NOEL

GIFTING KINDNESS IN THE NEW NORMAL

ANNUAL REPORT 2021


LUNCH BOX
LUNCH BOX
NOEL GIFTS
bringing people closer
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CONTENTS

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 46 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

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders

It is with God's grace that we have prevailed against an uncertain global economy conflated with geopolitical tensions in a tumultuous year. Humbled by our fair share of challenges, we are thankful for His wisdom as we navigate through a gradual economic recovery.

We would like to take this opportunity to express gratitude to our stakeholders – staff members, directors, shareholders, suppliers, customers, business partners, and our caring Government for the continuous support rendered over the year. For without them, many local enterprises such as ours would have been greatly affected by the reverberating economic impact of Covid-19.

As business sentiments improve, it is pivotal that the Group continues to evaluate existing strategies, build and develop talent pool, better processes and stay agile in a landscape that is still ambiguous. The Group will also continue to invest in innovation, digital transformation and human capital to ensure competitiveness and relevance in the long run.

FINANCIAL REVIEW

For the financial year ended 30 June 2021, the Group recorded full year revenue of $18.9 million, representing a decrease of 5.0% from $19.9 million in the previous financial year. The decline was mainly attributable to lower gift sales due to the impact of the Covid-19 pandemic.

The Group reported a gross profit of $9.5 million in FY2021, a decrease of $0.2 million or 2.1% as compared to $9.7 million in FY2020. The decrease in the Group's gross profit was mainly attributable to the reduced sales.

The Group's other income of $1.9 million in FY2021 comprises mainly government grants on wages and rental relief, amounting to $1.6 million. Other income included fair value gain of $0.08 million of investment properties as per independent full valuation report in FY2021.

Distribution costs decreased by $0.5 million to $2.1 million mainly due to reduction in marketing costs, while administrative expenses increased by $0.4 million to $7 million mainly due to higher impairment loss on right-of-use assets and payroll expenses.

Loss allowance on trade receivables increased from $0.2 million to $0.3 million due to the continued assessment of the Covid-19 related impact on the foreseeable credit losses in accordance with SFRS(I) 9.

MANAGING DIRECTOR'S MESSAGE

> *"As business sentiments improve, it is pivotal that the Group continues to evaluate existing strategies, build and develop talent pool, better processes and stay agile in a landscape that is still ambiguous. The Group will also continue to invest in innovation, digital transformation and human capital to ensure competitiveness and relevance in the long run."*

Income tax expense was recorded at $0.1 million in FY2021 as compared to income tax credit of $0.04 million in FY2020 mainly due to underprovision for prior years. As a result, the Group achieved a profit of $1.5 million in FY2021 as compared to $1.3 million in FY2020.

In view of the Group's net cash position, the Board has proposed a final dividend of $0.003 per ordinary shares, and a special dividend of $0.027 per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting.

GIFTING KINDNESS IN THE NEW NORMAL

Settling into the new normal, the Group continues to keep optimistic towards its commitment to bring people closer, endeavouring to make every day better. To us, gifting is kindness and the appreciation of togetherness in times apart. We delight to convey warm messages from the heart with each gift joyfully received by the recipient as we cope with the multitude of demands in the midst of systemic change and challenges. We also listen to and discern the voice of our colleagues, customers, shareholders, directors and business partners to meet and exceed their expectations during this uncertain time.

Change has always been ubiquitous and adapting to the new is critical to survival and growth. With this in mind, the Group will continue to evolve with the times and stay poised for the opportunities that come with change.

BOARD CHANGES

We would like to take this chance to thank Mr Koh Soo Keong for his guidance and contributions over the years. Mr Koh Soo Keong has been an invaluable member of the Group with his keen mind, sound judgement and wealth of experience. His unexpected passing will be a great loss to the Board and we extend our deepest condolences to his family. The Group will seek and assess suitable candidates, and any new appointment(s) to the Board will be announced in due course.

Yours sincerely,
Alfred Wong Siu Hong
Managing Director

BOARD OF DIRECTORS

MR ALFRED WONG SIU HONG

MRS IVY TAN (MDM WONG PHUI HONG)

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 46 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.

BOARD OF DIRECTORS

MR FOO DER RONG

MR ARIC LOH SIANG KHEE

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 SLB Development Ltd and Matex International Ltd., an Executive Director of Adege Holdings Pte Ltd and Corporate Advisor of AT-Sunrice Global Chef Academy Pte Ltd. His previous appointments include being the Managing Director / CEO of Intraco Ltd and Hanwell Holdings Ltd (formerly known as PSC Corporation 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 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.

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 28 years of in-depth industry experience and is familiar with every aspect of the business.

Bernadette holds an MBA from the University of Hull.

MS KIM WONG
Assistant General Manager

Kim joined Noel Gifts in September 2005 and was recently promoted to Assistant General Manager in August 2021 as a Doctoral Candidate at Singapore Management University in Innovation. She will be working closely with the Executive Director and General Manager to develop divisional strategies and plans in line with the Group's overall objectives and vision.

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

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 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

FY2021 has been a humbling year for Noel Gifts where the Group sought for novelty and stability in a new era of change.

RIDING THE DIGITAL WAVE

Even as workplace regulations eased with the reopening of the nation's economy, virtual alternatives remained indispensable. Therefore, the Group established the e-Catalogue Digital Bookcase for the convenient browsing of our new and existing catalogues online. To stay relevant and competitive in a world accustomed to online interactions, more communication channels like WhatsApp and Telegram were introduced. Targeted mailing with corporate promotions were also extended to our existing customer base to accommodate their ever-changing needs.

ADJUSTING TO A NEW NORMAL

The global pandemic had not only necessitated a contactless world, but also accelerated a paradigm shift towards digital transformation.

In addition to server and system upgrades to enhance infrastructure, the Group also acquired equipment to ensure the readiness of remote and mobile working teams. Concerted efforts were made to fortify workflow processes, enabling quick, flexible and nimble responses to supply disruptions and shipping delays arising from global tensions and the persisting Covid-19 situation worldwide. As uncertainty loomed, constant communication and close coordination proved to be vital for the effective marshalling of our resources.

Embracing a new mindset of change and creativity, the Group's daily flowers and gift selections were refreshed through bi-weekly launches catered to customers' needs. Marketing surveys and ethnographic customer journey interviews were conducted to identify existing gaps in our service.

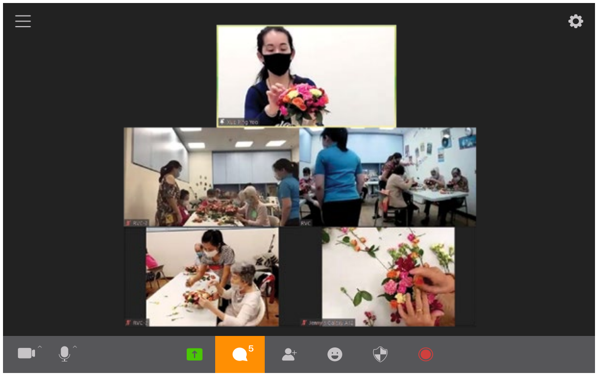
With a firm belief in developing our talents, we took the opportunity during the Covid-19 period to extend and encourage more skills upgrading within the organisation. The Group sought to maximise our human capital potential and was also receptive to new ideas, fresh perspectives and ingenious solutions that the team brought to the table. The Group also explored Lean Six Sigma (LSS) framework and Lego Serious Play workshops to improve efficiency, cultivate a culture of innovation and groom our people for change in a volatile business environment.

OPERATIONS REVIEW

CORPORATE SOCIAL RESPONSIBILITY

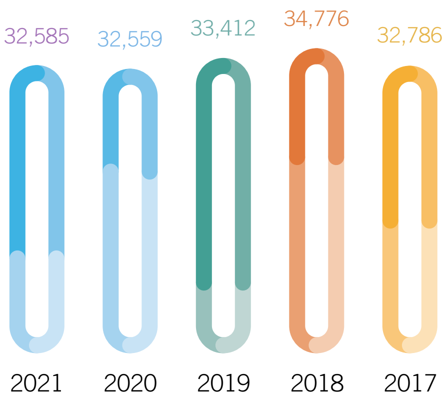
To thank the healthcare workers for their selfless contributions, hard work and dedication amidst the Covid-19 situation, the Group prepared a total of 1000 single-stalk gerberas for Nurses' Day. These flowers were delivered to Singapore General Hospital (SGH), KK Women's and Children's Hospital (KKH), Tan Tock Seng Hospital (TTSH), Mount Alvernia Hospital (MAH), Sengkang General Hospital (SKH) and Mount Elizabeth Novena Hospital (MNH). Giveaway stations providing free snacks, fruits and flowers were also set up at the six corresponding Noel Gifts retail outlets during the Phase 2 (Heightened Alert) period to show appreciation and support for the healthcare frontliners.

For Mother's Day, the Group donated $40,000 to Focus on the Family Singapore (FOTF) and $20,000 to Bethesda Care Services (BCS) in support of helping families thrive during these challenging times. The Group also continued to collaborate with St Luke's ElderCare (SLEC) to conduct the remaining 4 floral workshops for the elderly at their various centres while keeping to safe management measures and over online sessions as well. Overall, the response was favourable.

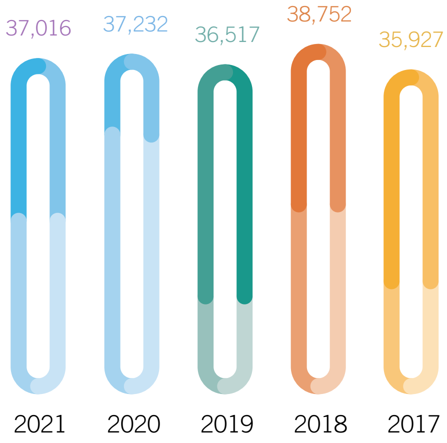


FINANCIAL HIGHLIGHTS

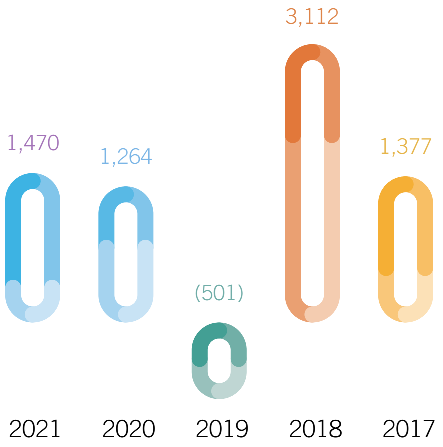
SHAREHOLDERS' FUND
(S$'000)



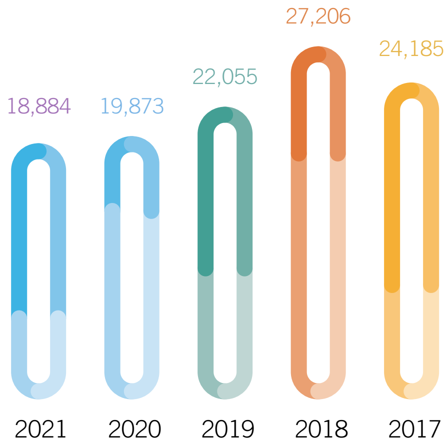
TOTAL ASSETS
(S$'000)



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)

AUDIT COMMITTEE

Aric Loh Siang Khee	(Chairman)
Foo Der Rong	(Member)

NOMINATING COMMITTEE

Foo Der Rong	(Chairman)
Aric Loh Siang Khee	(Member)

REMUNERATION COMMITTEE

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

In.Corp Corporate Services Pte. Ltd.
(formerly known as 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.

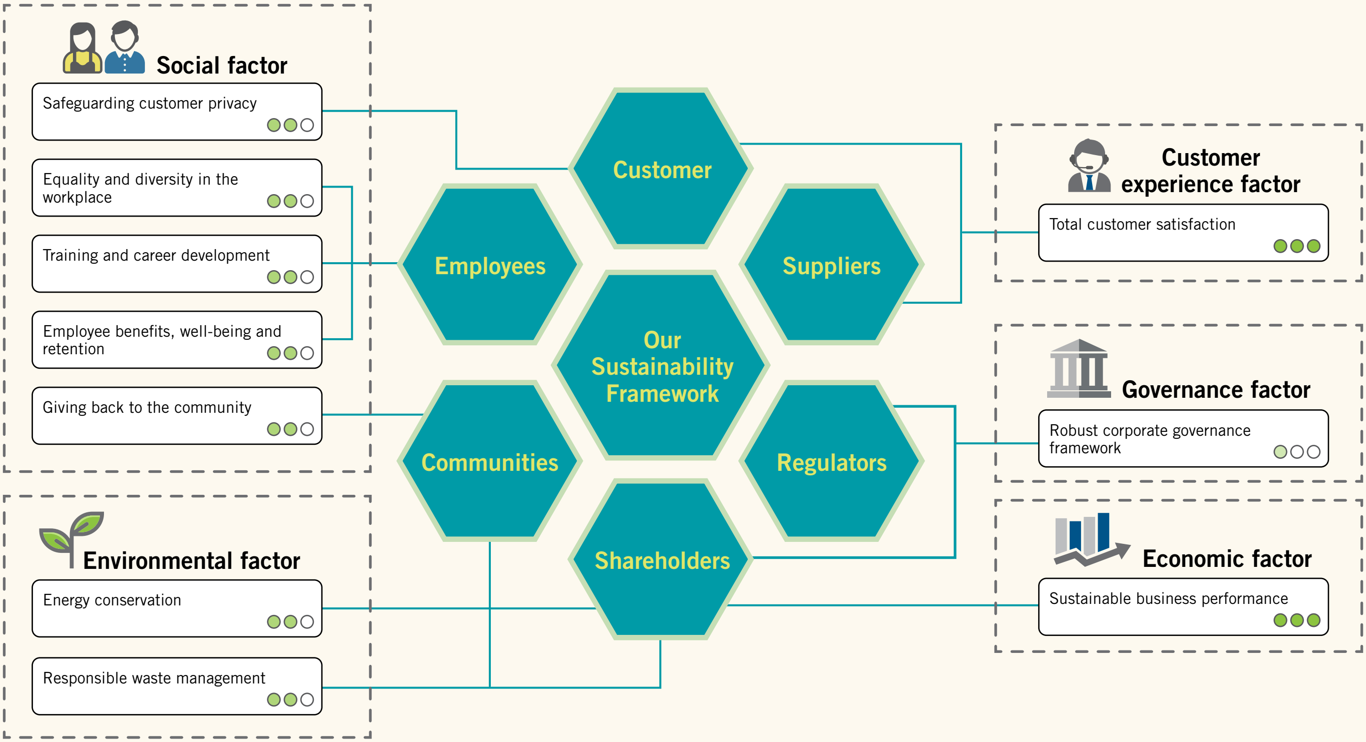
Noel Gifts is about building a business that recognises the needs of our customers and cares for our employees, the community, and the environment. For us, sustainability is about integrity. We want all our stakeholders to be confident in our brand, to know that we value our environment and our community while we are striving 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 2021 ("FY2021"). Through this Report, we share our progress in managing the environmental, social and governance ("ESG") factors, economic performance and customer experience (collectively as "Sustainability Factors"), to substantiate our continued commitment towards sustainability. The Board having considered the Sustainability Factors as part of its strategic formulation, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability 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 Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

The sustainability framework is supported by our key stakeholders; namely communities, customers, employees, regulators, shareholders and suppliers. We work closely with stakeholders in our value chain and their input drives our sustainability focus on the material Sustainability Factors as follows:

SUSTAINABILITY REPORT



Reporting priority[1]

●●● High ●●○ Medium ●○○ Low

1 Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to section 7.3 for further details.

SUSTAINABILITY REPORT

We continue to face uncertainties as a result of the Coronavirus disease 2019 ("COVID-19" or "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 whilst continue to explore new business opportunities.

We believe that our pro-active business initiatives and operational track record will tide us through this challenging period and allow us to stay on course in our sustainability journey. We have detailed our responses to the impact of the Pandemic in the relevant sections of this 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" or "Global Goals"), 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 2020 to 30 June 2021 ("Reporting Period"). A sustainability report is published annually in accordance with our SR Policy.

This Report covers the gifting businesses in Singapore within the Group which contributed to more than 95% of our total revenue for the Reporting Period (FY2020: more than 95%).

SUSTAINABILITY REPORT

4. FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at sustainability@noel.com.sg

5. OUR BUSINESS

Suppliers
Procure flowers, gift items, packaging materials and hamper accessories from both local and overseas suppliers

Operations
Offer products through online platforms, retail outlets, telesales and outdoor sales

Customers
Customers comprise individuals and corporate customers

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably be expected to affect our ability to implement our strategies to achieve our objectives.

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 Factors within the Group. We have undertaken a strategic approach to improve our relationship with our stakeholders by enabling continuous and effective modes of dialogues with them.

The table below shows our relationship and interaction with stakeholders during FY2021:

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised
1	Communities	Community campaigns	Regularly	Social inclusion
2	Customers	Social media	Daily	Customer service and offerings
		• Newsletters • Customer satisfaction surveys • Calls	Regularly	
		• Email communications • Messaging applications • Virtual meetings	As and when required	
3	Employees	Performance and career development reviews	Annually	• Equal employment opportunity • Job security • Remuneration
		• Email communications • Employee engagement programmes • Department meetings	Regularly	
4	Regulators	• Consultations and briefings organised by key regulatory bodies • Electronic communications	As and when required	Corporate governance
5	Shareholders	• Group annual report • Annual general meeting	Annually	• Sustainable business performance • Market valuation • Corporate governance
		Group result announcements	Half-yearly	
6	Suppliers	• Feedback • Email communications • Telephone calls	Regularly	Demand volatility

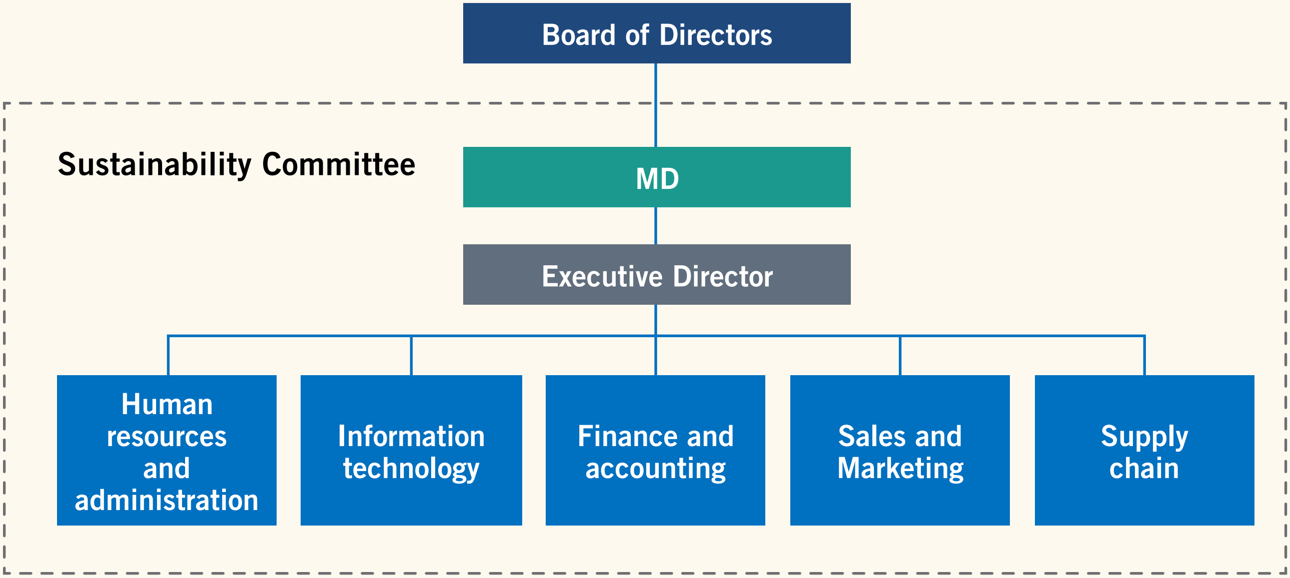
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

SUSTAINABILITY REPORT

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 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 and key managers from various functions, is led by the Group's Managing Director ("MD"), 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.



7.2 Sustainability reporting processes

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

IDENTIFICATION

Identification of the material factors that are relevant to the Group's activities and data points for performance reporting

PRIORITISATION

Prioritisation of the material factors and identification of key Sustainability Factors to be reported

VALIDATION

Validation involves the verification of information and data gathered on material factors and the performance of an assessment on the completeness of key Sustainability Factors to finalise the sustainability report content

REVIEW

Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

7.3 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
●●●	High	Factors with high reporting priority are reported on in detail.
●●○	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
●○○	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 stakeholders ("Stakeholders' Concern") and significance of our impacts on the economy, environment and society ("Business Impact").

7.4 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 capturing systems.

8. MATERIAL FACTORS

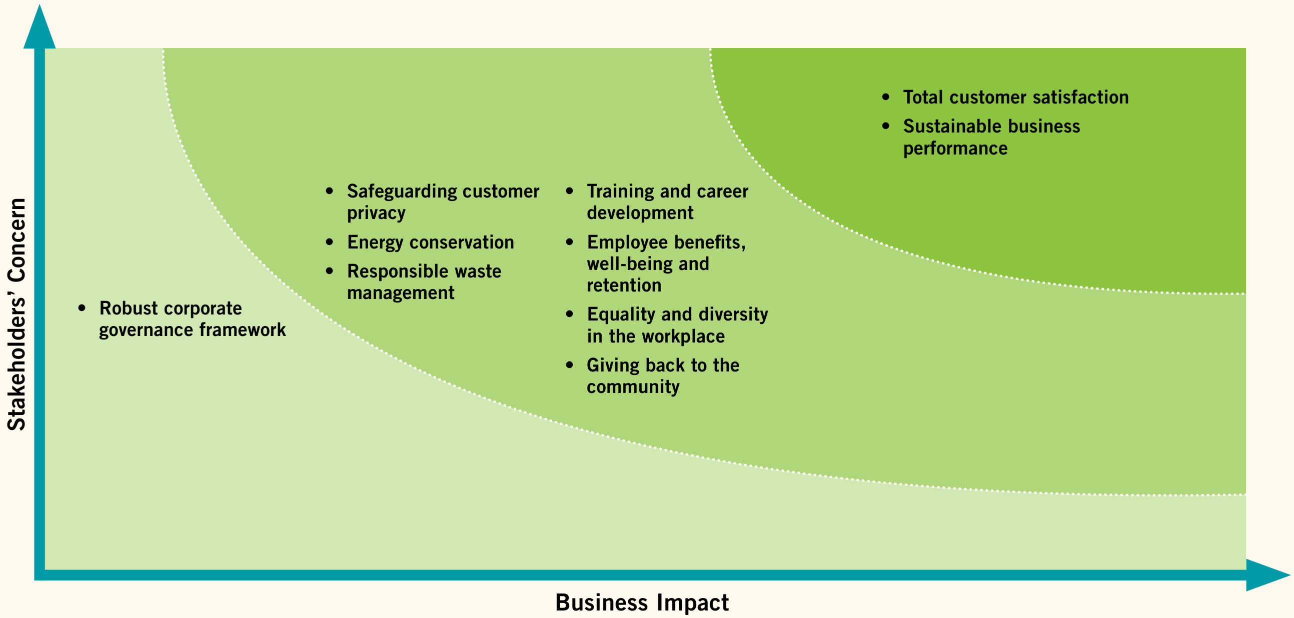
In FY2021, a stakeholder engagement session and a materiality assessment were conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the session and assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported on our progress in managing these factors and set related targets to improve our sustainability performance.

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

S/N	Material Sustainability Factor	SDG	Key stakeholder	Reporting priority
Customer experience				
1	Total customer satisfaction	Decent work and economic growth	• Customers • Suppliers	●●●
Economic				
2	Sustainable business performance	Decent work and economic growth	Shareholders	●●●
Environmental				
3	Energy conservation	Affordable and clean energy	• Shareholders • Communities	●●○
4	Responsible waste management	Responsible consumption and production	• Shareholders • Communities	●●○
Social				
5	Equality and diversity in the workplace	Reduced inequalities	Employees	●●○
6	Training and career development	Quality education	Employees	●●○
7	Employee benefits, well-being and retention	Good health and well-being	Employees	●●○

S/N	Material Sustainability Factor	SDG	Key stakeholder	Reporting priority
8	Giving back to the community	-	Communities	●●○
9	Safeguarding customer privacy	Peace, justice and strong institutions	Customers	●●○
Governance				
10	Robust corporate governance framework	Peace, justice and strong institutions	• Shareholders • Regulators	●○○

Material factor matrix



Legend for reporting priority

High | Medium | Low

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. Details of material Sustainability Factors are presented as follows:

8.1 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 regarding the product before they make their purchase. Every year, we review our operations to improve our performance and identify areas of improvement, to provide the best of services to our customers. Our strategies towards customer satisfaction are as follows:

Strong branding and competencies
We are a leading flowers and gifts company in Singapore with 46 years of operations and the only publicly listed flowers and gifts company in Southeast Asia. Leveraging on our core competencies which extend beyond floral arrangements and include expertise in conceptualising, designing, sourcing, packaging and gift delivery, we believe that we are able to meet customers' demands for personalised experience.

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.

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, and customers can 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, with more than 400 gifting options (FY2020: more than 400 gifting options) carefully selected by our e-commerce team to meet customers' needs for any occasion all year round. In light of the Pandemic, we remain committed to offer affordable and quality gifts to ease the burden of customers who wish to convey their care and concern.

Rewards and redemptions

To enhance customers' shopping experience and to build customer loyalty, we have a special rewards programme where customers can accumulate points from their purchases and redeem attractive gifts and vouchers.

Fast and convenient delivery services

We offer same-day and weekend 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 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. Customers can do so by simply ordering on our website.

Proactive customer engagement

Customer feedback is collected from various touchpoints such as sales teams and through customer satisfaction surveys and interviews. We measure customer satisfaction based on the conduct of net promoter score ("NPS")[2] surveys via calls and electronic direct mails. During the Reporting Period, more than 90%[3] of customers responded with a satisfied rating.

These feedbacks are collected to gather valuable insights on our customers' requirements, expectations and level of satisfaction for us to serve them better. We also engage our customers via social media platforms such as Facebook and Instagram. Insights gathered are discussed upon to improve service quality and provide inputs for our strategies.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve product range	Maintained more than 400 gifting options	Maintain or improve product range

2 NPS is a performance indicator adopted to measure customer experience and predict business growth.

3 No comparative data provided as this is the first year in which percentage of satisfied customers is measured.

8.2 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.

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

Target for FY2021	Performance in FY2021	Target for FY2022
Improve or maintain financial performance subject to market conditions	We recorded a decline in revenue mainly attributable to lower gift sales due to the impact of the Pandemic. However, we announced a higher profit before income tax as compared to the previous financial year	Improve or maintain financial performance subject to market conditions

8.3 Energy conservation

To run our operations, we rely mainly on the following energy sources:

- Electricity to operate essential equipment used in our head office, online delivery services and retail outlets such as flower chillers, lighting, various office equipment and air-conditioning; and
- Diesel fuel to operate a fleet of delivery motor vehicles owned by the Group to provide fast and convenient delivery services.

Key statistics on energy consumption during the Reporting Period are as follows:[4]

Energy	Unit	Energy intensity	
		FY2021	FY2020
Electricity	kWh/ square foot	0.63	0.60[4]
Diesel	litre/ revenue $'000	3.35	3.18

4 Figure has been restated as a correction.

We track and review spending on energy 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 saving modes. To improve air quality and reduce emissions of air pollutants from our delivery vehicles that run on diesel, 100% (FY2020: 100%) of our delivery motor vehicles comply with at least Euro 5 emission standard[5].

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or reduce energy consumption rate	• Electricity consumption intensity increased slightly during the Reporting Period. We will continuously work towards improving our energy consumption • Diesel consumption intensity increased as the decrease in revenue was more than proportional to the decrease in diesel consumption during the Pandemic	Maintain or reduce energy consumption rate

8.4 Responsible waste management

We are committed to manage and minimise the impact of our retail operations on the environment through reducing waste generated from the sale of products and daily operations.

Move towards a paperless working environment
We aim to move towards a paperless working environment to reduce our paper consumption. Key initiatives include the issuance of electronic invoices and delivery orders.

Help the environment and protect our customers with e-catalogue
In line with our strategy to provide a seamless online gifting experience for our customers, we introduced an interactive e-catalogue (https://www.noelgifts.com/ecatalogue) for our diverse portfolio of products. This initiative will serve to reduce the usage of printed brochures and be environmentally friendly.

5 Euro emission standards define the acceptable limits for exhaust emissions of vehicles. The standards range from 1 to 6 with 6 being the highest standard and the most environmentally friendly.

In light of the Pandemic, our e-catalogue also serves to aid our consumers in making informed decisions about our products in advance and from a safe environment before visiting our retail outlets to make the purchases.

Target for FY2021	Performance in FY2021	Target for FY2022
–[6]	We converted our sales related documents such as invoices and delivery orders to electronic version and introduced e-catalogues to reduce waste generated	Continue with existing waste reducing initiatives and develop action plans (where applicable) to improve the management of waste generated in our operations

8.5 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.

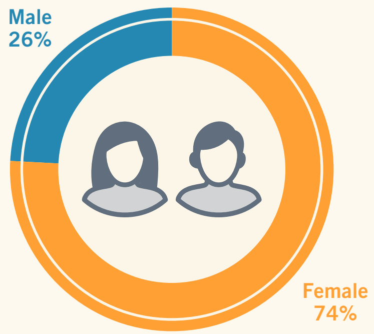
The total number of full-time employees ("Workforce") under the entities covered as at 30 June 2021 is 121 (FY2020: 131).

Due to the nature of the industry that we operate in, the demographics of our Workforce are predominantly female. As at 30 June 2021, 74% (FY2020: 76%) of our Workforce is made up of female employees.

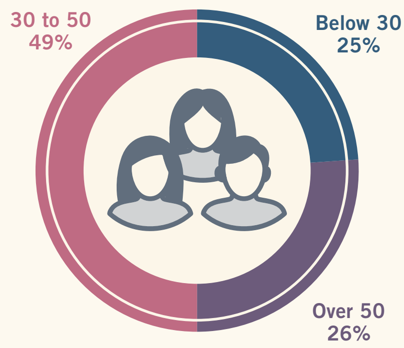
We support the employment and re-employment of employees beyond their official retirement age. We endeavour to deploy such employees into suitable positions and provide retraining or re-skilling (if necessary) under the transition assistance programs that aims to support employees who are retiring or whose employments have been terminated. As at 30 June 2021, 26% (FY2020: 26%) 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 2021, percentages of employees with tertiary and non-tertiary education are 30% and 70% (FY2020: 34% and 66%) respectively.

GENDER DIVERSITY



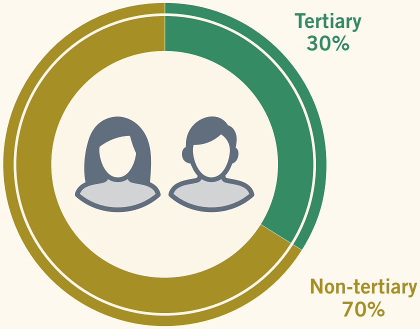
AGE DIVERSITY



6 Not applicable as this is a newly disclosed Sustainability Factor.

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.

EDUCATIONAL DIVERSITY



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[7].

As at 30 June 2021, we have no (FY2020: zero) reported incident of unlawful discrimination against employees.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or move towards a more balanced workplace diversity ratio	No material changes in the workplace diversity ratios	Maintain zero reported incident of unlawful discrimination against employees

7 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.

8.6 Training and career development

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:

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 FY2021, we delivered a total of 3,318 hours (FY2020: 721 hours) of training for our employees. Our employees received an average of 27.4 hours (FY2020: 5.5 hours) of training per employee. The increase in training hours and average hours of training per employee is mainly due to more corporate training programmes were conducted during the Reporting Period to enhance business processes. Training programmes for employees are primarily designed to upgrade their skills and include training courses such as product training and process improvement. We will continuously work towards fostering a learning culture at work.

Provide feedback to our employees constantly

Our employees and management receive regular feedback on their performance and career development. During the Reporting Period, 91% of our management (FY2020: 89%) and 93% of our non-management staff (FY2020: 93%) received performance and career development reviews. The management and non-management staff not included in the performance appraisal or career development reviews in FY2021 would be reviewed upon confirmation of their employment.

Target for FY2021	Performance in FY2021	Target for FY2022
• Maintain or improve hours of training for employees • Maintain or improve percentage of staff who received performance and career development reviews	• Average training hours per employee increased mainly due to corporate training programmes • No material changes in percentage of staff who received performance and career development reviews	• Maintain or improve hours of training for employees • Maintain or improve percentage of staff who received performance and career development reviews

8.7 Employee benefits, well-being and retention

In line with our commitment to focus on people development, we place a high priority on talent retention and competency development of our employees as we believe that well trained employees are vital to the long-term success of our business. In FY2021, our turnover rate[8] is 24% (FY2020: 28%). To make our staff feel inclusive, we supported the following initiatives during FY2021:

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. Additional benefits such as parent-care leave ("PCL") are in place 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 (FY2020: 28 employees) who took PCL in FY2021 and we are happy to announce that 100% (FY2020: 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 our commitment, we have implemented flexible work arrangements for employees to support them in balancing their responsibilities at work and at home. As at 30 June 2021, 74% (FY2020: 51%) 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 segregated our employees into teams, implemented staggered working hours and avoided cross-deployment across teams to minimise interaction and exposure. We have also periodically circulated advisories and guidelines on Safe Management Measures[9] and health and safety via our staff mobile application. As a safety precaution, we will immediately isolate any employees suspected to be exposed to the COVID-19 virus, sanitise their work areas, ensure they work from home and periodically follow up on the employee's well-being and status of the COVID-19 test results.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or reduce staff turnover rate subject to market conditions	No material changes in staff turnover rate	Maintain or reduce staff turnover rate subject to market conditions

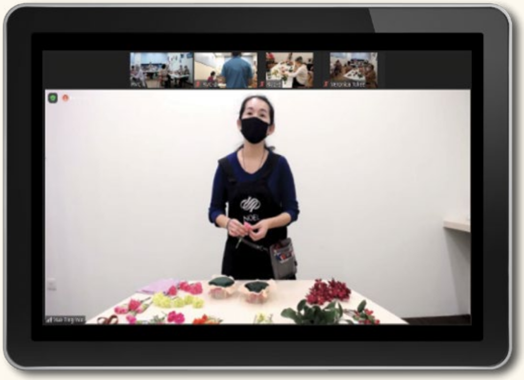
8 Turnover rate is calculated by dividing the total number of leavers by the total number of employees from entities covered.
9 Based on the guidelines on Safe Management Measures at the workplace established by the Ministry of Manpower.

8.8 Giving back to the community

Noel Gifts is committed to care for the community. On this front, several programmes were initiated to the communities as follows:

Floral arrangement workshops to bring cheer to elderly at the St Luke's ElderCare

We have continued to collaborate with St Luke's ElderCare to conduct floral workshops for the elderlies at their centres. The initiative was part of our efforts to give back to the community by sharing and guiding the elderlies on how to create their own floral arrangements. In light of the Pandemic, we have complied with Safe Management Measures by conducting online sessions.



Appreciation and support for our healthcare heroes on the front lines

In celebration of Nurses' Day, we distributed vibrant Gerberas to show appreciation to the unsung healthcare heroes for their hard work and unwavering dedication at Mount Elizabeth Novena Hospital ("MNH"), KK Women's and Children's Hospital ("KKH"), Singapore General Hospital ("SGH"), Sengkang General Hospital ("SKH"), Tan Tock Seng Hospital ("TTSH") and Mount Alvernia Hospital ("MAH").

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We also set up giveaway stations at our retail outlets from 21 to 28 May 2021 to show our appreciation and support for all healthcare workers at TTSH, MAH, SKH, SGH and MNH. We sincerely appreciate their hard work, devotion and dedication in these challenging times.

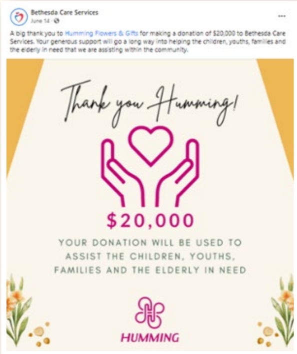
<ins>Partnering with Focus on the Family Singapore to support motherhood</ins>

We partnered with Focus on the Family to celebrate motherhood and to give recognition to the important role a mother plays in a family. As part of this partnership, we launched a dollar-for-dollar donation campaign for every gift purchased from our Mother's Day catalogue during the event period and donated approximately $40,000 proceeds to Focus on the Family Singapore. We hope that these proceeds will help to sustain families during the challenging times and strengthen family bonds during the Pandemic.

Focus on the Family Singapore is a donor-supported Institution of Public Character (IPC), founded in 2002, dedicated to help families thrive. The organisation focuses on promoting healthy and positive family values through family counselling, events and targeted outreach programs.

<ins>Donation to Bethesda Care Services</ins>

In celebration of the Mother's Day and to help children, youths, families and elderlies in need within the community, we donated $50 to Bethesda Care Services for every Mother's Day gift purchased. We have donated a total of $20,000 which includes sponsorship of bird's nest to 200 beneficiaries.



<ins>Fundraising with National Neuroscience Institute</ins>

We partnered with the National Neuroscience Institute ("NNI"), a member of the SingHealth Duke-NUS Academic Medical Centre, in the 'One Heart, One Mind' Hope Hamper Draw for the New Year to raise funds for stroke, dementia, Parkinson's disease and brain tumour patients. Every donation of $4 or more to NNI Fund will stand a chance to win hampers provided by us.

NNI is driven by the passion to improve the lives of patients with conditions of the brain, spine, nerves and muscles.

Target for FY2021	Performance in FY2021	Target for FY2022
Initiate community engagement campaigns	Target met as follows: Initiated community engagement campaigns	Initiate community engagement campaigns

8.9 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, 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 to 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. 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 FY2021, there is zero case of substantiated complaint[10] concerning breaches of customer privacy and loss of customer data reported (FY2020: zero incident).

Target for FY2021	Performance in FY2021	Target for FY2022
No cases of substantiated complaints concerning breaches of customer privacy and loss of customer data	Target met as follows: Maintained zero case of substantiated complaint concerning breaches of customer privacy and loss of customer data	Maintain zero case of substantiated complaints concerning breaches of customer privacy and loss of customer data

8.10 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 through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2021, no complaint on serious offence[11] is received via the whistle blowing channel (FY2020: zero incident).

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

11 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.

The overall SGTI score assessed by National University of Singapore Business School is 72 for the year 2021 (Year 2020: 55).

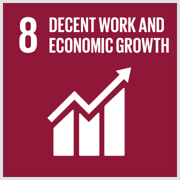
Refer to the Corporate Governance Report of the Annual Report for details for our corporate governance practices.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero complaint on serious offence are received via the whistle blowing channel	Target met as follows: Maintained zero complaint on serious offence are received via the whistle blowing channel	Maintain zero complaint on serious offence received via the whistle blowing channel

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 (Sustainability Factor)
 Ensure healthy lives and promote well-being for all at all ages	We ensure that our employees are treated fairly and are provided with the necessary welfare, which in turn helps us to maintain a motivated workforce that is vital to the success of our business **(Section 8.7 Employee benefits, well-being and retention)**
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We empower our employees by investing in training and development and provide feedback to enhance our business competencies **(Section 8.6 Training and career development)**

SDG	Our effort (Sustainability Factor)
 Ensure access to affordable, reliable, sustainable and modern energy for all	We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency, it also helps us to reduce costs incurred to support our business operations. (**Section 8.3 Energy conservation**)
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• 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. (**Section 8.1 Total customer satisfaction**) • We contribute to economic growth through creating long-term value for our stakeholders. (**Section 8.2 Sustainable business performance**)
 Reduce inequality within and among countries	We ensure equal opportunity and fair pay for all regardless of gender, age and educational level by establishing various human resource related policies to facilitate this goal. **(Section 8.5 Equality and diversity in the workplace)**
 Ensure sustainable consumption and production patterns	We implement measures such as adopting e-catalogue for our diverse portfolio of products and moving towards a paperless working environment. **(Section 8.4 Responsible waste management)**

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SDG	Our effort (Sustainability Factor)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• 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. **(Section 8.9 Safeguarding customer privacy)** • 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. **(Section 8.10 Robust corporate governance framework)**

10. GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	About Us	1
102-2	Activities, brands, products, and services	• About Us • Financial Contents > Notes to Financial Statements > General • Financial Contents > Notes to Financial Statements > Subsidiaries • Financial Contents > Notes to Financial Statements > Segment Information	1 57 102-105 126-131
102-3	Location of headquarters	• Corporate Information • Financial Contents > Notes to Financial Statements > General	11 57
102-4	Location of operations	• Corporate Information • Financial Contents > Notes to Financial Statements > General • Financial Contents > Notes to Financial Statements > Subsidiaries • Financial Contents > Notes to Financial Statements > Segment Information	11 57 102-105 126-131
102-5	Ownership and legal form	• Financial Contents > Notes to Financial Statements > General • Financial Contents > Notes to Financial Statements > Subsidiaries • Financial Contents > Statistics of Shareholding	57 102-105 169-170
102-6	Markets served	Financial Contents > Notes to Financial Statements > Segment Information	126-131

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GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-7	Scale of the organisation	• Financial Highlights • Sustainability Report > Material Factors > Sustainable Business Performance • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income	10 23 25-26 50-51 52
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	25-26
102-9	Supply chain	• Sustainability Report > Our Business • Sustainability Report > Material Factors > Total Customer Satisfaction	15 21-22
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	32-34
102-13	Membership of associations	None	-
Strategy			
102-14	Statement from senior decision-maker	• Managing Director's Message • Sustainability Report > Board Statement	2-4 12-14
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• About Us • Sustainability Report > Material Factors > Robust Corporate Governance Framework • Financial Contents > Corporate Governance Report	1 31-32 133-168

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GRI standard & disclosure title		Section reference	Page
Governance			
102-18	Governance structure	• Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure • Sustainability Report > Material Factors > Robust Corporate Governance Framework • Financial Contents > Corporate Governance Report	17 31-32 133-168
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	15-16
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	15-16
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	15-16
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Total Customer Satisfaction	15-16 21-22
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial Contents > Notes to Financial Statements > Subsidiaries	102-105
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	18
102-47	List of material topics	Sustainability Report > Material Factors	19-32
102-48	Restatements of information	There is a minor restatement of the following: • Sustainability Report > Material Factors > Energy Conservation	23-24
102-49	Changes in reporting	Sustainability Factor added: • Sustainability Report > Material Factors > Responsible Waste Management	24-25
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	14
102-51	Date of most recent report	Annual Report 2020 > Sustainability Report 2020	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	14
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	15
102-54	Claims of reporting in accordance with the GRI Standards	• Sustainability Report > Reporting Methodology • Sustainability Report > GRI Content Index	14 34-38

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GRI standard & disclosure title		Section reference	Page
Reporting practice			
102-55	GRI content index	Sustainability Report > GRI Content Index	34-38
102-56	External assurance	We may seek external assurance in the future	-
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	19-32
103-2	The management approach and its components	• Sustainability Report > Board Statement • Sustainability Report > Policy, Practice and Performance Reporting • Sustainability Report > Material Factors	12-14 17-19 19-32
103-3	Evaluation of the management approach	• Sustainability Report > Material Factors	19-32
Category: Economic			
201-1	Direct economic value generated and distributed	• Financial Highlights • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income	10 23 50-51 52
Category: Environmental			
302-3	Energy intensity	Sustainability Report > Material Factors > Energy Conservation	23-24
306-2	Management of significant waste-related impacts	Sustainability Report > Material Factors > Responsible Waste Management	24-25
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Benefits, Well-being and Retention	28
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report > Material Factors > Employee Benefits, Well-being and Retention	28
401-3	Parental leave	Sustainability Report > Material Factors > Employee Benefits, Well-being and Retention	28
404-1	Average hours of training per year per employee	Sustainability Report > Material Factors > Training and Career Development	27

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GRI standard & disclosure title		Section reference	Page
Category: Social			
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Training and Career Development	27
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report > Material Factors > Training and Career Development	27
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	25-26
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	25-26
413-1	Operations with local community engagement, impact assessments, and development programs	• Operations Review • Sustainability Report > Material Factors > Giving Back to the Community	8-9 29-30
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report > Material Factors > Safeguarding Customer Privacy	31

FINANCIAL CONTENTS

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, 2021.

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 50 to 132 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, 2021, 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

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.

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:

	Shareholdings registered in in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At July 1, 2020**	**At June 30, 2021**	**At July 1, 2020**	**At June 30, 2021**
Noel Gifts International Ltd.				
(Company)	Ordinary shares			
Alfred Wong Siu Hong	28,635,627	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.				
(Subsidiary)	Ordinary shares of RM1 each			
Wong Phui Hong	1,000	1,000	-	-

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, 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, 2021 were the same at June 30, 2021.

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.

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, (resigned on September 22, 2021), 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.

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP, will not be seeking re-appointment and Ernst & Young LLP has been nominated to be the auditor for the ensuing year. The appointment of Ernst & Young LLP is subject to shareholders' approval at the forthcoming 2021 Annual General Meeting.

ON BEHALF OF THE DIRECTORS

....
Alfred Wong Siu Hong

....
Wong Phui Hong

September 30, 2021

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 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, 2021, 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 50 to 132.

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, 2021 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
Fair value assessment of investment properties As at June 30, 2021, the group has investment properties amounting to $15.13 million (2020: $15.05 million). 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. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These judgements and estimates may be inappropriate; especially so in an uncertain economy that is affected by COVID-19, whereby values of these investment properties are volatile and prices may be influenced by many factors in the property market. 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. The significant unobservable inputs used in the valuation model are disclosed in Note 16 to the financial statements.	Our audit focused on ensuring the appropriateness of the fair values of the investment properties and included the following key procedures, amongst others: (a) Obtained the valuation reports from external valuation expert from management and assessed the objectivity and competency of the independent valuation experts. We have evaluated their independence, terms of appointment, scope of work and valuation methodologies; (b) Assessed the reasonableness of the valuation methodology and assumptions and estimates used by the 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; (c) Held discussions with external valuer to understand their valuation methods and assumptions and basis used together with our valuation specialist, where appropriate. We have obtained and reviewed the valuation report and concluded there are no clauses included in the valuation report that may effectively be a caveat or disclaimer relating to significant valuation uncertainty or qualifying statements in relation to certain aspects of the valuation that is relied upon by management; (d) Assessed management's approach of applying the fair value of the units subjected to valuation by external valuer to the remaining properties is appropriate; (e) Reviewed management's assessment on the deferred tax liabilities on fair value adjustment on it's investment properties; and (f) Assessed the appropriateness and adequacy of the disclosure made in the consolidated financial statements.

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 auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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.

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.

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 year 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.

Public Accountants and
Chartered Accountants
Singapore

September 30, 2021

STATEMENTS OF FINANCIAL POSITION

June 30, 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	14,234	12,929	11,693	10,687
Trade receivables	7	1,042	942	535	494
Amount due from subsidiaries	8	-	-	55	215
Deposits, other receivables and prepayments	9	682	735	645	624
Income tax recoverable		-	2	-	-
Inventories	10	1,466	2,009	1,007	1,444
Total current assets		17,424	16,617	13,935	13,464
Non-current assets					
Subsidiaries	11	-	-	3,097	3,099
Club membership	12	200	192	200	192
Financial assets at fair value through other comprehensive income	13	2,495	2,441	2,495	2,441
Plant and equipment	14	665	939	502	667
Right-of-use assets	15	1,099	1,989	1,099	1,944
Investment properties	16	15,133	15,054	15,133	15,054
Total non-current assets		19,592	20,615	22,526	23,397
Total assets		37,016	37,232	36,461	36,861

STATEMENTS OF FINANCIAL POSITION

June 30, 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	425	379	347	295
Amount due to subsidiaries	8	-	-	986	988
Other payables	18	2,122	1,751	1,780	1,279
Provision for reinstatement costs	18	15	53	15	15
Contract liabilities	19	118	181	50	112
Lease liabilities	20	760	805	760	759
Income tax payable		96	10	40	5
Total current liabilities		3,536	3,179	3,978	3,453
Non-current liabilities					
Provision for reinstatement costs	18	164	164	164	164
Lease liabilities	20	697	1,224	697	1,224
Deferred tax liability	21	34	106	4	66
Total non-current liabilities		895	1,494	865	1,454
Capital and reserves					
Share capital	22	10,251	10,251	10,251	10,251
Currency translation deficit		(87)	(86)	-	-
Fair value adjustment surplus		110	26	110	26
Retained earnings		22,311	22,368	21,257	21,677
Total equity		32,585	32,559	31,618	31,954
Total liabilities and equity		37,016	37,232	36,461	36,861

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended June 30, 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	23	18,884	19,873
Cost of sales		(9,393)	(10,179)
Gross profit		9,491	9,694
Other operating income	24	1,856	1,390
Distribution costs		(2,143)	(2,632)
Administrative expenses		(7,022)	(6,658)
Other operating expenses		(255)	(318)
Loss allowance on trade receivables		(295)	(181)
Finance costs	25	(60)	(73)
Profit before income tax	26	1,572	1,222
Income tax (expense) credit	27	(102)	42
Profit for the year		1,470	1,264
Other comprehensive income (loss):			
Item that will not be reclassified subsequently to profit or loss			
Net fair value gain (loss) in equity instruments designated as at FVTOCI		71	(67)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign subsidiaries		(1)	(1)
Financial assets at FVTOCI:			
Fair value gain on investments in debt instruments measured at FVTOCI		23	-
		93	(68)
Total comprehensive income for the year		1,563	1,196
Profit per share (cents)			
Basic	28	1.43	1.23

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2021

	Share capital	Currency translation deficit	Fair value adjustment surplus	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
<u>Group</u>					
Balance at July 1, 2019	10,251	(85)	138	23,108	33,412
Total comprehensive income for the year					
Profit for the year	-	-	-	1,264	1,264
Other comprehensive loss for the year	-	(1)	(67)	-	(68)
Total	-	(1)	(67)	1,264	1,196
Transactions with owners, recognised directly in equity					
Dividends (Note 29)	-	-	-	(2,049)	(2,049)
Total	-	-	-	(2,049)	(2,049)
Transfer upon disposal of equity instruments designated as at FVTOCI	-	-	(45)	45	-
Balance at June 30, 2020	10,251	(86)	26	22,368	32,559
Total comprehensive income for the year					
Profit for the year	-	-	-	1,470	1,470
Other comprehensive income for the year	-	(1)	94	-	93
Total	-	(1)	94	1,470	1,563
Transactions with owners, recognised directly in equity					
Dividends (Note 29)	-	-	-	(1,537)	(1,537)
Total	-	-	-	(1,527)	(1,537)
Transfer upon disposal of equity instruments designated as at FVTOCI	-	-	(10)	10	-
Balance at June 30, 2021	10,251	(87)	110	22,311	32,585

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2021

	Share capital $'000	Fair value adjustment surplus $'000	Retained earnings $'000	Total $'000
Company				
Balance at July 1, 2019	10,251	138	21,667	32,056
Total comprehensive income for the year:				
Profit for the year	-	-	2,014	2,014
Other comprehensive loss for the year	-	(67)	-	(67)
Total	-	(67)	2,014	1,947
Transactions with owners, recognised directly in equity:				
Dividends (Note 29)	-	-	(2,049)	(2,049)
Total	-	-	(2,049)	(2,049)
Transfer upon disposal of equity instruments designated as at FVTOCI	-	(45)	45	-
Balance at June 30, 2020	10,251	26	21,677	31,954
Total comprehensive income for the year:				
Profit for the year	-	-	1,107	1,107
Other comprehensive income for the year	-	94	-	94
Total	-	94	1,107	1,201
Transactions with owners, recognised directly in equity:				
Dividends (Note 29)	-	-	(1,537)	(1,537)
Total	-	-	(1,537)	(1,537)
Transfer upon disposal of equity instruments designated as at FVTOCI	-	(10)	10	-
Balance at June 30, 2021	10,251	110	21,257	31,618

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Operating activities		
Profit before income tax	1,572	1,222
Adjustments for:		
Reversal of impairment loss on club membership	(8)	(2)
Depreciation of plant and equipment	427	529
Amortisation on right-of-use assets	911	962
Impairment loss on right-of-use assets	224	38
Dividend income from financial assets at FVTOCI	(37)	(29)
Interest income from financial assets at amortised cost	(22)	(142)
Interest income from financial assets at FVTOCI	(67)	(67)
Finance costs	60	73
Fair value gain of investment properties	(79)	(421)
Loss allowance on trade receivables	295	181
(Write back) Allowance for inventories	(25)	97
Obsolete inventories written off	11	69
Net foreign exchange gain	(1)	(1)
Plant and equipment written off	1	-
Loss on disposal of plant and equipment	-	1
Operating cash flows before movements in working capital	3,262	2,510
Trade receivables	(395)	74
Deposits, other receivables and prepayments	53	(221)
Inventories	557	(267)
Trade payables	46	(251)
Other payables	333	(162)
Contract liabilities	(63)	181
Cash generated from operations	3,793	1,864
Interest received	89	209
Interest paid	(60)	(73)
Income tax paid	(86)	(97)
Net cash from operating activities	3,736	1,903

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Investing activities		
Dividend income	37	29
Proceeds on disposal of financial assets at FVTOCI	135	480
Purchase of plant and equipment	(154)	(184)
Purchase of financial assets at FVTOCI	(95)	(563)
Net cash used in investing activities	(77)	(238)
Financing activities		
Dividend paid	(1,537)	(2,049)
Repayment of lease liabilities (Note 20)	(817)	(1,052)
Net cash used in financing activities	(2,354)	(3,101)
Net increase (decrease) in cash and cash equivalents	1,305	(1,436)
Cash and cash equivalents at beginning of year	12,929	14,365
Cash and cash equivalents at end of year (Note 6)	14,234	12,929

See accompanying notes to financial statements.

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, 2021 were authorised for issue by the Board of Directors on September 29, 2021.

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 leasing transactions that are within the scope of SFRS(I) 16 *Leases* 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*.

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 NEW AND REVISED STANDARDS – On July 1,2020, 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 disclosures or the amounts reported for the current or prior years, except as discussed below.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS were issued but not effective:

<u>Effective for annual periods beginning on or after January 1, 2021</u>
- Amendment to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*

<u>Effective for annual periods beginning on or after January 1, 2022</u>
- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37 *Onerous Contracts - Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective for annual periods beginning on or after January 1, 2023

- Amendments to SFRS(I) 4: Extension of the Temporary Exemption from Applying SFRS(I) 9
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

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.

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;

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- 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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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 in the group's statement of financial position when the group 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Despite the aforegoing, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Fair Value Adjustment Surplus. 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.

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 investment 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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- 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).

<u>Impairment of financial assets</u>

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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;
- 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; and
- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 aforegoing, 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.

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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 Fair Value Adjustment Surplus, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 previous accumulated in the Fair Value Adjustment Surplus 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 Fair Value Adjustment Surplus is not reclassified to profit or loss, but is transferred to retained earnings.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 the membership has 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.

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:

		Years
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 (when the effect of the time value of money is immaterial).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

<u>Sale of gifts and hampers</u>

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.

<u>Rental income</u>

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.

<u>Interest income</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 purposes 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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

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

The group uses a provision matrix to calculate ECLs for trade receivables.

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the group's trade receivables is disclosed in Note 4(c)(iii). The carrying amount of the trade receivables at the end of the reporting period is disclosed in Note 7 to the financial statements.

(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.

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

(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 impairment indicators based on SFRS(I) *1-36 Impairment of Assets*, existing performance of the subsidiaries, 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 $641,000 (2020: $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.

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

(e) Impairment of right-of-use assets (outlets)

The company has certain outlets that incurred losses during the financial year ended June 30, 2021. Management performed impairment assessment on the recoverable amount of its right-of-use assets (outlets). Management determined the recoverable amounts of the right-of-use of these outlets based on value in use calculations.

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 ranging from -7.0% to 5.0% (2020 : 5%) per annum and a discount rate of 8.9% (2020 : 8.9%) per annum. Based on assessment, this has led to the recognition of impairment loss of $224,000 (2020 : $38,000).

The following table details the effect on the value in use of the right-of-use of these outlets from a possible change to the key estimates used in management's assessment (on the basis that each of the other key assumptions remain unchanged). The sensitivity rate used represents management's assessment of the possible change in the key estimates.

Change in key estimates	**Effect on value in use**
	$'000
1% increase in revenue growth rate	8
1% decrease in revenue growth rate	(8)
Discount rate plus 100 basis points	(5)
Discount rate minus 100 basis points	5

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	15,738	14,339	12,729	11,823
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	1,045	1,022	1,045	1,022
Equity instruments designated as at FVTOCI	1,450	1,419	1,450	1,419
Financial liabilities				
Financial liabilities at amortised cost	1,896	1,674	1,624	2,214
Lease liabilities	1,457	2,029	1,457	1,983

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

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

Type of financial assets (liabilities)	(a) Gross amounts of recognised financial assets (liabilities)	(b) Gross amounts of recognised financial assets (liabilities) set off in the statement of financial position	(c) = (a) - (b) Net amounts of financial assets (liabilities) presented in the statement of financial position
	$'000	$'000	$'000
2021			
Company			
Amount due from subsidiaries	184	(129)	55
Amount due to subsidiaries	(1,115)	129	(986)
2020			
Company			
Amount due from subsidiaries	322	(107)	215
Amount due to subsidiaries	(1,095)	107	(988)

In 2021, the group (2020: the group) does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

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 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 FVTOCI of the group and company are disclosed in Notes 6 and 13 to the financial statements, respectively. The fixed deposits and debt instruments classified as FVTOCI bear fixed interest rates and are not exposed to changes in market interest rates.

Accordingly, no sensitivity analysis is prepared.

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:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
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

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 credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
2021						
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	1,667	(625)	1,042
Other receivables	9	Performing	12-month ECL	462	-	462
Financial assets at FVTOCI - Debt instruments classified as at FVTOCI	13	Performing	12-month ECL	1,045	-	1,045
					(625)	
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	868	(333)	535
Amount due from subsidiaries	8	Performing	12-month ECL	55	-	55
Amount due from subsidiaries	8	In default	Lifetime ECL	92	(92)	-
Other receivables	9	Performing	12-month ECL	446	-	446
Financial assets at FVTOCI - Debt instruments classified as at FVTOCI	13	Performing	12-month ECL	1,045	-	1,045
					(425))	

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 credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
2020						
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	1,275	(333)	942
Other receivables	9	Performing	12-month ECL	468	-	468
Financial assets at FVTOCI - Debt instruments classified as at FVTOCI	13	Performing	12-month ECL	1,022	-	1,022
					(333)	
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	658	(164)	494
Amount due from subsidiaries	8	Performing	12-month ECL	215	-	215
Amount due from subsidiaries	8	In default	Lifetime ECL	448	(448)	-
Other receivables	9	Performing	12-month ECL	427	-	427
Financial assets at FVTOCI - Debt instruments classified as at FVTOCI	13	Performing	12-month ECL	1,022	-	1,022
					(612)	

(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.

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 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.

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/ Financial liabilities	(Group and Company) Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	2021		2020			
	Assets ($'000)	Liabilities ($'000)	Assets ($'000)	Liabilities ($'000)		
Financial assets at FVTOCI (Note 13)						
Quoted equity and debt securities	2,495	-	2,441	-	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.

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 are 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, 2021 would have been unaffected as the equity investments are classified as at FVTOCI; and
- The group's fair value adjustment surplus account would decrease/increase by $145,000 (2020: decrease/increase by $142,000).

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

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	
	2021	**2020**
	$'000	**$'000**
Short-term benefits	1,161	1,020
Post-employment benefits	59	65
Advisory fee	-	24
Total	1,220	1,109

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances	5,369	2,136	4,215	962
Fixed deposits	8,865	10,793	7,478	9,725
Total	14,234	12,929	11,693	10,687

Fixed deposits of the group and company bear effective interest at an average rate of 0.22% (2020: 0.28%) and 0.23% (2020: 0.23%) per annum respectively. The fixed deposits of the group and company are for an average tenure of 125 days (2020: 104 days) and 70 days (2020: 70 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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore Dollar	14,118	12,853	11,689	10,682
Malaysia Ringgit	91	50	-	-
Chinese Yuan	25	26	4	5
	14,234	12,929	11,693	10,687

7 TRADE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	1,667	1,275	868	658
Less: Loss allowance	(625)	(333)	(333)	(164)
Net	1,042	942	535	494

The average credit period is 30 days (2020: 30 days). No interest is charged on outstanding trade receivables. The group and company do 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.

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						
	Not past due	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> 120 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2021							
Group							
Expected weighted credit loss rate	-	4.5%	7.0%	17.3%	30.2%	70.7%	
Estimated total gross carrying amount at default	388	135	75	63	271	735	1,667
Lifetime ECL	-	(6)	(5)	(12)	(82)	(520)	(625)
							1,042
Company							
Expected weighted credit loss rate	-	4.5%	7.7%	18.9%	37.5%	69.2%	
Estimated total gross carrying amount at default	175	79	42	37	160	375	868
Lifetime ECL	-	(3)	(3)	(7)	(60)	(260)	(333)
							535

7 TRADE RECEIVABLES (cont'd)

	Trade receivables - days past due						
	Not past due	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> 120 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020							
Group							
Expected weighted credit loss rate	-	6.5%	8.2%	13.8%	37.5%	55.9%	-
Estimated total gross carrying amount at default	358	184	98	65	80	490	1,275
Lifetime ECL	-	(12)	(8)	(9)	(30)	(274)	(333)
							942
Company							
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)
							494

7 TRADE RECEIVABLES (cont'd)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of the year	333	264	164	142
Loss allowance recognised in profit or loss during the year on:				
- Assets originated	295	193	171	101
- Reversal of unutilised amounts	-	(12)	-	-
	295	181	171	101
Receivables written off as uncollectible	(3)	(112)	(2)	(79)
Balance at end of the year	625	333	333	164

8 AMOUNT DUE FROM (TO) SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Amounts due from subsidiaries:		
Trade	25	60
Non-trade	122	603
	147	663
Less: Loss allowance (credit-impaired)	(92)	(448)
Net	55	215
Movement in credit loss allowance:		
Balance at beginning of year	448	448
Write off during the year	(448)	-
Loss allowance during the year	92	-
Balance at the end of the year	92	448
Amounts due to subsidiaries:		
Non-trade	986	988

The average credit period for trade balance is 30 days (2020: 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.

8 AMOUNT DUE FROM (TO) SUBSIDIARIES (cont'd)

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 $92,000 (2020: $142,000) and determines the remaining amounts is subject to immaterial credit loss. During the year, receivables due from the company's subsidiary, Noel Gifts Malaysia Sdn Bhd, amounting to $448,000 has been written off due to the winding up of the subsidiary in May 2021.

9 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	408	363	394	328
Prepayments	48	49	27	38
Grant receivable from Job Support Scheme ("JSS")	172	218	172	159
Other receivables	54	105	52	99
Total	682	735	645	624

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

For the purposes 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.

Grant receivables from Jobs Support Scheme ("JSS")

These grant receivables represent grants relating to the Jobs Support Scheme ("JSS"), a COVID-19 Government Relief Measure implemented by the Singapore Government.

10 INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Liquor	740	1,170	525	764
Gifts and accessories	726	839	482	680
Total	1,466	2,009	1,007	1,444

This is stated after allowance for obsolescence as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at beginning of year	223	195	148	121
(Credit) Charge to profit or loss	(25)	97	(6)	60
Written-off against allowance for obsolescence	(11)	(69)	-	(33)
Balance at end of year	187	223	142	148

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

11 SUBSIDIARIES

	Company 2021 $'000	Company 2020 $'000
Unquoted equity shares, at cost	3,738	4,571
Less: Allowance for impairment	(641)	(1,472)
Net	3,097	3,099

As disclosed in Note 3, an impairment assessment of the company's investment in subsidiaries has been performed to determine if there are indications that the investment might be impaired. As a result of the above assessment, an impairment loss of $641,000 (2020: $1,472,000) was recorded by the Company as at the end of the reporting period arising from the excess of the cost of investment over the carrying value of the net tangible assets of the respective subsidiaries which approximates its recoverable value.

Movement in impairment:

	Company 2021 $'000	Company 2020 $'000
Balance at beginning of year	1,472	1,472
Reversals [1]	(833)	-
Allowance during the year	2	-
Balance at end of year	641	1,472

(1) In prior year, a full impairment allowance of $833,000 was recognised in respect of the company's investments in Noel Gifts Malaysia Sdn Bhd based on the fair value less cost to sell which is estimated based on the net tangible asset of the subsidiary.

In current year, the cost of investment and impairment allowance has been written off as a result of the winding up of the subsidiary in May 2021.

11 SUBSIDIARIES (cont'd)

Significant transactions with subsidiaries:

	Company	
	2021	2020
	$'000	$'000
Sale of goods	(146)	(132)
Purchase of goods	62	105
Management fee	(910)	(952)
Franchisee fee	(16)	(19)
SAP maintenance fee	(55)	(55)
Rental income	(236)	-
Freight charges	(5)	(9)
Expenses borne on behalf with recharges	1,162	1,579

11 SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

Subsidiaries	Effective equity interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operations
	2021	2020	2021	2020	
	%	%	$'000	$'000	
Humming Flowers & Gifts Pte. Ltd. (1)	100	100	2,000	2,000	Selling of hampers, flowers and gifts/ Singapore
Noel Gifts Malaysia Sdn. Bhd. (2) #	-	100	-	833	Liquidated during the year/ Malaysia
Noel Hampers & Gifts (Johore) Sdn. Bhd. (2)	90	90	537	537	Selling of hampers, flowers and gifts/ Malaysia
Noel Property Development Pte. Ltd. (2)	100	100	1,003	1,003	Property investment and development (dormant)/ Singapore
Noel Gifts (Chengdu) Co. Ltd (2)	100	100	188	188	Selling of hampers, flowers And gifts (dormant)/ People's Republic of China
Gift Collective Pte. Ltd. (2)	100	100	10	10	Engage in retail sale via internet and wholesale trade of a variety of goods/ Singapore
Total			3,738	4,571	

11 SUBSIDIARIES (cont'd)

Notes:

(1) Audited by Deloitte & Touche LLP, Singapore.

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

On May 28, 2021, the winding up of the subsidiary Noel Gifts Malaysia Sdn. Bhd. was completed.

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

12 CLUB MEMBERSHIP

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Golf club membership, at cost	208	208
Less: Impairment loss	(8)	(16)
Net	200	192

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.

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Movement in impairment loss:		
Balance at beginning of year	16	18
Reversal of impairment	(8)	(2)
Balance at end of year	8	16

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investments in equity instruments designated as at FVTOCI:				
- Quoted securities	1,450	1,419	1,450	1,419
Investments in debt instruments classified as at FVTOCI:				
- Quoted securities	1,045	1,022	1,045	1,022
Total financial assets at FVTOCI	2,495	2,441	2,495	2,441

The investments offer the company the opportunity for return through dividends and capital gains. A fair value gain of $84,000 (2020: fair value loss of $67,000) 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.

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 debt instruments, the loss allowance is measured at an amount equal to 12-month ECL and is subject to immaterial credit losses.

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.

14 PLANT AND EQUIPMENT

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Group						
Cost:						
At July 1, 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
Additions	96	38	-	-	20	154
Disposals	(1)	(39)	(3)	-	(49)	(92)
Written off	(23)	-	(8)	-	-	(31)
At June 30, 2021	2,464	651	287	1,585	570	5,557
Accumulated depreciation:						
At July 1, 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
Depreciation	113	45	15	227	27	427
Eliminated on disposals	(1)	(39)	(3)	-	(49)	(92)
Eliminated on written off	(22)	-	(8)	-	-	(30)
At June 30, 2021	2,296	614	283	1,187	512	4,892
Accumulated impairment:						
At July 1, 2019	-	4	-	-	-	4
Eliminated on written off	-	(4)	-	-	-	(4)
At June 30, 2020 and June 30, 2021	-	-	-	-	-	-
Carrying amount:						
At June 30, 2021	168	37	4	398	58	665
At June 30, 2020	186	44	19	625	65	939

14 PLANT AND EQUIPMENT (cont'd)

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Company						
Cost:						
At July 1, 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
Additions	107	38	-	-	20	165
Written off	(16)	-	(8)	-	-	(24)
At June 30, 2021	2,265	627	218	1,032	345	4,487
Accumulated depreciation:						
At July 1, 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
Depreciation	104	44	9	148	24	329
Eliminated on written off	(15)	-	(8)	-	-	(23)
At June 30, 2021	2,101	594	210	786	294	3,985
Accumulated impairment:						
At July 1, 2019	-	4	-	-	-	4
Eliminated on written off	-	(4)	-	-	-	(4)
At June 30, 2020 and June 30, 2021	-	-	-	-	-	-
Carrying amount:						
At June 30, 2021	164	33	8	246	51	502
At June 30, 2020	162	39	17	394	55	667

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June 30, 2021

15 RIGHT-OF-USE ASSETS

The group and the company lease their offices, warehouses and outlets. The lease terms ranges from one to three years (2020: three to four years).

	Offices $'000	Warehouses $'000	Outlets $'000	Total $'000
Group				
Cost:				
At July 1, 2019	1,630	226	885	2,741
Additions	-	128	212	340
June 30, 2020	1,630	354	1,097	3,081
Additions	-	-	245	245
End of leases	-	(226)	(153)	(379)
June 30, 2021	1,630	128	1,189	2,947
Accumulated amortisation:				
At July 1, 2019	-	-	-	-
Amortisation	384	186	392	962
At June 30, 2020	384	186	392	962
Amortisation	384	109	418	911
End of leases	-	(226)	(153)	(379)
At June 30, 2021	768	69	657	1,494
Accumulated impairment:				
At July 1, 2019	-	-	92	92
Additions	-	-	38	38
At June 30, 2020	-	-	130	130
Additions	-	-	224	224
At June 30, 2021	-	-	354	354
Carrying amount:				
At June 30, 2021	862	59	178	1,099
At June 30, 2020	1,246	168	575	1,989

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

	Offices	Warehouses	Outlets	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
At July 1, 2019	1,630	-	885	2,515
Additions	-	128	212	340
June 30, 2020	1,630	128	1,097	2,855
Additions	-	-	245	245
End of leases	-	-	(153)	(153)
June 30, 2021	1,630	128	1,189	2,947
Accumulated amortisation:				
At July 1, 2019	-	-	-	-
Amortisation	384	5	392	781
At June 30, 2020	384	5	392	781
Amortisation	384	64	418	866
End of leases	-	-	(153)	(153)
At June 30, 2021	768	69	657	1,494
Accumulated impairment:				
At July 1, 2019	-	-	92	92
Additions	-	-	38	38
At June 30, 2020	-	-	130	130
Additions	-	-	224	224
At June 30, 2021	-	-	354	354
Carrying amount:				
At June 30, 2021	862	59	178	1,099
At June 30, 2020	1,246	123	575	1,944

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

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 $224,000 (2020: $38,000) 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 ranging from -7.0% to 5.0% (2020: 5%) per annum and a discount rate of 8.9% (2020: 8.9%) per annum.

16 INVESTMENT PROPERTIES

	Group and Company	
	2021	**2020**
	$'000	**$'000**
At fair value:		
At beginning of year	15,054	14,633
Gain from fair value adjustments	79	421
At end of year	15,133	15,054
Comprises:		
- Freehold properties and building	13,383	13,304
- Leasehold property	1,750	1,750
Total at fair value	15,133	15,054

The property rental income earned by the group from its investment properties are leased out under operating leases, amounted to $476,000 (2020: $460,000) (Note 23). Direct operating expenses arising on the investment properties in the year amounted to $122,000 (2020: $195,000).

16 INVESTMENT PROPERTIES (cont'd)

The fair values of the group's and company's investment properties at June 30, 2021 and 2020 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, 2021 is classified under Level 3 of the fair value hierarchy.

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

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

Type	Valuation techniques	Unobservable inputs	Price
Freehold land and building	Direct comparison method	Transacted price of comparable properties (price per square metre ("psm"))	Units < 300 sqm : \$6,332 psm (2020 : \$6,250 psm) Units > 300 sqm : \$5,994 psm (2020 : \$6,037 psm)
Leasehold property	Direct comparison method	Transacted price of comparable properties (price per square metre)	\$15,000 psm (2020 : \$15,000 psm)

There were no transfers between Level 1 and 2 and into or out of Level 3 during the year.

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 ranging from 30 to 60 days (2020: 30 to 60 days). No interest is charged on the trade payables.

18 OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accrual of operating expenses	1,220	1,015	930	727
Provision for reinstatement costs	179	217	179	179
Accrued operating lease incentives	-	9	-	6
Remuneration payable to directors	22	17	22	17
Tenancy deposits	90	91	90	91
Deferred income				
- Jobs Support Scheme	651	447	624	342
- Others	28	-	28	-
Sundry payables	111	172	86	96
Total	2,301	1,968	1,959	1,458
Current payables	2,137	1,804	1,795	1,294
Non-current payables	164	164	164	164
Total	2,301	1,968	1,959	1,458

18 OTHER PAYABLES (cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Provision for reinstatement costs:				
Current	15	53	15	15
Non-current	164	164	164	164
	179	217	179	179

Provision for reinstatement costs relate 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 2024. The amounts relating to the accrued restoration costs have not been discounted because the effect is not material.

19 CONTRACT LIABILITIES

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Receipts from customers	79	50	30	22
Customer loyalty points	39	131	20	90
	118	181	50	112

20 LEASE LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Maturity analysis:				
Year 1	791	853	791	807
Year 2	531	697	531	697
Year 3	179	449	179	449
Year 4	-	116	-	116
	1,501	2,115	1,501	2,069
Less: Future interest	(44)	(86)	(44)	(86)
	1,457	2,029	1,457	1,983
Analysed as:				
Current	760	805	760	759
Non-current	697	1,224	697	1,224
	1,457	2,029	1,457	1,983

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.

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.

	July 1, 2020	Financing cash flows	Non-cash changes New lease liabilities	June 30, 2021
	$'000	$'000	$'000	$'000
Group				
Lease liabilities	2,029	(817)	245	1,457

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

21 DEFERRED TAX LIABILITY

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at beginning of year	106	103	66	49
(Credit) Charge to profit or loss (Note 27)	(72)	3	(62)	17
Balance at end of year	34	106	4	66

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

22 SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning and end of year	102,476,024	102,476,024	10,251	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	
	2021	2020
	$'000	$'000
Sale of gifts and hampers, at point in time	18,408	19,413
Rental income	476	460
Total	18,884	19,873

As at June 30, 2021, 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 $118,000 (2020: $181,000). This will be recognised as revenue as the customer loyalty programme points are redeemed, which is expected to occur in the following year.

24 OTHER OPERATING INCOME

	Group	
	2021	2020
	$'000	$'000
Government grants		
- Jobs Support Scheme ("JSS") (a)	1,126	436
- Rental Rebate (b)	129	127
- Others	388	167
Dividend income from financial assets at FVTOCI	37	29
Interest income from financial assets at FVTOCI	67	67
Interest income from financial assets at amortised cost	22	142
Fair value gain of investment properties	79	421
Others	8	1
Total	1,856	1,390

24 OTHER OPERATING INCOME (cont'd)

(a) 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 10-month period (up to August 2020) and 10% to 50% of the same in the subsequent 7-month period (September 2020 to March 2021). As announced in the Budget Statement on 16 February 2021, the JSS will be extended by up to 6 months from April 2021 to September 2021 for firms in sectors that remain badly hit by the Covid-19. Under the extended JSS, support levels will be tapered based on the projected recovery of the various sectors

In 2021 and 2020, the group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 21 months commencing from April 2020. Deferred income, as disclosed in Note 18, is recognised as grant income in profit and loss on a systematic basis over the months in which the related salary costs are recognised as expense.

(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

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on lease liabilities	60	73

26 PROFIT BEFORE INCOME TAX

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

	Group	
	2021	2020
	$'000	$'000
Employee benefit expense (including directors' remuneration)	6,615	6,659
Cost of defined contribution plans included in employee benefit expense	639	656
Cost of inventories included in cost of sales	7,479	7,785
Auditors' remuneration:		
Auditor of the company	71	71
Other auditors	2	2
Non-audit fees paid to:		
Auditor of the company	12	12
Other auditors	7	7
Directors' remuneration:		
Director of the company	678	560
Other directors	42	39
Directors' fees	74	75
Net foreign exchange gain	(1)	(1)
Depreciation of plant and equipment	427	529
Amortisation of right-of-use assets	911	962
Impairment loss on right-of-use assets	224	38
Loss allowance on trade receivables	295	181
Gain on winding up of subsidiary	29	-
Fair value gain on investment properties	(79)	(421)
Reversal of impairment loss on club membership	(8)	(2)
(Write back) Allowance for inventories	(25)	97
Plant and equipment written off	1	-
Obsolete inventories written off	11	69

27 INCOME TAX EXPENSE (CREDIT)

	Group	
	2021	**2020**
	$'000	**$'000**
Current tax:		
Current year	92	-
Under (Over) provision in prior year	82	(45)
Deferred tax (Note 21)	(72)	3
Income tax expense (credit)	102	(42)

Domestic income tax of the company is calculated at 17% (2020: 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 as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	1,572	1,222
Income tax expense at statutory tax rate of 17% (2020: 17%)	267	208
Tax effect of expenses that are not taxable in determining taxable profit	(176)	(196)
Effect of different tax rate of subsidiaries operating in other jurisdictions	1	-
Tax effect of exempt income	(35)	(5)
Under (Over) provision in prior years	82	(45)
Utilisation of tax losses and other timing differences	(3)	-
Tax incentive	(26)	(6)
Others	(8)	2
Income tax expense (credit)	102	(42)

28 EARNINGS PER SHARE

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

	2021	2020
Earnings for the purposes of basic earnings per share ($'000)	1,470	1,264
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	102,476	102,476
Earnings per share (cents) - Basic	1.43	1.23

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

29 DIVIDENDS

For the financial year ended June 30, 2021, the directors proposed that a first and final one-tier tax-exempt dividend of 0.3 cent per share totalling $307,000 and a special dividend of 2.7 cent totalling $2,767,000. 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 6, 2020, 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 per share totalling $1,332,000 were paid to shareholders in respect of the year ended June 30, 2020.

30 WINDING UP OF SUBSIDIARY

As referred to in Note 11, on May 28, 2021, the group has completed the winding up of its subsidiary, Noel Gifts Malaysia Sdn. Bhd.

The net liabilities of Noel Gifts Malaysia Sdn. Bhd. at the date of winding up were as follows:

	2021
	$'000
Non-current asset	
Property, plant and equipment	1
Current asset	
Other receivables	3
Current liabilities	
Trade payables	(5)
Other payables	(477)
Total current liabilities	(482)
Net liabilities derecognised	(478)
Gain on winding up	
Net liabilities derecognised	(478)
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	1
Trade receivables written off (Note 8)	448
Gain on winding up of subsidiary, net of receivables written off	(29)

The gain on winding up is solely due to exchange differences and is recorded under the line item "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

31 OPERATING LEASE ARRANGEMENTS

As lessor

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 receivables:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Year 1	272	277
Year 2	47	69
Total	319	346

32 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.

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Gifts $'000	Properties $'000	Group $'000
June 30, 2021			
SEGMENT REVENUE AND RESULTS			
Revenue	18,408	476	18,884
Result:			
Segment result	(329)	253	(76)
Other operating income	1,659	14	1,673
Fair value gain of investment properties	-	79	79
Finance cost	(60)	-	(60)
Unallocated other operating income			104
Unallocated other expense			(148)
Profit before income tax			1,572
Income tax credit			(102)
Profit for the year			1,470
Other information:			
Capital expenditure on plant and equipment	154	-	154
Depreciation on plant and equipment	419	8	427
Amortisation on right-of-use assets	911	-	911

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Gifts	Properties	Group
	$'000	**$'000**	**$'000**
June 30, 2021			
STATEMENT OF NET ASSETS			
Assets:			
Segment assets	4,924	15,364	20,288
Unallocated assets			16,728
Total assets			37,016
Liabilities:			
Segment liabilities	4,144	157	4,301
Income tax payable			96
Deferred tax liability			34
Total liabilities			4,431

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Gifts $'000	Properties $'000	Group $'000
June 30, 2020			
SEGMENT REVENUE AND RESULTS			
Revenue	19,413	460	19,873
Result:			
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			1,222
Income tax credit			42
Profit for the year			1,264
Other information:			
Capital expenditure on plant and equipment	184	-	184
Depreciation on plant and equipment	521	8	529
Amortisation on right-of-use assets	962	-	962

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

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

32 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 external customers		Non-current assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	18,578	19,588	19,592	20,608
Malaysia	306	285	-	7
Total	18,884	19,873	19,592	20,615

33 IMPACT OF COVID-19 ON THE GROUP'S AND COMPANY'S OPERATIONS

The Coronavirus Disease ("COVID-19") outbreak and the measures taken to contain the spread of the pandemic have caused a high level of uncertainty to global economic prospects and this has indirectly impacted the group's operations and its financial performance for the year ended June 30, 2021. The group's significant operations is in Singapore and Malaysia of which both countries have been affected by the spread of COVID-19 in 2021.

Although the group's business activities have remained largely operational thus far, the impact of COVID-19 on economies and businesses is expected to be broad and significant. The group expects market conditions to remain challenging and its financial performance will continue to be affected by the uncertainties over the effectiveness of the COVID-19 vaccination as well as the developments in the retail industry.

33 IMPACT OF COVID-19 ON THE GROUP'S AND COMPANY'S OPERATIONS (cont'd)

Set out below is the impact of COVID-19 on the group's financial performance reflected in this set of financial statements for the year ended June 30, 2021.

- The group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

- In 2020 and 2021, border and workplace closures have resulted in periods where the group's operations in Malaysia as well as its physical retail outlets were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and sales volume in 2021, resulting in a negative impact on the group's financial performance. The group managed to achieve a profit for the year due to government grants of $1.64 million recorded in current year (Note 24).

- In 2020 and 2021, the group has received rental rebates for its leased retail stores and also provided rental concessions to tenants in its commercial buildings. The effects of such rental concessions received/provided are disclosed on a net basis in Note 24.

- The group has considered the challenges arising from the outbreak and assessed the impact of COVID-19 on its operations, and anticipated that adequate funds are available for its operating requirements and meeting debt obligations so to enable it to continue as a going concern for at least the next 12 months from the date of authorisation of the financial statements.

The group anticipates that any potential impact will depend on, to a large extent, future developments and further actions taken by government authorities and other parties to contain the COVID-19 outbreak which are beyond the group's control. The pandemic may continue to affect the group in the next 12 months, hence the group will stay vigilant and focus on driving sales volume and improving operating efficiencies in a bid to contain costs.

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

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

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

Matters Requiring Board Approval

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Provision 1.3 of the Code

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.

Every Director is expected, in the course of carrying out his/her duties, to act in good faith, provide insights and consider at all times, for the interests of the Company as a whole. The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. While the Board does not have in place a code of conduct and ethics, it aims to set 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. Deviated from 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

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 2021

Directors attend and actively participate in Board and Committee meetings. The number of Board Meetings held in the financial year ended 30 June 2021 and the record of the attendance at those meetings were as follows:

	Board Meeting		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Wong Siu Hong Alfred	5	5	3	3[1]	1	1[1]	1	1[1]
Ms Wong Phui Hong	5	5	3	3[1]	1	1[1]	1	1[1]
Mr Foo Der Rong	5	5	3	3	1	1	1	1
Mr Aric Loh Siang Khee	5	5	3	3	1	1	1	1
Mr Koh Soo Keong[2]	5	5	3	3	1	1	1	1

Notes:

1. By invitation.
2. Mr Koh Soo Keong had resigned as a director of the Company on 22 September 2021.

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.

Principle 2: Board Composition and Guidance

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.

During FY2021, the Board consisted of five qualified members, three of whom were Independent Directors, and two of whom were Executive Directors. The three Independent and Non-Executive Directors made 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 made up a majority of the Board for FY2021. 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 2021. Following Mr Koh Soo Keong's resignation as a Director on 22 September 2021, the Board is in the process of seeking and assessing suitable candidates to be appointed as director of the Company and to the Board committees. Provisions 2.2 and 2.3 of the Code

CORPORATE GOVERNANCE REPORT

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. In reviewing the appointments of new Directors, the Board together with the NC ensures that it sets relevant objectives to promote and achieve diversity on the Board. In discharging their duties, the Board and the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The Company aims to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company.

Provision 2.4 of the Code

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.

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

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 Chairman of the Board after such meetings.

Provisions 2.5 of the Code

Principle 3: Chairman and Chief Executive Officer

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 situ*ations 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 maintained a satisfactory independent element on the Board for FY2021 as majority of the Board comprised of 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

Principle 4: Board Membership

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.

The Board established the NC which consisted of 3 directors during FY2021, all of whom are independent. Mr Foo Der Rong is the NC Chairman, and he 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 comprised of the following directors during FY2021:

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

Provisions 1.4 and 4.1 of the Code

Following the resignation of Mr Koh Soo Keong as director of the Company on 22 September 2021, the NC comprises of 2 directors, both of whom are independent. The Company is in the process of seeking and assessing suitable candidates to be appointed as a director of the Company and to the NC.

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:

Provisions 1.4 and 4.1 of the Code

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.

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 were Independent Directors for FY2021. Provision 4.4 of the Code

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

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 Wong Siu Hong Alfred	Master of Business Administration with Distinction	n/a	Executive	17 Aug 1983	23 October 2020	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	23 October 2020	• Matex International Ltd • SLB Development Ltd • Aedge Group Limited	n/a

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 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	n/a	• Tee International Ltd
Mr Koh Soo Keong[1]	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	23 October 2020	• ChickP Protein Ltd	• Noel Gifts International Ltd • Acendas Funds Management (S) Limited

Note:

1) Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.

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.

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

Provision 4.3 of the Code

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.

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 Ms Wong Phui Hong and Mr Aric Loh Siang Khee 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 162 to 168 of this Annual Report. Provision 4.5 of the Code

Principle 5: Board Performance

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

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 FY2021, 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 2021 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.

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

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.

The RC comprised entirely of Non-Executive Directors, all of whom, including the RC Chairman, are independent for FY2021. The RC comprised the following three directors during FY2021: 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)

Following the resignation of Mr Koh Soo Keong as director of the Company on 22 September 2021, the RC comprises of 2 directors, both of whom are independent. The Company is in the process of seeking and assessing suitable candidates to be appointed as a director of the Company and to the RC.

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 FY2021, 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.

Mr Foo Der Rong has executed a further 2 years' appointment agreement effective from 1 August 2021 with the Company, and Mr Aric Loh Siang Khee has executed a further 2 years' appointment agreement effective from 1 July 2021 with the Company. The Managing Director, Mr Wong Siu Hong Alfred, has executed a renewed 3-year's service agreement with the Company effective from 1 July 2021. 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.

While Mr Koh Soo Keong had executed an appointment agreement for 2 years effective from 1 June 2020, he had resigned as a director of the Company on 22 September 2021.

The RC will also review the Company's obligation under the service agreement entered into with the Executive Directors 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

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.

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.

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 2021 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
	%	%	%	%	%
S$250,000 to S$500,000					
Wong Siu Hong Alfred	-	77%	11%	12%	100%
Wong Phui Hong	-	77%	12%	11%	100%
Below S$100,000					
Aric Loh Siang Khee	100%	-	-	-	100%
Foo Der Rong	100%	-	-	-	100%
Koh Soo Keong[1]	100%	-	-	-	100%

Note:

1) Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.

Key Management Personnel	Salary and benefit (inclusive of Employer's CPF)	Bonus inclusive of Employer's CPF	Other Benefits	Total
Below S$250,000				
Benadette Kwan	88%	12%	0%	100%
Tan Choon Soon (Jason)	89%	11%	0%	100%
Chong Yu Ngan (Michelle)	89%	11%	0%	100%
Audrey Allyson Pavanaris	94%	3%	3%	100%

The total remuneration in aggregate paid to the top four 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 2021 was S$431,000. The company only had four key management personnel for the financial year ended 30 June 2021 as one key management personnel, Ms Wong Lai Kuan, Kim was on sabbatical leave. 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 four 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. Instead, the Company has disclosed the breakdown showing the level and mix of the remuneration of each individual Director and the top four key management personnel into types of compensation in percentage terms and in bands of S$250,000. As the Company has given disclosure on its remuneration policies and procedures for setting remuneration in this report, the Board believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of the Directors and employees, the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation. As such, the Board is of the view that the disclosures as currently set out in this report and the Company's practices in respect of remuneration are consistent with the intent of Principle 8 of the Code.

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 2021.

For the financial year ended 30 June 2021, there was no employee who is an immediate family member of a Director and whose remuneration exceeded S$100,000. Ms Wong Lai Kuan, Kim, the daughter of Mr Alfred Wong, who in prior financial years had received remuneration exceeding S$100,000, did not receive any remuneration for the financial year ended 30 June 2021 as she was on sabbatical leave. Provision 8.2 of the Code

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

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.

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.

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 to 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 Board has approved a Group's risk management framework for the identification of key risks within the business which is aligned with the ISO 31000:2018 risk management framework.

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 ("AC"). The Management will then take corrective measures to strengthen the internal controls.

Based on the system of internal controls and risk management framework established and maintained by the Group, work performed by the internal auditors (further details of which are set out in the section below relating to Principle 10) and the external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology controls were adequate and effective as at 30 June 2021 and during the financial year ended 30 June 2021.

For FY2021, the Board has received assurances:

a) from the Managing Director and the Chief Financial Officer 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 Provision 9.2 of the Code

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.

Principle 10: Audit Committee

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

The Audit Committee ("AC") comprised the following three directors, all of whom, including the Chairman, are Independent Directors during FY2021: 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)

Following the resignation of Mr Koh Soo Keong as director of the Company on 22 September 2021, the AC comprises of 2 directors, both of whom are independent. The Company is in the process of seeking and assessing suitable candidates to be appointed as a director of the Company and to the AC.

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 since 2013 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 CFO 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 whistleblowing 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.

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 attended the three meetings held during the financial year ended 30 June 2021. All AC members have met up with the external auditors and internal auditors in the absence of the management team in August 2021. 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 Company's auditors during the financial year ended 30 June 2021, Deloitte & Touche LLP, have been the auditors of the Group since the financial year ended 30 August 2002. The AC has recommended to the Board that a change of auditors would be a good corporate governance practice as it would enable the Company to benefit from fresh perspectives. Therefore, the AC had recommended that that it would be in the interest of the Company to consider a rotation in the present auditors of the Company. Accordingly, Deloitte & Touche LLP will not be seeking re-appointment at the forthcoming AGM of the Company. The AC has considered the proposal given by the incoming external auditors, Ernst & Young LLP, and determined that it suits the needs of the Company and the Group. The AC had considered various factors, including the independence and objectivity, adequacy of the resources, the audit engagements and the experience of Ernst & Young LLP, the number and experience of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts of the Group. Accordingly, the AC has recommended to the Board the nomination of Ernst & Young LLP for appointment as auditors of the Company at the forthcoming AGM.

For the financial year ended 30 June 2021, 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 121 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 an existing whistle-blowing policy for all employees of the Group, the details of which are set out in the Company's employees' handbook. 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. Whistle-blowing reports may be submitted to an email address managed by the AC which Management of the Group does not have access to. The responsibility for the oversight and monitoring of whistle-blowing reports lies with the AC, led by the AC Chairman. The ability of the AC to investigate whistle-blowing reports independently without the oversight of Management helps to ensure that the Group is able to address reports on misconduct or wrongdoings relating to the Group and its officers.

Pursuant to Rule 1207(18A) and 1207(18B) of the Listing Manual which will come into effect on 1 January 2022, the AC will review the Group's whistle-blowing policy to ensure that the identity of whistle-blowers will be kept confidential, and ensure that the Group will commit to ensuring the protection of whistleblowers against detrimental or unfair treatment.

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.

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 FY2021, based on the reports submitted by Deloitte & Touche LLP 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.

The Company had during the financial year ended 30 June 2020 appointed Yang Lee & Associates ("YLA" or "IA") to provide internal audit services within the Group for a period of three financial years.

YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. The Company's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The IA's primary line of reporting is to the AC, which also decides on the appointment, termination and remuneration of the internal auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and the AC ensures that the IA is adequately resourced and have appropriate standing within the Company.

On an annual basis, the IA prepares and executes a risk-based audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. Key audit findings are presented to the AC and the results of the findings are also shared with the external auditor.

YLA completed one review during FY2021 in accordance with the risk-based audit plan approved by the AC. The Management has adopted key recommendations of the IA set out in the IA's report.

The engagement team of the IA comprises two Directors, a Manager and supported by a Senior Associate. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has more than 10 years of relevant experience.

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. 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 assessing the adequacy and 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 is satisfied that the internal auditor is independent, effective, adequately resourced and has appropriate standing in the Company.

During FY2021, the AC has met with the internal auditor and the external auditor once respectively, without the presence of Management.

Shareholder Rights and Engagement

Principle 11: Shareholders' Rights and Conduct of General Meetings

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.

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

The attendance of the Directors of the Company at the Company's general meeting(s) held during FY2021 are reflected in the table below: Provision 11.3 of the Code

Name of Director	General Meeting(s)
Number of meeting(s) held:	1
Number of meeting(s) attended:	
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]	1

Note:

1) Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.

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.

In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Relevant Order"), no printed copies of the Notice of AGM, the proxy form, the Annual Report and Appendix in relation to the proposed change of auditors and the proposed renewal of the share buy-back mandate in respect of the AGM will be despatched to shareholders.

Copies of the Notice of AGM, the proxy form, the Annual Report and the Appendix in relation to the proposed change of auditors and the proposed renewal of the share buy-back mandate have been uploaded on SGXNet and are now also available on the Company's website at the URL https://www.noelgifts.com/Annual-Report.

The Company's AGM is held within the mandatory period, being 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 for shareholders to appoint the Chairman of the AGM to vote on their behalf on 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) excluding investors who hold shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable), 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. Shareholders (including CPF or SRS investors) may also submit questions related to the resolutions to be tabled for approval at the AGM. Shareholders should refer to the notice titled "Important Notice To Shareholders Regarding The Company's Annual General Meeting On 27 October 2021" released on SGX on 12 October 2021 for additional information relating to the proceedings of the forthcoming AGM to be held by electronic means.

Provision 11.4 of the Code

While 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, due to the COVID-19 outbreak in Singapore, shareholders will not be allowed to attend the AGM. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by proxy at the AGM. A Relevant Intermediary[1] 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). CPF Investors and/or SRS Investors (as may be applicable) may attend and cast their vote(s) at the general meeting. 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.

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[1] 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.

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 has conducted voting via 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

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. The details of the whistle-blowing policy are set out in the Company's employees' handbook which all employees have access to. To ensure independent investigation of such matters and for appropriate follow up action, employees may submit whistle-blowing reports to the Audit Committee through an email address managed by the AC which Management of the Group does not have access to.

Pursuant to Rule 1207(18A) and 1207(18B) of the Listing Manual which will come into effect on 1 January 2022, the AC will review the Group's whistle-blowing policy to ensure that the identity of whistle-blowers will be kept confidential, and ensure that the Group will commit to ensuring the protection of whistle-blowers against detrimental or unfair treatment.

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 2021 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 Company, the Directors and the officers of the Company 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 ending on the date of the announcement of the results.

The Company, the Directors and the officers of the Company 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.

Principle 12: Engagement with Shareholders

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.

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 responds to such questions via the Company's investor relations email at 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

TABLE A

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

Name of Director	**Ms Wong Phui Hong**	**Mr Aric Loh Siang Khee**
Date of appointment	17 August 1983	1 August 2017
Date of last election	30 Oct 2019	30 Oct 2019
Age	66	57
Country of principal residence	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 Ms 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 Loh's performance as an Independent Director of the Company. The Board considers Mr Loh 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
Job Title	Executive Director	Lead Independent Director
Professional qualifications	Master of Business Administration with Distinction	Bachelor of Accountancy (Hons)

Name of Director	Ms Wong Phui Hong	Mr Aric Loh Siang Khee
Working experience and occupation(s) during the past 10 years	1983 to 2007 Deputy Managing Director of Noel Gifts International Ltd 2007 to 2014 Executive Pastor of Bethesda (Bedok-Tampines) Church	Since 2016 Running own accounting practice 2013 and earlier Partner at Deloitte & Touche LLP
Shareholding interest in the listed issuer and its subsidiaries	The Company 6,831,372 shares (as set out on page 41 of the Annual Report)	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	Sister of Mr Alfred Wong Siu Hong, the Managing Director and Substantial Shareholder of the Company.	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		

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

	Question	Ms Wong Phui Hong	Mr Aric Loh Siang Khee
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	No	No

	Question	Ms Wong Phui Hong	Mr Aric Loh Siang Khee
(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
(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
(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

	Question		Ms Wong Phui Hong	Mr Aric Loh Siang Khee
(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
(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
(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
(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
	(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

	Question		Ms Wong Phui Hong	Mr Aric Loh Siang Khee
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	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

	Question	Ms Wong Phui Hong	Mr Aric Loh Siang Khee
	Disclosure applicable to the appointment of Director only.		
	Any prior experience as a director of an issuer listed on the Exchange?	n/a	n/a
	If yes, please provide details of prior experience.	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

STATISTICS OF SHAREHOLDING

As at 15 September 2021

SHARE CAPITAL

Issued and fully paid-up capital	-	S$102,476,024
Number of Ordinary shares (excluding treasury shreas 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	12	1.22	360	0.00
100 - 1,000	113	11.47	73,545	0.07
1,001 - 10,000	550	55.84	2,356,110	2.30
10,001 - 1,000,000	294	29.85	14,349,408	14.00
1,000,001 AND ABOVE	16	1.62	85,696,601	83.63
TOTAL	**985**	**100.00**	**102,476,024**	**100.00**

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	3,617,200	3.53
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	1,482,800	1.45
16.	DBS NOMINEES (PRIVATE) LIMITED	1,229,100	1.20
17.	WANG TONG PENG @WANG TONG PANG	957,500	0.93
18.	PHILLIP SECURITIES PTE LTD	810,750	0.79
19.	YAP BOH SIM	800,000	0.78
20.	TEO JOO KIM	600,000	0.59
	TOTAL	**88,864,851**	**86.72**

STATISTICS OF SHAREHOLDING

As at 15 September 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Alfred Wong Siu Hong	28,635,627	27.94	18,000,000[1]	17.57
Lim Julian	8,000,000	7.81	28,547,127[2]	27.86
Wong Phui Hong	6,831,372	6.67	8,500,000[3]	8.29
Tan Bian Kian	4,500,000	4.39	6,831,372[4]	6.67
Wong Koon Hong	3,617,200	3.53	1,705,250[5]	1.66
Lim Yew Lian	1,705,250	1.66	3,617,200[6]	3.53
Royal Institute Of Construction[7]	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.

(7) The number of shares and percentage of interest held by Royal Institute of Construction set out above is as last notified to the Company and differs from the number of shares and percentage of interest reflected in the 'Top 20 Shareholders' Statistics' maintained by CDP. Under the Securities and Futures Act (Cap. 289), a substantial shareholder's notification obligation only arises upon a change in the percentage level of interests in the voting shares of the Company.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 September 2021, approximately 24.62% 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 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 Singapore 138638	#28-04	1,216	Leasehold	84

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 Wednesday, 27 October 2021 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 2021 together with the Auditor's Report thereon. **Resolution 1**

2. To declare a first and final dividend of S$0.003 per ordinary share (one-tier tax exempt) and a special dividend of S$0.027 per ordinary share (one-tier tax exempt) for the financial year ended 30 June 2021. **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 Aric Loh Siang Khee **Resolution 3**
   (b) Ms Wong Phui Hong **Resolution 4**

   (See Explanatory Note (i))

4. To appoint Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, Deloitte & Touche LLP, and to authorise the Directors to fix its remuneration. **Resolution 5**

   (See Explanatory Note (ii))

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

AS SPECIAL BUSINESS

6. To approve the payment of Directors' fees of S$96,000.00 for the financial year ending 30 June 2022, to be paid quarterly in arrears. **Resolution 6**

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

7 **Authority to issue shares** **Resolution 7**

"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,

(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 (iii))

8. **Renewal of Share Buy-Back Mandate** **Resolution 8**

"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 (iv))

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 27 October 2021 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 1 November 2021 for the purpose of determining shareholders' entitlements to the final dividend of S$0.003 per ordinary share (one-tier tax exempt) and a special dividend of S$0.027 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, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 up to 5.00 p.m. on 1 November 2021 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 1 November 2021 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 9 November 2021.

By Order of the Board

Ong Beng Hong
Lee Yuan
Joint Company Secretaries
Singapore, 12 October 2021

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 Aric Loh Siang Khee and Ms Wong Phui Hong as Directors of the Company.

Mr Aric Loh Siang Khee will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating 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 162 to 168 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Ms Wong Phui Hong will, upon re-election as a Director of the Company, remain as an Executive Director. Please refer to Table A of the Corporate Governance Report on pages 162 to 168 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) For more information relating to Ordinary Resolution 5, please refer to Appendix A, relating to the change of auditors dated 12 October 2021.

(iii) The Ordinary Resolution 7 in item 7 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.

(iv) The Ordinary Resolution 8 proposed in item 8 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 2021 are set out in Appendix A and are for illustration only.

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 12 October 2021 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 27 October 2021" 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/noelgifts-agm/ by 9.00 a.m. on 24 October 2021. 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 26 October 2021. 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 24 October 2021:

(a) via the pre-registration website at the URL https://complete-corp.com/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.

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).

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 2021" 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,

   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.

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 15 October 2021 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 2021 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 2021" 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 12 October 2021 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 27 October 2021" which has been uploaded together with the Notice of Annual General Meeting dated 12 October 2021 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 15 October 2021.

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 Wednesday, 27 October 2021 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**
	Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021			
2.	To declare a first and final dividend and a special dividend			
3.	Re-election of Mr Aric Loh Siang Khee as a Director retiring under Article 87			
4.	Re-election of Ms Wong Phui Hong as a Director retiring under Article 87			
5.	To appoint Ernst & Young LLP as Auditors of the Company in place of the retiring Auditor, Deloitte & Touche LLP, and to authorise the Directors to fix its remuneration			
	Special Business			
6.	Approval of Directors' Fees amounting to S$96,000 for the financial year ending 30 June 2022, to be paid quarterly in arrears			
7.	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			
8.	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 ________________ 2021

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,

   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 appointer 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

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