | <b>962</b>   | -      |
| Impairment loss on right-of-use assets                                  | <b>38</b>    | -      |
| Loss allowance on trade receivables                                     | <b>181</b>   | 49     |
| Trade receivables written off                                           | <b>112</b>   | 26     |
| Loss on disposal of financial asset at FVTOCI                           | -            | 1      |
| Fair value (gain) loss of investment properties                         | <b>(421)</b> | 1,194  |
| Reversal of impairment loss on club membership                          | <b>(2)</b>   | (25)   |
| Allowance for inventories                                               | <b>97</b>    | 36     |
| Obsolete inventories written off                                        | <b>69</b>    | 36     |

# Notes to Financial Statements

June 30, 2020

## 27 INCOME TAX (CREDIT) EXPENSE

|                                    | Group       |        |
|------------------------------------|-------------|--------|
|                                    | 2020        | 2019   |
|                                    | \$'000      | \$'000 |
| Current tax:                       |             |        |
| Current year                       | -           | 115    |
| (Over)Underprovision in prior year | <b>(45)</b> | 32     |
| Deferred tax (Note 21)             | <b>3</b>    | (48)   |
| Income tax (credit) expense        | <b>(42)</b> | 99     |

Domestic income tax of the company is calculated at 17% (2019: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit (loss) as follows:

|                                                                                                 | Group        |        |
|-------------------------------------------------------------------------------------------------|--------------|--------|
|                                                                                                 | 2020         | 2019   |
|                                                                                                 | \$'000       | \$'000 |
| Profit (Loss) before income tax                                                                 | <b>1,222</b> | (402)  |
| Income tax income at statutory tax rate of 17% (2019: 17%)                                      | <b>208</b>   | (68)   |
| Tax effect of (income) expenses that are not (taxable) deductible in determining taxable profit | <b>(196)</b> | 248    |
| Effect of different tax rate of subsidiaries operating in other jurisdictions                   | -            | (3)    |
| Tax effect of exempt income                                                                     | <b>(5)</b>   | (35)   |
| (Over) Underprovision in prior years                                                            | <b>(45)</b>  | 32     |
| Tax incentive                                                                                   | <b>(6)</b>   | (44)   |
| Others                                                                                          | <b>2</b>     | (31)   |
| Income tax (credit) expense                                                                     | <b>(42)</b>  | 99     |

# Notes to Financial Statements

June 30, 2020

## 28 EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the ordinary equity holders of the company is based on the following data:

|                                                                                                       | <b>2020</b>    | <b>2019</b> |
|-------------------------------------------------------------------------------------------------------|----------------|-------------|
| Earnings (Loss) for the purposes of basic earnings (loss) per share (\$'000)                          | <b>1,264</b>   | (501)       |
| Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share ('000) | <b>102,476</b> | 102,476     |
| Earnings (Loss) per share (cents) - Basic                                                             | <b>1.23</b>    | (0.49)      |

There is no dilution as no share options were granted or outstanding during the financial year.

## 29 DIVIDENDS

In the financial year ended June 30, 2020, the directors propose that a first and final one-tier tax-exempt dividend of 0.2 cent per share totalling \$205,000 and a special dividend of 1.3 cent totalling \$1,332,000. These dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and have not been included as a liability in these financial statements.

On November 16, 2019, a first and final one-tier tax-exempt dividend of 0.1 cent per share totalling \$102,000 and a special dividend of 1.9 cent per share totalling \$1,947,000 were paid to shareholders in respect of the year ended June 30, 2019.

On November 14, 2018, a first and final one-tier tax-exempt dividend of 0.3 cent per share totalling \$308,000 and a special dividend of 0.7 cent per share totalling \$717,000 were paid to shareholders in respect of the year ended June 30, 2018.

# Notes to Financial Statements

June 30, 2020

## 30 OPERATING LEASE ARRANGEMENTS

- a) Lessee's lease commitments

*Disclosure required by SFRS(I) 16*

At June 30, 2020, the group is committed to \$96,000 for short-term leases.

*Disclosure required by SFRS(I) 1-17*

|                                                                          | <b>Group<br/>2019<br/>\$'000</b> | <b>Company<br/>2019<br/>\$'000</b> |
|--------------------------------------------------------------------------|----------------------------------|------------------------------------|
| Minimum lease payments under operating leases included in profit or loss | <u>1,553</u>                     | <u>1,127</u>                       |

At the end of the reporting period, the commitments in respect of non-cancellable operating leases were as follows:

|                                       | <b>Group<br/>2019<br/>\$'000</b> | <b>Company<br/>2019<br/>\$'000</b> |
|---------------------------------------|----------------------------------|------------------------------------|
| Within one year                       | 1,480                            | 1,217                              |
| In the second to fifth year inclusive | <u>332</u>                       | <u>262</u>                         |
| Total                                 | <u>1,812</u>                     | <u>1,479</u>                       |

The group and the company had various operating lease agreements for offices and warehousing facilities. Lease terms did not contain restrictions on the group's and the company's activities concerning dividends, additional debt or further leasing. Leases were negotiated and rentals were fixed for an average term of 3 to 7 years.

# Notes to Financial Statements

June 30, 2020

## 30 OPERATING LEASE ARRANGEMENTS (cont'd)

- b) Lessor's lease commitments

*Disclosure required by SFRS(I) 16*

Operating leases, in which the group is the lessor, relate to investment properties owned by the group with lease terms of between one to three years, with one to two years extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

|        | <b>Group and<br/>Company<br/>2020</b> |
|--------|---------------------------------------|
|        | <b>\$'000</b>                         |
| Year 1 | 277                                   |
| Year 2 | 69                                    |
| Total  | <u>346</u>                            |

*Disclosure required by SFRS(I) 1-17*

At the end of the reporting period, the group and the company had contracted with tenants for the following future minimum lease payments as follows:

|                                       | <b>Group and<br/>Company<br/>2019</b> |
|---------------------------------------|---------------------------------------|
|                                       | <b>\$'000</b>                         |
| Within one year                       | 355                                   |
| In the second to fifth year inclusive | 149                                   |
| Total                                 | <u>504</u>                            |

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION

### (a) Operating segments

The group determines its operating segments based on internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The group is organised into business units based on their products and services on which information is prepared and reportable to the group's chief operating decision maker for the purposes of resources allocation and assessment of performance.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without investment revenue and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The group is principally engaged in two reportable segments, namely "Gifts" and "Properties". The Gifts segment relates to the marketing of gifts and operation of franchise programme. The Properties segment relates to property investment and development.

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

|                                            | <u>Gifts</u><br><u>\$'000</u> | <u>Properties</u><br><u>\$'000</u> | <u>Group</u><br><u>\$'000</u> |
|--------------------------------------------|-------------------------------|------------------------------------|-------------------------------|
| <u>June 30, 2020</u>                       |                               |                                    |                               |
| SEGMENT REVENUE AND RESULTS                |                               |                                    |                               |
| <b>Revenue</b>                             | <u>19,413</u>                 | <u>460</u>                         | <u>19,873</u>                 |
| <b>Result:</b>                             |                               |                                    |                               |
| Segment result                             | (184)                         | 233                                | 49                            |
| Other operating income                     | 795                           | (35)                               | 760                           |
| Fair value gain of investment properties   | -                             | 421                                | 421                           |
| Finance cost                               | (73)                          | -                                  | (73)                          |
| Unallocated other operating income         |                               |                                    | 209                           |
| Unallocated other expense                  |                               |                                    | (144)                         |
| Profit before income tax                   |                               |                                    | <u>1,222</u>                  |
| Income tax credit                          |                               |                                    | 42                            |
| Profit for the year                        |                               |                                    | <u>1,264</u>                  |
| Other information:                         |                               |                                    |                               |
| Capital expenditure on plant and equipment | 184                           | -                                  | 184                           |
| Depreciation on plant and equipment        | 521                           | 8                                  | 529                           |
| Amortisation on right-of-use assets        | <u>962</u>                    | <u>-</u>                           | <u>962</u>                    |

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

|                         | <u>Gifts</u>  | <u>Properties</u> | <u>Group</u>  |
|-------------------------|---------------|-------------------|---------------|
|                         | <u>\$'000</u> | <u>\$'000</u>     | <u>\$'000</u> |
| <u>June 30, 2020</u>    |               |                   |               |
| STATEMENT OF NET ASSETS |               |                   |               |
| <b>Assets:</b>          |               |                   |               |
| Segment assets          | 6,586         | 15,277            | 21,863        |
| Unallocated assets      |               |                   | 15,369        |
| Total assets            |               |                   | <u>37,232</u> |
| <b>Liabilities:</b>     |               |                   |               |
| Segment liabilities     | 4,400         | 157               | 4,557         |
| Income tax payable      |               |                   | 10            |
| Deferred tax liability  |               |                   | 106           |
| Total liabilities       |               |                   | <u>4,673</u>  |

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

|                                                                         | <u>Gifts</u><br><u>\$'000</u> | <u>Properties</u><br><u>\$'000</u> | <u>Group</u><br><u>\$'000</u> |
|-------------------------------------------------------------------------|-------------------------------|------------------------------------|-------------------------------|
| <u>June 30, 2019</u>                                                    |                               |                                    |                               |
| SEGMENT REVENUE AND RESULTS                                             |                               |                                    |                               |
| <b>Revenue</b>                                                          | <u>21,529</u>                 | <u>526</u>                         | <u>22,055</u>                 |
| <b>Result:</b>                                                          |                               |                                    |                               |
| Segment result                                                          | 156                           | 320                                | 476                           |
| Other operating income                                                  | 213                           | -                                  | 213                           |
| Fair value loss of investment properties                                | -                             | (1,194)                            | (1,194)                       |
| Unallocated other operating income                                      |                               |                                    | 250                           |
| Unallocated other expense                                               |                               |                                    | <u>(147)</u>                  |
| Loss before income tax                                                  |                               |                                    | (402)                         |
| Income tax expense                                                      |                               |                                    | <u>(99)</u>                   |
| Loss for the year                                                       |                               |                                    | <u>(501)</u>                  |
| Other information:                                                      |                               |                                    |                               |
| Capital expenditure on plant and equipment<br>and investment properties | 326                           | -                                  | 326                           |
| Depreciation on plant and equipment                                     | <u>489</u>                    | <u>8</u>                           | <u>497</u>                    |

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

|                         | <u>Gifts</u><br>\$'000 | <u>Properties</u><br>\$'000 | <u>Group</u><br>\$'000 |
|-------------------------|------------------------|-----------------------------|------------------------|
| <u>June 30, 2019</u>    |                        |                             |                        |
| STATEMENT OF NET ASSETS |                        |                             |                        |
| <b>Assets:</b>          |                        |                             |                        |
| Segment assets          | 4,891                  | 14,838                      | 19,729                 |
| Unallocated assets      |                        |                             | 16,788                 |
| Total assets            |                        |                             | <u>36,517</u>          |
| <b>Liabilities:</b>     |                        |                             |                        |
| Segment liabilities     | 2,666                  | 186                         | 2,852                  |
| Income tax payable      |                        |                             | 150                    |
| Deferred tax liability  |                        |                             | 103                    |
| Total liabilities       |                        |                             | <u>3,105</u>           |

# Notes to Financial Statements

June 30, 2020

## 31 SEGMENT INFORMATION (cont'd)

(b) Geographical segments

The group's two business segments are managed on a regional basis through two main geographical areas, namely Singapore and Malaysia. The group's revenue from external customers are analysed based on location of customers. Non-current assets are analysed by the geographical areas in which they are located.

|           | Revenue from<br>external customers |                | Non-current assets |                |
|-----------|------------------------------------|----------------|--------------------|----------------|
|           | 2020<br>\$'000                     | 2019<br>\$'000 | 2020<br>\$'000     | 2019<br>\$'000 |
| Singapore | 19,588                             | 21,698         | 20,608             | 18,517         |
| Malaysia  | 285                                | 357            | 7                  | 16             |
| Total     | 19,873                             | 22,055         | 20,615             | 18,533         |

## 32 EVENT AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in early 2020 has caused disruption to many industries globally. Despite the challenges, government and international organisations have implemented a series of measures to contain the pandemic.

The COVID-19 outbreak is an event that occurred during the group and the company's financial reporting period and the impact of COVID-19 outbreak on the group and the company's assets and liabilities have been assessed and recognised in the consolidated financial statements as at June 30, 2020 and for the reporting period ended.

Subsequent to the end of the reporting period and as at the date of the financial statements were authorised for issue (the "authorisation date"), management has also assessed the reasonably expected impact of COVID-19 as well as the volatility of the stock market and the resultant impact on the financial assets at fair value through other comprehensive income. Management considers this impact to be a non-adjusting event.

Management will continue to closely monitor the development of the pandemic and assess its impact on the group and company's operation. Notwithstanding this, management has assessed that the group and the company will be able to maintain sufficient liquidity to enable it to continue as a going concern for at least next twelve months from the date of the authorisation of these financial statements, as disclosed in Note 4(c)(iv).

# Corporate Governance Report

Noel Gifts International Ltd. (the “**Company**” or together with its subsidiaries, the “**Group**”) is committed to maintain high standards of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2018 (the “**Code**”) so as to ensure greater transparency and protection of the shareholders’ interests.

The Report describe the practices the Company has undertaken with respect to each of the principles and provisions and the extent of its compliance with the Code and should be read as a whole, instead of being separately under the different principles of the Code. The Company has complied with the principles and provisions as set out in the Code and the Listing Manual where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

## Board Matters

### Principle 1: Board’s Conduct of Affairs

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

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The Board of Directors (the “**Board**”) oversees the business affairs of the Group and sets overall corporate strategy and direction. It approves the Group’s strategic plans, key business initiatives and financial objectives, major investment and divestment and funding proposals. The Board also monitors the operating and financial performance and oversees the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls.

The Board has delegated certain functions to the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”, and together with the AC and NC, collectively the “**Committees**” and each a “**Committee**”) to assist with the execution of its specific responsibilities. Each Committee has its own written terms of reference which clearly set out its composition, authorities, objectives, duties, powers and responsibilities (including reporting back to the Board) which has been amended to be in line with the Code, where applicable. The Chairman of the respective Committees will report to the Board on their discussion and recommendations on the specific agendas for the Board’s approval.

Provision  
1.4 of the  
Code

# Corporate Governance Report

## Matters Requiring Board Approval

The Board decides on matters that require its approval and clearly communicates this to Management in writing.

The Board meets to consider the following, without limitation, corporate events and/or actions:

- approval of half yearly and full year results announcements;
- approval of the annual report and financial statements;
- declaration of interim dividends and/or proposal of final dividends;
- approval of corporate strategy(ies);
- authorisation of major investments and funding proposals;
- convening of shareholders' meetings; and/or
- any other matters as may be considered necessary by the Board from time to time.

Provision  
1.3 of the  
Code

The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Guidelines on the same are also generally set out in the employee handbook of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Provision  
1.1 of the  
Code

The Board conducts regular scheduled meetings on a half yearly basis and ad-hoc meetings as warranted by particular circumstances. During the meetings, important matters concerning the Group may be put to the Board by way of circulating resolutions for approval.

Provision  
1.6 of the  
Code

## Access to Information

The Management has full access to the Directors and vice versa for guidance or exchange of business and governance practices outside of the meetings.

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

Provision  
1.6 of the  
Code

# Corporate Governance Report

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Company Secretary administers, attends and prepares minutes of Board meetings, assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and ensures that the Company's Constitution and relevant rules and regulations, including those of the Companies Act (Cap.50) (the "**Companies Act**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), are complied with. The Company Secretary ensures the quality, quantity and timeliness of the flow of information within the Board and its Committees and between Management and the Independent Directors, advises the Board on all corporate governance matters, facilitates orientation and assists with professional development as and when required. The appointment and the removal of the Company Secretary is a decision of the Board as a whole.

Provision  
1.7 of the  
Code

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

## Board and Committee Meetings held in the financial year ended 30 June 2020

Directors attend and actively participate in Board and Committee meetings. The number of Board Meetings held in the financial year ended 30 June 2020 and the record of the attendance at those meetings were as follows:

| Name                    | Board Meeting   |                | Audit Committee |                | Remuneration Committee |                | Nominating Committee |                |
|-------------------------|-----------------|----------------|-----------------|----------------|------------------------|----------------|----------------------|----------------|
|                         | No. of meetings |                | No. of meetings |                | No. of meetings        |                | No. of meetings      |                |
|                         | Held            | Attended       | Held            | Attended       | Held                   | Attended       | Held                 | Attended       |
| Mr Wong Siu Hong Alfred | 3               | 3              | 2               | 2 <sup>1</sup> | 1                      | 1              | 2                    | 2              |
| Ms Wong Phui Hong       | 3               | 3              | 2               | 2 <sup>1</sup> | 1                      | 1 <sup>1</sup> | 2                    | 2 <sup>1</sup> |
| Mr Foo Der Rong         | 3               | 3              | 2               | 2              | 1                      | 1              | 2                    | 2              |
| Mr Aric Loh Siang Khee  | 3               | 3              | 2               | 2              | 1                      | 1              | 2                    | 2              |
| Mr Koh Soo Keong        | 3               | 1 <sup>2</sup> | 2               | 0 <sup>2</sup> | 1                      | 0 <sup>2</sup> | 2                    | 0 <sup>2</sup> |

### Notes:

1. By invitation.
2. Mr Koh Soo Keong was appointed as a Non-Executive and Independent Director, Chairman of the Remuneration Committee, and Member of the Nominating and Audit Committees on 1 June 2020.

# Corporate Governance Report

While the Board considers Directors' attendance at Board and Committee meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group and ensures that Directors with multiple board representations give sufficient time and attention to the affairs of the Company.

The current Board members generally do not have more than six (6) directorships in other listed companies. Accordingly, the NC is satisfied that the Directors are able to devote sufficient time and attention to the affairs of the Group and to satisfy their duties as Directors to the Company.

Provision  
1.5 of the  
Code

## Training of Directors

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Board is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards. Appropriate external trainings will be arranged when necessary at the Company's expense.

Provision  
1.2 of the  
Code

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, upon appointment as a new Director, the new Director will receive a formal letter of appointment or service agreement from the Company and the letter or agreement will indicate the relevant information on his/her duties and responsibilities as a Director. The new Director will be briefed by the Board to familiarise them with the Group's operations and strategic directions. First-time Directors who have no prior experience as a director of a company listed on the SGX-ST will also undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST.

Provision  
1.2 of the  
Code

The Board as a whole is updated regularly on the latest corporate governance, listing practices, risk management matters and key changes to the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board and Committees members.

To attain a better understanding of the Group's business, the new Director will visit the Group's operational facilities and meet with the key management personnel.

# Corporate Governance Report

## Principle 2: Board Composition and Guidance

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*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.*

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The Board now consists of five qualified members, three of whom are Independent Directors, and two of whom are Executive Directors. The three Independent and Non-Executive Directors make up a majority of the Board of Directors. In line with Provision 2.2 of the Code, as the Chairman is not an independent director, the Independent Directors make up a majority of the Board. The Board has reviewed its composition and is satisfied that such composition is appropriate, given the background, qualifications and experience of each Director. In the event of any change to the scope of the business activities, the Board will invite more suitable candidates to join the Board as well as to rotate the members at the right time. Key information on the Directors is set out on page 5 of the Annual Report 2020.

Provisions  
2.2 and  
2.3 of the  
Code

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company and attributes provide for effective direction for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies of the Board are reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board, through the Nominating Committee, has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations, and is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge, skills and/or business, financial, accounting and management experience, so as to avoid groupthink and foster constructive debate.

Provision  
2.4 of the  
Code

The criterion for independence is based on the definition given in the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. The Board considers an "Independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its Substantial Shareholders or Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual, the Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in conduct, character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

Provisions  
2.1 of the  
Code

# Corporate Governance Report

The Independent Directors, led by the Lead Independent Director, meet at least once annually without the presence of the other Directors and the Management and, where necessary, the Lead Independent Director provides feedback to Board and/or the Executive Chairman after such meetings.

Provisions  
2.5 of the  
Code

## **Principle 3: Chairman and Chief Executive Officer**

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*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.*

---

Mr Wong Siu Hong Alfred is both the Chairman of the Board and the Managing Director of the Group. The Board believes that in the case of the Group, the two roles complement each other. In addition, key business decisions will require the Board's approval and the Board is of the view that there are sufficient safeguards and checks to ensure that the Management is accountable to the Board as a whole and there is a balance of power and authority. In terms of scheduling board meetings, setting meeting agenda, managing the flow of information to the Board and ensuring compliance, the Managing Director would be in the best position to carry them out effectively and efficiently since he is also involved in the day-to-day running of the business. The Managing Director is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that the Management will conform to such practices.

Deviated  
from  
Provision  
3.1 of the  
Code

In view of Mr Wong Siu Hong Alfred's concurrent appointment as Chairman and Managing Director of the Group, Mr Aric Loh Siang Khee has been appointed as the Lead Independent Director of the Company to provide leadership *in situations* where the Chairman is conflicted and to ensure that a channel of communication is always available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate pursuant to Provision 3.3 of the Code. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and Managing Director, Executive Director, General Manager or Senior Finance Manager has failed to resolve or for which such contact is inappropriate.

Provision  
3.3 of the  
Code

The Company is of the view that it maintains a satisfactory independent element on the Board as majority of the Board comprises Independent Directors and the Company believes the Board is able to exercise independent judgment on corporate affairs. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the NC and the Board believe that Mr Wong Siu Hong Alfred, as one of the founders of the Group and the MD since the Company's listing, is in the best position to lead the Board as Chairman and MD.

Deviated  
from  
Provision  
3.1 of the  
Code

# Corporate Governance Report

## Principle 4: Board Membership

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

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The Board established the NC which consists of 3 directors, all of whom are independent. The NC Chairman is also a Director who has no relationship with the Company, its related corporations, its substantial shareholders or its officer and is not directly associated with substantial shareholders. The NC comprises the following three directors as at the date of this report:

Chairman : Mr Foo Der Rong (Independent Director)  
Member : Mr Aric Loh Siang Khee (Independent Director)  
Member : Mr Koh Soo Keong (Independent Director)

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its composition, procedures governing meetings, duties and functions, reporting procedure, disclosure in the annual report in compliance with the Code of Corporate Governance and procedures relating to changes in the NC's Terms of Reference.

The NC is regulated by its terms of reference and its principal functions include:

- a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- b) the review of the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- c) the review of training and professional development programmes for the Board and its directors;
- d) the appointment and re-appointment of directors (including alternate directors, if any);
- e) making recommendations to the Board on all board appointments;
- f) developing a process to assess the effectiveness of the Board and contribution by each Director;
- g) on an annual basis, determining whether a Director is independent; and
- h) formulating guidelines to ensure a Director having multiple board representations has sufficient time and attention devoted to the affairs of each Company.

Provisions  
1.4 and  
4.1 of the  
Code

The NC reviews annually the independence declarations made by the Company's Independent Non-executive Directors based on the criterion of independence under the provisions provided in the Code and Rule 210(5)(d) of the SGX Listing Rules (Mainboard). Based on the assessments and with the concurrence of the NC, the Board is of the view that Mr Foo Der Rong, Mr Aric Loh Siang Khee and Mr Koh Soo Keong are Independent Directors.

Provision  
4.4 of the  
Code

# Corporate Governance Report

The NC has assessed that each Director of the Company will be able to carry out his duties as a Director of the Company, taking into consideration the Director's listed company board directorships and other principal commitments. The NC also takes into consideration the Company's existing regime of Directors as an additional check and balance on the performance of each individual Director and that the Director should have the responsibility to determine whether he or she will be able to discharge his or her duties properly and effectively as a Director when taking on additional listed company board directorship. The NC, with concurrence from the Board, has determined that no Director may serve on the Board with more than 6 public listed companies' directorships. The Board views that having multiple companies' representations of the Directors do not hinder their ability to carry out their roles and duties and will benefit the Company, given that the Directors will be able to bring the relevant experience and knowledge obtained from the board representations in other companies.

The key information regarding the date of first appointment of the Directors and the date of last re-election as the Director, their present and past directorships over the last preceding three (3) years in other listed companies are set out below:

Provision  
4.5 of the  
Code

| <b>Name of Director</b> | <b>Academic &amp; professional qualification</b>   | <b>Board committee as a Chairman or member</b>                               | <b>Appointment</b>          | <b>Date of first appointment</b> | <b>Date of last re-election</b> | <b>Present Directorships in other listed companies</b>                                                                                      | <b>Past directorships in other listed companies</b>          |
|-------------------------|----------------------------------------------------|------------------------------------------------------------------------------|-----------------------------|----------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Mr Wong Siu Hong Alfred | Master of Business Administration with Distinction | n/a                                                                          | Executive                   | 17 Aug 1983                      | 30 Oct 2018                     | n/a                                                                                                                                         | n/a                                                          |
| Ms Wong Phui Hong       | Master of Business Administration with Distinction | n/a                                                                          | Executive                   | 17 Aug 1983                      | 30 Oct 2019                     | n/a                                                                                                                                         | n/a                                                          |
| Mr Foo Der Rong         | Bachelor of Commerce                               | Chairman of Nominating Committee / Member of Audit & Remuneration Committees | Non-Executive / Independent | 1 Aug 2017                       | 30 Oct 2018                     | <ul style="list-style-type: none"> <li>• Pavillon Holdings Ltd</li> <li>• Matex International Ltd</li> <li>• SLB Development Ltd</li> </ul> | n/a                                                          |
| Mr Aric Loh Siang Khee  | Bachelor of Accountancy (Hons)                     | Chairman of Audit Committee / Member of Nominating & Remuneration Committees | Non-Executive / Independent | 1 Aug 2017                       | 30 Oct 2019                     | <ul style="list-style-type: none"> <li>• Tee International Ltd</li> </ul>                                                                   | <ul style="list-style-type: none"> <li>• Koda Ltd</li> </ul> |

# Corporate Governance Report

| Name of Director | Academic & professional qualification                                                                    | Board committee as a Chairman or member                                      | Appointment                 | Date of first appointment | Date of last re-election | Present Directorships in other listed companies                      | Past directorships in other listed companies                                                                                 |
|------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------|---------------------------|--------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Mr Koh Soo Keong | Bachelor of Engineering (Hons), Master of Business Administration, Post-Graduate Diploma in Business Law | Chairman of Remuneration Committee / Member of Audit & Nominating Committees | Non-Executive / Independent | 1 Jun 2020                | n/a                      | <ul style="list-style-type: none"> <li>ChickP Protein Ltd</li> </ul> | <ul style="list-style-type: none"> <li>Noel Gifts International Ltd</li> <li>Acendas Funds Management (S) Limited</li> </ul> |

Currently, the Company does not have any Alternate Director on the Board and all independent directors have not served on the Board for more than 9 years. However, Mr Koh Soo Keong, who was appointed as an Independent Director of the Company on 1 June 2020, had been an Independent Director of the Company from 1999 to 2017. Accordingly, as he will be retiring and seeking re-election at the forthcoming Annual General Meeting (“AGM”) pursuant to Regulation 94 of the Company’s constitution, he will also be seeking approval for his continued appointment as an Independent Director via separate resolutions to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022.

The Board, through the delegation of its authority to the NC, has used its best efforts to assess that each Director appointed to the Board possess the necessary background, experience and knowledge in technology, business, finance and management skills critical to the Group’s businesses and that each Director, through his unique contributions, brings to the Board to a more independent and objective perspective to enable that more balanced and well-considered decisions are made. The search and nomination process for the new Directors, if any, will be made through the search companies, contacts and recommendations that will go through the normal selection process, so as to find the right candidates. The NC would, in consultation with the Board, examine the existing Board’s strengths, capabilities and the existing Directors’ contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. The NC seeks candidates widely and beyond persons directly known to the existing Directors. Résumés of suitable candidates are reviewed and background checks are conducted before interviews are conducted again for the short-listed candidates. New Directors will be appointed by the Board after the NC has reviewed and recommended their appointments to the Board. The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the company.

Provision  
4.3 of the  
Code

# Corporate Governance Report

The Company's Constitution requires one-third of the Directors to retire and subject themselves to re-election by the shareholders at every AGM. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommends that Mr Wong Siu Hong Alfred, Mr Foo Der Rong and Mr Koh Soo Keong be nominated for re-election at the forthcoming AGM and the Board had accepted the NC's recommendation. The details of the directors seeking re-election are found in Table A set out on pages 153 to 160 of this Annual Report.

Provision  
4.5 of the  
Code

## **Principle 5: Board Performance**

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

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The NC is responsible for recommending and implementing a process to evaluate the effectiveness of the Board and the Committees as well as to assess the contribution by each individual director to the overall effectiveness of the Board.

On the recommendation of the NC, the Board has adopted a formal system of evaluating Board performance which included the evaluation of the performance of the Board as a whole with the use of evaluation forms to assess the effectiveness of the Board, each of the Committees and the individual Directors.

Provision  
5.1 of the  
Code

For FY2020, each Director has completed the Board Member Self-Evaluation Form and also the Board and Committee Performance Evaluation as a whole. The completed forms are returned to the Company Secretary for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board. Any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

Provision  
5.2 of the  
Code

The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. Such assessments by the Directors are useful and constructive and this collective process has provided opportunities to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

The evaluation of Board and Committee performance as a whole is conducted annually to identify areas of improvement and as a form of good Board management practice. The last Board of Directors' evaluation was conducted in August 2020 and the results have been presented to the NC for discussion. The NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

# Corporate Governance Report

No external facilitators were used in the assessment of the Board as a whole and the individual directors.

## Remuneration Matters

### Principle 6: Procedures for Developing Remuneration Policies

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*There should be a formal and transparent procedure for developing policy 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.*

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The RC comprises entirely of Non-Executive Directors, all of whom, including the RC Chairman, are independent. The RC comprises the following three directors as at the date of this report:

Provision  
6.2 of the  
Code

|          |   |                                               |
|----------|---|-----------------------------------------------|
| Chairman | : | Mr Koh Soo Keong (Independent Director)       |
| Member   | : | Mr Aric Loh Siang Khee (Independent Director) |
| Member   | : | Mr Foo Der Rong (Independent Director)        |

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors. The overriding principle is that no director should be involved in deciding his own remuneration.

The principal functions of the RC are to review and make recommendations:

- (a) a framework of remuneration for the Board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

Provision  
6.4 of the  
Code

No member of the RC shall be involved in any deliberation or decision making in respect of any compensation to be offered or granted to him or in respect of his effectiveness as a Director. The RC has access to expert advice inside and outside the Group, if necessary, on matters of executive compensation. For FY2020, the RC has not consulted any external remuneration consultants as there was no required remuneration matters that rendered the appointment of any remuneration consultants necessary.

Provision  
6.4 of the  
Code

In setting the remuneration packages, the RC would take into consideration the performance of the Group, as well as each Director and the key management personnel, aligning their interests with the shareholders, and linking rewards to the corporate and individual performance. Non-Executive Directors will receive their fees in accordance with a framework comprising a basic fee and an additional fee for serving on each and every sub-committee of the Company. The Board recommends the payment of Directors' fees to be approved at the forthcoming AGM.

# Corporate Governance Report

The Mr Foo Der Rong and Mr Aric Loh Siang Khee have executed another 2 years' appointment agreement effective from 1 August 2019 with the Company. Mr Koh had executed an appointment agreement for 2 years effective from 1 June 2020. The Executive Director, Mr Wong Siu Hong Alfred, has a 3-year service agreement with the Company since FY2019. The service agreement can be terminated by either party by giving not less than three months' written notice in accordance with the terms of the service agreement. The Executive Director, Mdm Wong Phui Hong, has a 2.5-year service agreement with the Company since 1 January 2020.

The RC will also review the Company's obligation under the service agreement entered into with the Executive Director and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC will always aim to be fair and avoid rewarding poor performance.

## **Principle 7: Level and Mix of Remuneration**

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*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.*

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One of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and / or service contract terms for each of the Directors and key management personnel.

The terms of the executive directors' and key management personnel's service agreements cover the terms of employment, salaries and other benefits such as profits sharing. Based on the RC's review, the RC is of the view that the service agreements include fair and reasonable termination clauses which are not overly generous. The RC is of the opinion that the performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

Deviated from Provision 7.1 of the Code

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies as well as the performance of the Group as a whole and the performance of each individual director. The remuneration of Directors is reviewed to ensure that remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is appropriate and commensurate with the level of contribution, taking into account factors such as effort, time spent, and responsibilities of the Directors.

Provision 7.3 of the Code

Provision 7.2 of the Code

The Directors' fees are reviewed annually and the Company submits the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

# Corporate Governance Report

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

## Principle 8: Disclosure on Remuneration

*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.*

The Group's remuneration policy is to provide compensation packages at market rates which will reward successful performance and will also attract, retain and motivate managers and Directors.

The Group currently adopts a remuneration policy for staff comprising of a fixed component and a variable component. The fixed component is in the form of a basic salary. The variable component is in the form of variable bonus that will be linked to the Company and the individual performance.

The summary of the remuneration table for the Directors and the key management personnel of the Company and the Group for the financial year ended 30 June 2020 is set out below.

Provision  
8.1 of the  
Code

| Name of Director                | Fee  | Salary inclusive of Employer's CPF | Bonus inclusive of Employer's CPF | Other Benefits | Total |
|---------------------------------|------|------------------------------------|-----------------------------------|----------------|-------|
|                                 | %    | %                                  | %                                 | %              | %     |
| <b>S\$250,000 to S\$500,000</b> |      |                                    |                                   |                |       |
| Wong Siu Hong Alfred            | -    | 74%                                | 16%                               | 10%            | 100%  |
| <b>Below S\$100,000</b>         |      |                                    |                                   |                |       |
| Aric Loh Siang Khee             | 100% | -                                  | -                                 | -              | 100%  |
| Foo Der Rong                    | 100% | -                                  | -                                 | -              | 100%  |
| Wong Phui Hong                  | 9%   | 63%                                | 17%                               | 9%             | 100%  |
| Koh Soo Keong                   | 100% | -                                  | -                                 | -              | 100%  |

# Corporate Governance Report

| Key Management Personnel | Salary and benefit (inclusive of Employer's CPF) | Bonus inclusive of Employer's CPF | Other Benefits | Total |
|--------------------------|--------------------------------------------------|-----------------------------------|----------------|-------|
| <b>Below S\$250,000</b>  |                                                  |                                   |                |       |
| Benadette Kwan           | 92%                                              | 8%                                | 0%             | 100%  |
| Jason Tan                | 92%                                              | 8%                                | 0%             | 100%  |
| Michelle Chong           | 92%                                              | 8%                                | 0%             | 100%  |
| Kim Wong                 | 100%                                             | 0%                                | 0%             | 100%  |
| Audrey Allyson Pavanaris | 97%                                              | 0%                                | 3%             | 100%  |

The total remuneration in aggregate paid to the top five key management personnel (who are not Directors or the CEO of the Company) in the Company and its subsidiaries for the financial year ended 30 June 2020 was S\$435,000. In the interest of maintaining confidentiality, good morale and a strong team spirit within the Group, the Company is not disclosing the individual remuneration of the Directors and the top five key management personnel of the Group as the Company believes that such disclosure may result in prejudice to its business interest given the highly competitive environment the Company is operating in.

Deviated from Provision 8.1 (a) and 8.1(b) of the Code

Key information on the key management personnel is set out on page 7 of the Annual Report 2020.

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds S\$100,000 for the financial year ended 30 June 2020 are as follows:

Provision 8.2 of the Code

| Employee                          | Family Relationship                         | Salary and benefit (inclusive of Employer's CPF) | Bonus inclusive of Employer's CPF | Total |
|-----------------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------|-------|
| S\$100,000 to below S\$150,000    |                                             |                                                  |                                   |       |
| Wong Lai Kuan, Kim <sup>(1)</sup> | Daughter of Alfred Wong (Managing Director) | 100%                                             | 0%                                | 100%  |

Note:

(1) Ms Wong Lai Kuan, Kim is on sabbatical leave for period 1 Oct 2019 to 2 Jan 2021 and her remuneration will be pro-rated.

# Corporate Governance Report

In discharging their duties, the RC members have access to advice from the internal human resources personnel, and if required, advice from external experts.

Save as disclosed above, none of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S\$100,000 during the year is a substantial shareholder of the Company or an immediate family member of a Director, the MD or a substantial shareholder of the Company

Provision  
8.2 of the  
Code

The Company does not have any employee share schemes.

Provision  
8.3 of the  
Code

## Accountability and Audit

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board strives to maintain a high standard of transparency and is mindful of its obligation to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects including all information on the major developments that will affect the Group.

The Board reviews and approves the half-yearly and full year financial results announcements as well as any announcements before their release on the SGXNET. Shareholders are provided with the half-yearly and full year results on a timely manner.

In line with the requirements of SGX-ST, negative assurance confirmations on unaudited half year financial results were issued by the Board confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the unaudited half year financial results to be false or misleading in any material aspect.

All the directors and executive officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the SGX-ST Listing Manual.

## Principle 9: Risk Management and Internal Controls

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*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.*

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The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

# Corporate Governance Report

The Board, with assistance from the Management, ensures a sound system of internal controls to safeguard shareholders' interest and the Group's assets is in place, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Provision  
9.1 of the  
Code

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the Audit Committee. The Management will then take corrective measures to strengthen the internal controls.

Based on the system of internal controls established and maintained by the Group, work performed by the external auditors, and reviews performed by Management, the Committees and the Board, with the concurrence of the Audit Committee are of the opinion that the Group's internal controls and effectiveness of controls addressing financial, operational, compliance and information technology controls were adequate and effective as at 30 June 2020.

For FY2020, the Board has received assurances:

- a) from the Managing Director and the Senior Manager, Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b) from the Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Provision  
9.2 of the  
Code

## Principle 10: Audit Committee

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*The Board should establish an Audit Committee which discharges its duties objectively.*

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The AC comprises the following three directors, all of whom, including the Chairman, are Independent Directors as at the date of this report:

Provision  
10.2 of  
the Code

Chairman : Mr Aric Loh Siang Khee (Independent Director)  
Member : Mr Koh Soo Keong (Independent Director)  
Member : Mr Foo Der Rong (Independent Director)

# Corporate Governance Report

The AC does not comprise 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.

Provision  
10.3 of  
the Code

Mr Aric Loh Siang Khee was a former audit partner of the Company's existing auditing firm, Deloitte & Touche LLP. He has ceased as an audit partner of the aforesaid auditing firm many years ago and has no financial interest in the firm. The appointment of Mr Loh as a member of the AC is in compliance with the Code.

Provision  
10.3 of  
the Code

The Board is of the view that AC members are appropriately qualified to discharge their responsibilities and they have accounting and/or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. At least two members of the AC, including the AC Chairman have recent and relevant accounting or related financial management expertise or experience.

The principal functions of the AC are assisting the Board in discharging its statutory responsibilities on financing and accounting matters as follows:

Provision  
10.1 of  
the Code

- (a) reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the financial performance;
- (b) reviews at least annual the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) reviews the assurance from the Managing Director and the Senior Manager, Finance on the financial records and financial statements;
- (d) recommends to the Board the appointment and removal of external auditors and their fees and terms of engagement for the shareholders' approval;
- (e) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- (f) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (g) reviews the independence and objectivity of the external auditors, at least annually; and
- (h) reviews any interested person transactions as defined in the Listing Manual.

# Corporate Governance Report

The AC has free and independent access to the external auditors, and other senior management staff for information that it may require. It has full discretion to invite any Director or executive officer to attend their meetings. The AC has the power to investigate any matters brought to their attention, within its terms of reference, with the power to seek any professional advice at the Company's expense.

To keep abreast with the changes in the financial reporting standards and the related issues which may have a direct impact on the financial statements, discussions will be held with the external auditors as and when applicable, when they are attending the AC meetings.

All AC members, save Mr Koh Soo Keong who was appointed on 1 June 2020, attended the two meetings held during the financial year ended 30 June 2020. All AC members have met up with the external auditors and internal auditors in the absence of the management team in August 2020.

Provision  
10.5 of  
the Code

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objective and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group. The AC is satisfied with the independence and objectivity of Deloitte & Touche LLP and has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming AGM.

For the financial year ended 30 June 2020, the remuneration paid or payable to the Group's external auditors for providing the audit and other non-audit services are set out on page 118 of the Annual Report.

Having assessed the external auditors based on its own interactions with the external auditors, Management's evaluation and on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rules 712, 715, and 716 of the SGX-ST Listing Manual in relation to its auditors have been complied with.

The Group has a whistle-blowing policy for all employees of the Group. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about fraud and for whistle-blowing in good faith.

The Board noted that no incidents in relation to whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

# Corporate Governance Report

The Company's external auditors, carry out, in the course of their statutory audit, a review of the effectiveness of the internal financial controls to the extent of their scope as laid out in the audit plan. The external auditors, during the conduct of their normal audit procedures, may also report on any matters relating to the internal controls. Any non-compliance and recommendation for improvement will be reported to the AC. The Management will follow up on the auditors' recommendations as part of its role in the review of the Company's internal control systems.

The Management reviews the Company's business and its operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies.

In FY2020, based on the reports submitted by the external auditor and the various controls put in place by the Management, the AC is satisfied that there are adequate internal controls to meet the needs of the Group in its current business environment.

In line with the changes to the listing rules, the Company has during the financial year ended 30 June 2020 appointed Yang Lee & Associates (the "IA"), a professional service firm, to provide internal audit services within the Group.

The IA's primary line of reporting is to the AC and the AC Chairman, and will submit a report on their findings to the AC for review and approval yearly. The IA is guided by the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors in carrying out their internal audit assignments.

Provision  
10.4 of  
the Code

The role of the IA is to support the AC in ensuring that the Company maintains a sound system of internal controls and risk management by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the AC. The AC approves the appointment, termination, evaluation and remuneration of the IA. The IA have unfettered access to all the Company's documents, records, properties and personnel, including the AC, and the AC ensures that the IA are adequately resourced and have appropriate standing within the Company.

The primary functions of internal audit are to:

- (a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- (b) Assess if operations of the business processes under review are conducted efficiently and effectively; and
- (c) Identify and recommend improvement to internal control procedures, where required.

# Corporate Governance Report

The AC is satisfied that the current risk management function and system and internal audit function is independent, effective adequately resourced and has appropriate standing in the Group as the internal audit function is outsourced to the IA and will assess the same regularly.

## Shareholder Rights and Engagement

### Principle 11: Shareholders' Rights and Conduct of General Meetings

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*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.*

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The Company believes in treating all shareholders fairly and equitably. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

The Company provides shareholders with the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated.

Provision  
11.1 of  
the Code

Any notice of a general meeting of shareholders is issued at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions., before the scheduled date of such meeting. The Company's Constitution also allows any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, shareholders who hold shares through custodial institutions may attend the general meetings as observers. The Board welcomes the views of the shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Chairmen of the respective Committees and key management personnel are invited to attend the AGM and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Provision  
11.4 of  
the Code

Provision  
11.3 of  
the Code

# Corporate Governance Report

The attendance of the Directors of the Company at the Company's general meeting(s) held during FY2020 are reflected in the table below:

Provision  
11.3 of  
the Code

| <b>Name of Director</b>               | <b>General Meeting(s)</b> |
|---------------------------------------|---------------------------|
| <b>Number of meeting(s) held:</b>     | 1                         |
| <b>Number of meeting(s) attended:</b> |                           |
| Mr Wong Siu Hong Alfred               | 1                         |
| Ms Wong Phui Hong                     | 1                         |
| Mr Foo Der Rong                       | 1                         |
| Mr Aric Loh Siang Khee                | 1                         |
| Mr Koh Soo Keong                      | 1                         |

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.

All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in a newspaper within the mandatory period, which is held within four months after the close of the financial year. Together with the Annual Report, the Company also attaches a copy of the proxy form to shareholders in order that shareholders can appoint up to two proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) are allowed to appoint more than 2 proxies to attend, speak and vote at general meetings.

# Corporate Governance Report

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary<sup>1</sup> may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the general meeting in person. CPF and SRS Investor who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Provision  
11.4 of  
the Code

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board and Management thereto. These minutes are published on the Company's corporate website as soon as practicable.

Provision  
11.5 of  
the Code

For greater transparency and fairness in the voting process, voting at shareholders' meetings will be conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages. The Company conducted an electronic polling since FY2015.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting. Resolutions are, as far as possible, structured separately and may be voted on independently. All polls are conducted in the presence of independent scrutineers.

Provision  
11.2 of  
the Code

The Company does not have a fixed dividend policy. The Company adheres to the guidelines set by the Board for dividend payment. In addition, the amount of dividends will also depend on the general financial condition, cash flow, future expansion and investment plans and other factors as the Directors may deem appropriate.

Deviated  
from  
Provision  
11.6 of  
the Code

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<sup>1</sup> A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

# Corporate Governance Report

## **Whistle Blowing Policy**

The Company has established the whistle blowing procedure where employees within the Group may raise concerns about possible improprieties in matters of business activities, financial reporting and unethical or illegal conduct through well-defined and accessible channels. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are sent to the Independent Directors of the Audit Committee.

## **Interested Person Transactions**

The Group does not have any interested person transaction (excluding transaction less than \$100,000) in the financial year ended 30 June 2020 that is discloseable under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

## **Material Contracts**

No material contracts (including loans) of the Company or its subsidiaries involving the interests of the Managing Director/Chief Executive Officer or any Director or any controlling shareholders subsisted at the end of the financial period or have been entered into since the end of the previous financial year.

## **Dealings in Securities**

The Company has adopted the best practices stipulated in Listing Rules 1207(19)(b) and 1207(19)(c) of the SGX-ST Listing Manual in relation to any dealings in the Company's securities. The Directors and the officers are not allowed to deal in the Company's shares on short-term considerations and during the period commencing one month before the announcement of the Company's half-year or full year results and after on the date of the announcement of the results.

The Directors and the officers are also expected to observe laws governing insider trading at all times even when dealing with securities within the permitted trading period.

## **Risk management policies**

The Group does not have a Risk Management Committee. However, the management regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks as well as appropriate measures to control and mitigate these risks.

# Corporate Governance Report

## Principle 12: Engagement with Shareholders

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*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

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The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures. Communication is made through:

- a) Disclosures to SGXNET; and
- b) Annual reports which are prepared and issued to all shareholders

While the Company does not have an investor relations policy, it maintains a website for marketing purposes and regularly conveys pertinent information to shareholders through SGXNET announcements. Shareholders may contact the Company with questions and the Company may respond to such questions via the Company's investor relations email at [noelgifts\\_investor@noel.com.sg](mailto:noelgifts_investor@noel.com.sg).

Deviated  
from  
Provision  
12.3 of  
the Code

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meetings of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

Provision  
12.1 of  
the Code

# Corporate Governance Report

**TABLE A**

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:-

| <b>Name of Director</b>                                                 | <b>Mr Alfred Wong Siu Hong</b>                                                                                                                                          | <b>Mr Foo Der Rong</b>                                                                                                                                                                                                                                                                                 | <b>Mr Koh Soo Keong</b>                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of appointment                                                     | 17 August 1983                                                                                                                                                          | 1 August 2017                                                                                                                                                                                                                                                                                          | 1 June 2020                                                                                                                                                                                                                                                                                            |
| Date of last election                                                   | 30 October 2018                                                                                                                                                         | 30 October 2018                                                                                                                                                                                                                                                                                        | n/a                                                                                                                                                                                                                                                                                                    |
| Age                                                                     | 67                                                                                                                                                                      | 67                                                                                                                                                                                                                                                                                                     | 69                                                                                                                                                                                                                                                                                                     |
| Country of principal residence                                          | Singapore                                                                                                                                                               | Singapore                                                                                                                                                                                                                                                                                              | Singapore                                                                                                                                                                                                                                                                                              |
| The Board's comments on the NC's recommendation for re-election         | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Wong's performance as Executive Director of the Company. | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Foo's performance as an Independent Director of the Company.<br><br>The Board considers Mr Foo to be independent for the purpose of Rule 210(5)(d) of the Listing Manual of the SGX-ST. | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Koh's performance as an Independent Director of the Company.<br><br>The Board considers Mr Koh to be independent for the purpose of Rule 210(5)(d) of the Listing Manual of the SGX-ST. |
| Whether appointment is executive, and if so, the area of responsibility | Executive                                                                                                                                                               | Non-Executive                                                                                                                                                                                                                                                                                          | Non-Executive                                                                                                                                                                                                                                                                                          |
| Job Title                                                               | Executive Chairman and Managing Director                                                                                                                                | Non-Executive and Independent Director                                                                                                                                                                                                                                                                 | Non-Executive and Independent Director                                                                                                                                                                                                                                                                 |
| Professional qualifications                                             | Master of Business Administration with Distinction                                                                                                                      | Bachelor of Commerce                                                                                                                                                                                                                                                                                   | Bachelor of Engineering (Honours), Master of Business Administration, Post-Graduate Diploma in Business Law                                                                                                                                                                                            |

# Corporate Governance Report

| <b>Name of Director</b>                                                                                                                                                                                                    | <b>Mr Alfred Wong Siu Hong</b>                                          | <b>Mr Foo Der Rong</b>                | <b>Mr Koh Soo Keong</b>                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Working experience and occupation(s) during the past 10 years                                                                                                                                                              | Managing Director of Noel Gifts International Ltd                       | Executive Director of Aedge Group Ltd | Managing Director of Ecosave Pte Ltd<br><br>Chairman/Independent Director of Ascendas Fund Manager<br><br>Chairman of Agri-Food and Veterinary Authority of Singapore |
| Shareholding interest in the listed issuer and its subsidiaries                                                                                                                                                            | The Company<br><br>28,635,627 shares (as set out on page 162 of the AR) | None                                  | None                                                                                                                                                                  |
| 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 | Brother of Mdm Wong Phui Hong, an Executive Director of the Company.    | None                                  | None                                                                                                                                                                  |
| Conflict of interest (including any competing business)                                                                                                                                                                    | None                                                                    | None                                  | None                                                                                                                                                                  |
| Undertaking (in the format set out in <a href="#">Appendix 7.7</a> ) under <a href="#">Rule 720(1)</a> has been submitted to the listed issuer                                                                             | Yes                                                                     | Yes                                   | Yes                                                                                                                                                                   |

# Corporate Governance Report

| Name of Director                                    | Mr Alfred Wong Siu Hong                                                                                                                                                                                                                | Mr Foo Der Rong                                                                                                                             | Mr Koh Soo Keong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other Principal Commitments Including Directorships | <ul style="list-style-type: none"> <li>● Noel Hampers &amp; Gifts (Johore) Sdn Bd</li> <li>● Noel Property Development Pte Ltd (Dormant)</li> <li>● Humming Flowers &amp; Gifts Pte Ltd</li> <li>● St. Luke's Eldercare Ltd</li> </ul> | <ul style="list-style-type: none"> <li>● Pavillon Holdings Ltd</li> <li>● Matex International Ltd</li> <li>● SLB Development Ltd</li> </ul> | <ul style="list-style-type: none"> <li>● ABL Asia Pte Ltd</li> <li>● Agape Ace Pte Ltd</li> <li>● Aspire Ventures Singapore Pte Ltd</li> <li>● Charis Axel Pte Ltd</li> <li>● ChickP Protein Ltd</li> <li>● Dart Consulting and Training Pte Ltd</li> <li>● EcoSave Pte Ltd</li> <li>● Food Ventures Pte Ltd</li> <li>● Genisys Capital Pte Ltd</li> <li>● Intfinity Consulting Pte Ltd</li> <li>● Northern Technologies International Corporation</li> <li>● One Farrer Pte Ltd</li> <li>● Orita Sinclair School of Design, New Media &amp; the Arts Pte Ltd</li> <li>● Supple Pte Ltd</li> <li>● Sifood Pte Ltd</li> <li>● The Farrer Park Company Pte Limited</li> <li>● Videre Security Solutions Pte Ltd</li> <li>● Zerust Singapore Pte Ltd</li> <li>● Zerust Vietnam Co. Ltd.</li> </ul> |

# Corporate Governance Report

The general statutory disclosures of the Directors are as follows:-

|     | <b>Question</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Mr Alfred Wong Siu Hong</b> | <b>Mr Foo Der Rong</b> | <b>Mr Koh Soo Keong</b> |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|-------------------------|
| (a) | 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                     | No                      |
| (b) | 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                     | No                      |
| (c) | Whether there is any unsatisfied judgment against him?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No                             | No                     | No                      |

# Corporate Governance Report

|     | <b>Question</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Mr Alfred Wong Siu Hong</b> | <b>Mr Foo Der Rong</b> | <b>Mr Koh Soo Keong</b> |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|-------------------------|
| (d) | 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                     | No                      |
| (e) | 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                     | No                      |
| (f) | 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                     | No                      |

# Corporate Governance Report

|     | <b>Question</b>                                                                                                                                                                                                                                  | <b>Mr Alfred Wong Siu Hong</b> | <b>Mr Foo Der Rong</b> | <b>Mr Koh Soo Keong</b> |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|-------------------------|
| (g) | 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                     | No                      |
| (h) | 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                     | No                      |
| (i) | 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                     | No                      |
| (j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—                                                                                                             | No                             | No                     | No                      |
|     | (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                     | No                      |

# Corporate Governance Report

| Question |                                                                                                                                                                                                                                                                                                                 | Mr Alfred Wong Siu Hong | Mr Foo Der Rong | Mr Koh Soo Keong |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|------------------|
| (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              | 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              | 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,                                                                                                                        | No                      | No              | No               |
|          | in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?                                                                                                                                                                               |                         |                 |                  |
| (k)      | 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              | No               |

# Corporate Governance Report

| Question                                                                                                                                                                         | Mr Alfred Wong Siu Hong | Mr Foo Der Rong | Mr Koh Soo Keong |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|------------------|
| <b>Disclosure applicable to the appointment of Director only.</b>                                                                                                                |                         |                 |                  |
| Any prior experience as a director of an issuer listed on the Exchange?                                                                                                          | n/a                     | n/a             | n/a              |
| If yes, please provide details of prior experience.                                                                                                                              | n/a                     | n/a             | n/a              |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | n/a                     | n/a             | n/a              |

# Statistics of Shareholding

As at 16 September 2020

## SHARE CAPITAL

|                                                                               |   |                  |
|-------------------------------------------------------------------------------|---|------------------|
| Issued and fully paid-up capital                                              | - | S\$102,476,024   |
| Number of Ordinary shares (excluding treasury shares and subsidiary holdings) | - | 102,476,024      |
| Number of Treasury Shares                                                     | - | NIL              |
| Number of Subsidiary holdings                                                 | - | NIL              |
| Class of shares                                                               | - | Ordinary shares  |
| Voting rights                                                                 | - | 1 vote per share |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | %             | NO. OF SHARES      | %             |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 99                | 11                  | 1.10          | 310                | 0.00          |
| 100 - 1,000           | 114                 | 11.43         | 74,645             | 0.07          |
| 1,001 - 10,000        | 557                 | 55.87         | 2,365,760          | 2.31          |
| 10,001 - 1,000,000    | 299                 | 29.99         | 14,560,558         | 14.21         |
| 1,000,001 AND ABOVE   | 16                  | 1.61          | 85,474,751         | 83.41         |
| <b>TOTAL</b>          | <b>997</b>          | <b>100.00</b> | <b>102,476,024</b> | <b>100.00</b> |

## TWENTY LARGEST SHAREHOLDERS

| NO.          | NAME                                          | NO. OF SHARES     | %            |
|--------------|-----------------------------------------------|-------------------|--------------|
| 1.           | WONG SIU HONG ALFRED                          | 23,568,827        | 23.00        |
| 2.           | ROYAL INST OF CONSTRUCTION ECONOMISTS PTE LTD | 10,121,500        | 9.88         |
| 3.           | LIM JULIAN                                    | 8,000,000         | 7.81         |
| 4.           | WONG PHUI HONG                                | 6,831,372         | 6.67         |
| 5.           | ROYAL WORLD TRUST PTE LTD                     | 5,091,000         | 4.97         |
| 6.           | WONG HO HON KEITH                             | 5,000,000         | 4.88         |
| 7.           | WONG LAI KUAN KIM                             | 5,000,000         | 4.88         |
| 8.           | TAN BIAN KIAN                                 | 4,500,000         | 4.39         |
| 9.           | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.     | 3,700,052         | 3.61         |
| 10.          | WONG KOON HONG                                | 3,562,000         | 3.48         |
| 11.          | TAN DENG ZHENG (CHEN DENGZHENG)               | 2,000,000         | 1.95         |
| 12.          | TAN DENG ZHI (CHEN DENGZHI)                   | 2,000,000         | 1.95         |
| 13.          | TAN GEOK BEE                                  | 1,849,500         | 1.80         |
| 14.          | LIM YEW LIAN                                  | 1,705,250         | 1.66         |
| 15.          | OCBC NOMINEES SINGAPORE PRIVATE LIMITED       | 1,467,500         | 1.43         |
| 16.          | DBS NOMINEES (PRIVATE) LIMITED                | 1,077,750         | 1.05         |
| 17.          | WANG TONG PENG @WANG TONG PANG                | 957,500           | 0.93         |
| 18.          | YAP BOH SIM                                   | 800,000           | 0.78         |
| 19.          | PHILLIP SECURITIES PTE LTD                    | 773,550           | 0.75         |
| 20.          | TEO JOO KIM                                   | 600,000           | 0.59         |
| <b>TOTAL</b> |                                               | <b>88,605,801</b> | <b>86.46</b> |

# Statistics of Shareholding

As at 16 September 2020

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

|                                 | <b>Direct Interest</b> | <b>%</b> | <b>Deemed Interest</b>  | <b>%</b> |
|---------------------------------|------------------------|----------|-------------------------|----------|
| Alfred Wong Siu Hong            | 28,635,627             | 27.94    | 18,000,000 <sup>1</sup> | 17.57    |
| Lim Julian                      | 8,000,000              | 7.81     | 28,547,127 <sup>2</sup> | 27.86    |
| Wong Phui Hong                  | 6,831,372              | 6.67     | 8,500,000 <sup>3</sup>  | 8.29     |
| Tan Bian Kian                   | 4,500,000              | 4.39     | 6,831,372 <sup>4</sup>  | 6.67     |
| Wong Koon Hong                  | 3,562,000              | 3.48     | 1,705,250 <sup>5</sup>  | 1.66     |
| Lim Yew Lian                    | 1,705,250              | 1.66     | 3,562,000 <sup>6</sup>  | 3.48     |
| Royal Institute Of Construction | 9,956,000              | 9.72     | -                       | -        |

### Notes:

- (1) Mr Alfred Wong Siu Hong 's deemed interest comprises 18,000,000 Shares held by following persons
  - (i) 8,000,000 held by his wife, Mdm Lim Julian;
  - (ii) 5,000,000 held by his daughter Miss Wong Lai Kuan Kim; and
  - (iii) 5,000,000 held by his son Mr Wong Ho Hon Keith.
- (2) Mdm Lim Julian is deemed to be interested in the shares held by her husband, Mr. Alfred Wong Siu Hong.
- (3) Ms Wong Phui Hong's deemed interest comprises 8,500,000 Shares held by following persons:
  - (i) 4,500,000 held by her husband Mr Tan Bian Kian;
  - (ii) 2,000,000 held by her son Mr Tan Deng Zhi; and
  - (iii) 2,000,000 held by her son Mr Tan Deng Zheng.
- (4) Mr Tan Bian Kian is deemed to be interested in the shares held by his wife, Mdm Wong Phui Hong
- (5) Mr Wong Koon Hong is deemed to be interested in the shares held by his wife, Mdm Lim Yew Lian.
- (6) Mdm Lim Yew Lian is deemed to be interested in the shares held by her husband, Mr. Wong Koon Hong.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 16 September 2020, approximately 24.67% of the Company's total number of issued shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

# Portfolio held by Property Division

| Held By                      | Existing Use     | Location                               | Storeys / Unit no. | Area (sq ft) | Tenure                 | Unexpired term of lease |
|------------------------------|------------------|----------------------------------------|--------------------|--------------|------------------------|-------------------------|
| Noel Gifts International Ltd | Light Industrial | 50 Playfair Road<br>Singapore 367995   | #03-01             | 3,477        | Freehold strata titles | -                       |
|                              |                  |                                        | #05-01             | 3,477        |                        |                         |
|                              |                  |                                        | #06-01             | 3,477        |                        |                         |
|                              |                  |                                        | #06-02             | 1,399        |                        |                         |
|                              |                  |                                        | #06-03             | 1,970        |                        |                         |
|                              |                  |                                        | #06-04             | 1,464        |                        |                         |
|                              |                  |                                        | #07-01             | 3,466        |                        |                         |
|                              |                  |                                        | #07-02             | 1,227        |                        |                         |
|                              |                  |                                        | #07-03             | 1,970        |                        |                         |
|                              |                  |                                        | #07-04             | 1,464        |                        |                         |
|                              |                  |                                        | 23,391             |              |                        |                         |
| Noel Gifts International Ltd | Residential      | 33 Rochester Drive<br>Singapore 138638 | #28-04             | 1,216        | Leasehold              | 85                      |

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Noel Gifts International Ltd. will be held by way of electronic means on Friday, 23 October 2020 at 9.00 a.m. for the following purposes:-

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.noelgifts.com/Annual-Report>. A printed copy of this Notice will NOT be despatched to members.

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2020 together with the Auditor's Report thereon. **Resolution 1**
2. To declare a first and final dividend of S\$0.002 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.013 per ordinary share (one-tier tax exempt) for the financial year ended 30 June 2020. **Resolution 2**
3. To re-elect the following Directors of the Company retiring pursuant to Regulation 87 of the Constitution of the Company:
  - (a) Mr Alfred Wong Siu Hong **Resolution 3**
  - (b) Mr Foo Der Rong **Resolution 4**

*(See Explanatory Note (i))*
4. To re-elect Mr Koh Soo Keong as a Director of the Company retiring pursuant to Regulation 94 of the Constitution of the Company: **Resolution 5**

*(See Explanatory Note (ii))*
5. That contingent upon the passing of Ordinary Resolution 5 above, and in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") which will take effect on 1 January 2022, shareholders to approve Mr Koh Soo Keong's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Koh Soo Keong's retirement or resignation; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 7 below. **Resolution 6**

*(See Explanatory Note (iii))*

# Notice of Annual General Meeting

6. That contingent upon the passing of Ordinary Resolution 6 above, and in accordance with Rule 210(5)(d)(iii) of the Listing Manual which will take effect on 1 January 2022, shareholders (excluding directors, the chief executive officer, and their associates) to approve Mr Koh Soo Keong's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Koh Soo Keong's retirement or resignation; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 6 above. **Resolution 7**

*(See Explanatory Note (iii))*

7. To re-appoint Deloitte & Touche LLP, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration **Resolution 8**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

9. To approve the payment of Directors' fees of S\$87,000.00 for the financial year ending 30 June 2021, to be paid quarterly in arrears. **Resolution 9**

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

- 10 **Authority to issue shares** **Resolution 10**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares or convertible securities in the capital of 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) 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 pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

# Notice of Annual General Meeting

(the “**Share Issue Mandate**”)

provided that:-

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and instruments to be issued pursuant to this Resolution shall not exceed 50% 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), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company 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 and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments 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 which are outstanding or subsisting at the time of the passing of this Resolution, 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 Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (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, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

*(See Explanatory Note (iv))*

# Notice of Annual General Meeting

## 11. Renewal of Share Buy-Back Mandate

## Resolution 11

“That:-

- (i) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of: -
  - (a) market purchase(s) on the SGX-ST (“**Market Purchase**”); and/or
  - (b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (“**Off-Market Purchase**”),and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”);
- (ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-
  - (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (b) the date by which the share buy-backs are carried out to the full extent mandated; or
  - (c) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

# Notice of Annual General Meeting

(iii) in this Resolution: -

"Maximum Limit" means the number of Shares representing 10 per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, applicable goods and services tax and other related expenses) which shall not exceed: -

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:-

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) consecutive market days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after such five (5) market day period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from holders of Shares, stating therein the purchase price (which shall not be greater than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"market day" means a day on which the SGX-ST is open for trading in securities.

(iv) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

*(See Explanatory Note (v))*

# Notice of Annual General Meeting

## NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of Noel Gifts International Ltd. (the “**Company**”) to the dividend being obtained at the Annual General Meeting to be held on 23 October 2020 (“**AGM**”), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 29 October 2020 for the purpose of determining shareholders’ entitlements to the final dividend of S\$0.002 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.013 per ordinary share (one-tier tax exempt) (the “**Dividends**”).

Duly completed and stamped registrable transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Ltd (“**CDP**”), together with all relevant documents of title thereto, received by the Company’s Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 up to 5.00 p.m. on 29 October 2020 will be registered to determine shareholders’ entitlements to the Dividends.

Members whose securities accounts with CDP are credited with ordinary shares as at 5.00 p.m. on 29 October 2020 will be entitled to the Dividends. In respect of shares in securities accounts with CDP, the Dividends will be paid by the Company to CDP which will, in turn, distribute the Dividends to such holders in accordance with its normal practice.

Payment of the Dividends, if approved at the forthcoming AGM, will be made on 6 November 2020.

By Order of the Board

Ong Beng Hong  
Lee Yuan  
Joint Company Secretaries  
Singapore, 8 October 2020

# Notice of Annual General Meeting

## EXPLANATORY NOTES:

- (i) The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr Alfred Wong Siu Hong and Mr Foo Der Rong as Directors of the Company.

Mr Alfred Wong Siu Hong will, upon re-election as a Director of the Company, remain as the Executive Chairman and Managing Director. Please refer to Table A of the Corporate Governance Report on pages 153 to 160 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

Mr Foo Der Rong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited. Please refer to Table A of the Corporate Governance Report on pages 153 to 160 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

- (ii) The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr Koh Soo Keong as a Director of the Company.

Mr Koh Soo Keong upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited. Please refer to Table A of the Corporate Governance Report on pages 153 to 160 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

- (iii) Ordinary Resolutions 6 and 7 in items 5 and 6 above – On 6 August 2018, the Singapore Exchange Securities Trading Limited amended the Listing Manual following the publication of the Code of Corporate Governance 2018 by the Monetary Authority of Singapore. As part of the amendments to the Code of Corporate Governance 2018, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Manual for mandatory compliance. On 28 November 2018, the Singapore Exchange Securities Trading Limited issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Manual. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independence designation of a Director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Koh Soo Keong's continued appointment as an Independent Director prior to 1 January 2022, as he has served for more than 9 years on the Board of the

# Notice of Annual General Meeting

Company. Rule 210(5)(d)(iii) provides that continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding the Directors, Chief Executive Officer, and their associates.

- (iv) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, 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 of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at this time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or 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.

- (v) The Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company to purchase or acquire up to 10% of the total number of issued ordinary shares excluding treasury shares and subsidiary holdings in the capital of the Company as at the date of the passing of this Resolution. Details of the proposed Renewal of Share Buy-Back Mandate are set out in Appendix A.
  - (a) As at the date of this Notice, the Company has not purchased or acquired its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of shares purchased or acquired and the price at which such shares were purchased or acquired.
  - (b) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Renewal of Share Buy-Back Mandate on the Group's audited financial statements for the financial year ended 30 June 2020 are set out in Appendix A and are for illustration only.

# Notice of Annual General Meeting

## NOTES:

- 1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting (“**AGM**”) are set out in the Company’s announcement dated 23 October 2020 entitled “Important Notice to Shareholders Regarding the Company’s Annual General Meeting on 23 October 2020” which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.noelgifts.com/Annual-Report>.

In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a “live” webcast or listen to these proceedings through a “live” audio feed via his/her/its mobile phones, tablets or computers. In order to do so, a member (including CPF or SRS investor) who wishes to watch the “live” webcast or listen to the “live” audio feed must pre-register at the URL <https://complete-corp.com.sg/noelgifts-agm/> by 9.00 a.m. on 20 October 2020. Following authentication of his/her/its status as members or CPF or SRS investors, authenticated members and CPF or SRS investors will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 12.00 p.m. on 22 October 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the “live” webcast or “live” audio feed.

Members (including CPF or SRS investors) may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted and received by the Company by 9.00 a.m. on 20 October 2020:

- (a) via the pre-registration website at the URL <https://complete-corp.com.sg/noelgifts-agm/>;
- (b) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724; or
- (c) by email to [noelgifts-agm@complete-corp.com.sg](mailto:noelgifts-agm@complete-corp.com.sg).

**In view of the current COVID-19 situation, Members are strongly encouraged to submit questions electronically via the pre-registration website.**

Members (including CPF or SRS investors) will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member’s full name as it appears on his/her/its CDP/CPF/SRS/Scrip-based share records;
- (b) the member’s NRIC/Passport/UEN number;
- (c) the member’s contact number and email address; and
- (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, Scrip-based, CPF or SRS).

# Notice of Annual General Meeting

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM.

Please note that members will not be able to ask questions at the AGM “live” during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the AGM.

- 2) **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's website under “Annual Report 2020” at the URL <https://www.noelgifts.com/Annual-Report> and has also been made available on SGXNet.
- 3) The Chairman of the AGM, as proxy, need not be a member of the Company.
- 4) The instrument appointing the Chairman of the AGM as proxy must, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
  - (a) if sent by post, be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724; or
  - (b) if submitted by email, to [noelgifts-agm@complete-corp.com.sg](mailto:noelgifts-agm@complete-corp.com.sg),

in either case, not less than 48 hours before the time fixed for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.**

- 5) The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

# Notice of Annual General Meeting

- 6) In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
- 7) CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.30 p.m. on 13 October 2020 in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf not less than 48 hours before the time for holding the AGM.
- 8) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) ("**Relevant Intermediary Participants**"), excluding CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.
- 9) The Annual Report for the financial year ended 30 June 2020 may be accessed at the Company's website at the URL <https://www.noelgifts.com/Annual-Report>, and have also been made available on SGXNet.

## **PERSONAL DATA PRIVACY:**

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the Annual General 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 (collectively, the "**Purposes**"), (ii) warrants that where member discloses the personal data of the Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# NOEL GIFTS INTERNATIONAL LTD.

Registration No. 198303940Z

(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

This form of proxy has been made available on SGXNet and the Company's website and may be accessed under "Annual Report 2020" at the URL <https://www.noelgifts.com/Annual-Report>

A printed copy of this form of proxy will NOT be despatched to members.

### IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 8 October 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 23 October 2020" which has been uploaded together with the Notice of Annual General Meeting dated 8 October 2020 on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.noelgifts.com/Annual-Report>.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors who wish to vote should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 5.30 p.m. on 13 October 2020.

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of Noel Gifts International Ltd. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Friday, 23 October 2020 at 9.00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against the Resolutions, or to abstain from voting on the Resolutions, to be proposed at the AGM as indicated hereunder.

(If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please indicate your vote "For" or "Against" with "X" in the space provided. Alternatively, if you wish to exercise some and not all of your votes both "For" and "Against" the relevant resolution and/or to abstain from voting in respect of the relevant resolution, please indicate the number of votes as appropriate.)

| No.                      | Resolutions relating to:                                                                                                                                                                                                                                                    | For | Against | Abstain |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|---------|
| <b>Ordinary Business</b> |                                                                                                                                                                                                                                                                             |     |         |         |
| 1.                       | Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020                                                                                                                                                                 |     |         |         |
| 2.                       | To declare a first and final dividend and a special dividend                                                                                                                                                                                                                |     |         |         |
| 3.                       | Re-election of Mr Alfred Wong Siu Hong as a Director retiring under Article 87                                                                                                                                                                                              |     |         |         |
| 4.                       | Re-election of Mr Foo Der Rong as a Director retiring under Article 87                                                                                                                                                                                                      |     |         |         |
| 5.                       | Re-election of Mr Koh Soo Keong as a Director retiring under Article 94                                                                                                                                                                                                     |     |         |         |
| 6.                       | Approval of Mr Koh Soo Keong's continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (" <b>Listing Manual</b> ") which will take effect on 1 January 2022      |     |         |         |
| 7.                       | Approval of Mr Koh Soo Keong's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer, and their associates) in accordance with Rule 210(5)(d)(iii) of the Listing Manual which will take effect on 1 January 2022. |     |         |         |
| 8.                       | To re-appoint Deloitte & Touche LLP as Auditors of the Company                                                                                                                                                                                                              |     |         |         |
| <b>Special Business</b>  |                                                                                                                                                                                                                                                                             |     |         |         |
| 9.                       | Approval of Directors' Fees amounting to S\$87,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears                                                                                                                                              |     |         |         |
| 10.                      | Authority to issue shares pursuant to Section 161 of the Companies Act, Cap 50 and rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited                                                                                                      |     |         |         |
| 11.                      | Renewal of the Share Buy-Back Mandate                                                                                                                                                                                                                                       |     |         |         |

\*If you wish to exercise all your votes 'For' or 'Against', please (X) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

| Total number of shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register          |               |
| (b) Register of Members   |               |

\_\_\_\_\_  
Signature(s) of Shareholder(s) and Common Seal of Corporate Shareholder

\*Delete where inapplicable



**Notes:-**

1. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. 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, Cap. 289), 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, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy must:
  - (a) if sent by post, be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724; or
  - (b) if submitted by email, to [noelgifts-agm@complete-corp.com.sg](mailto:noelgifts-agm@complete-corp.com.sg)

in either case, not less than 48 hours before the time appointed for the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.**

5. If sent by post, the instrument appointing the Chairman of the AGM as proxy of an individual must be under the hand of the appointor or of his/her attorney duly authorised in writing and the instrument appointing the Chairman of the AGM as proxy is executed by a corporation must be executed either under its seal or under the hand of an officer or attorney duly authorised.

Where an instrument appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
  - (b) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
6. Where an instrument appointing the Chairman of the AGM as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the AGM as proxy, failing which the instrument may be treated as invalid.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy 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 (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy) appointing the Chairman of the AGM 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 AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



NOEL

**NOEL GIFTS INTERNATIONAL LTD**

Company Registration No. 198303940Z

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