CRAFTING NEW GIFTING EXPERIENCES

ANNUAL REPORT 2023

CONTENTS

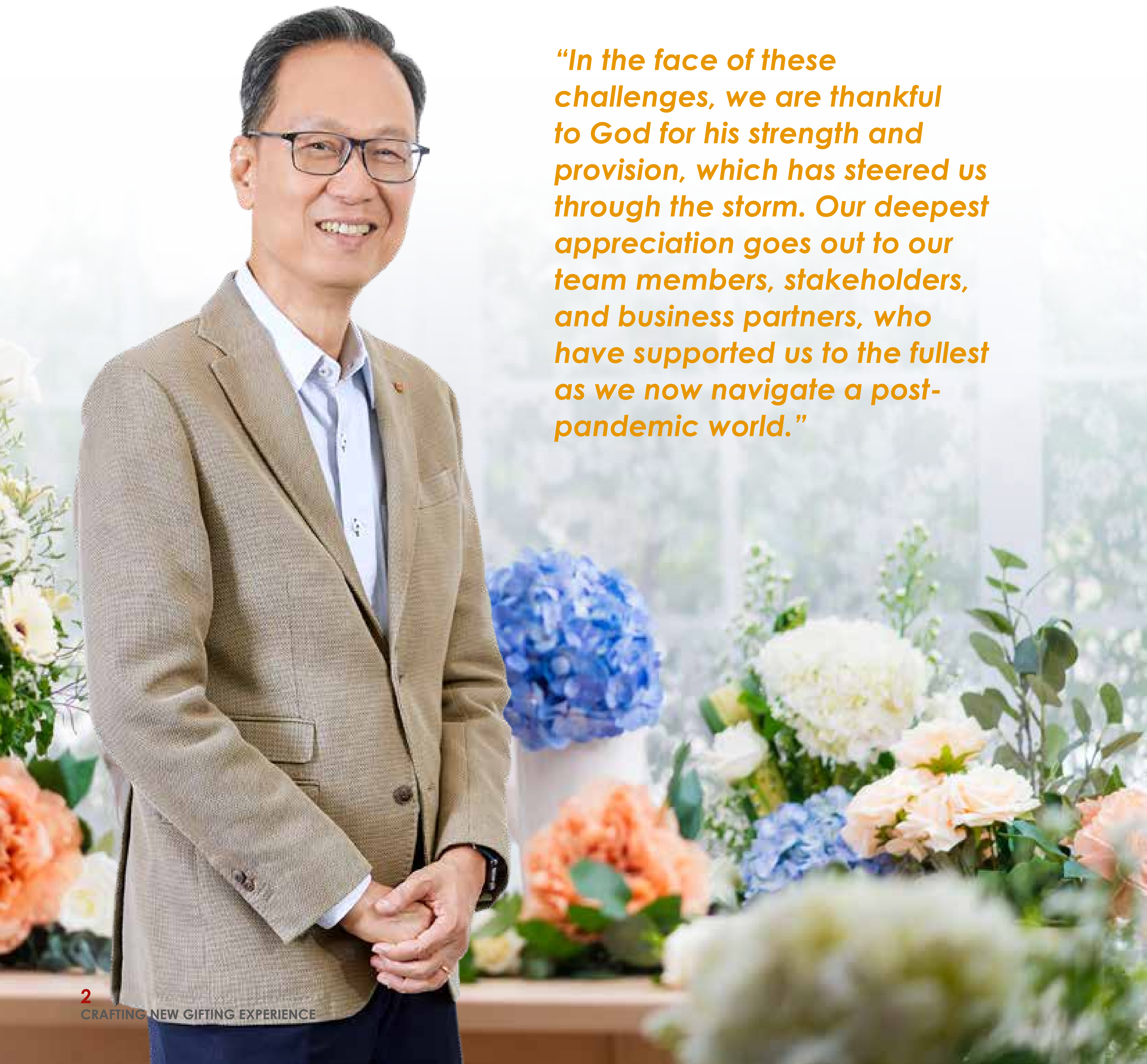
ABOUT US

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 49 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.



"In the face of these challenges, we are thankful to God for his strength and provision, which has steered us through the storm. Our deepest appreciation goes out to our team members, stakeholders, and business partners, who have supported us to the fullest as we now navigate a post-pandemic world."

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

The countdown to our 50-year milestone will soon begin. As we prepare for Noel Gifts' next chapter, there is much to reflect on, celebrate, and pursue. We do not take our enviable position as Singapore's leading gifting platform for granted. Instead, we cherish this an opportunity to bring more smiles to our customers and their loved ones, and more value to our shareholders and business partners. This requires us to be attuned to the changing global landscape and how international trends are impacting consumer preferences and spending behaviours.

At the start of this decade, we went through times of unprecedented change, headlined by a global pandemic, geopolitical uncertainty, and economic volatility. In the face of these challenges, we are thankful to God for his strength and provision, which has steered us through the storm. Our deepest appreciation goes out to our team members, stakeholders, and business partners, who have supported us to the fullest as we now navigate a post-pandemic world.

The reality of our new normal comes with cost pressures, fluctuating market demands, and human resource shortages. As a business, we must be agile and ever-ready to embrace new, sustainable ways of working. It will serve us well to be more prudent in our sourcing and innovate ways to better manage our operating costs even as we strive to delight existing customers and engage new ones.

FINANCIAL REVIEW

Our full year revenue of $18.5 million represents a 10.3% decrease from $20.7 million last year. This is due to the decrease in gift sales, which was partially offset by the 13.4% increase in rental from the property business.

For FY2023, the Group reported a gross profit of $8.9 million, a decrease of 11.4% as compared to $10.1 million in FY2022. Our gross profit margin decreased from 48.7% in FY2022 to 48.1% in FY2023 due to higher cost in the supply chain.

The Group's other income of $0.7 million in FY2023 comprises mainly government grants on wages amounting to $0.3 million, investment and interest income of $0.3 million, and gain on disposal of residential property of $0.1 million.

MANAGING DIRECTOR'S MESSAGE

Administrative expenses decreased by $0.9 million to $6.5 million due to lower staff bonuses. In FY2022, the Group recorded a reversal of credit loss allowance on trade receivables of $0.2 million. As a result of the above, the Group reported a net profit of $0.2 million in FY2023.

In response to the current operating environment, the Group is adopting various new marketing and sales strategies to increase sales and will continue to actively manage costs and improve efficiency.

In view of the Group's strong cash flow, the Board has proposed a special dividend of $0.006 per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting.

THE ROAD AHEAD

Beyond our first 50 fulfilling years, our journey will continue to bring about its own set of challenges and opportunities. To position ourselves strongly, I believe that the next chapter of our growth will need to be characterised by a renewed focus on enhancing and streamlining our processes, ensuring we remain 'fit-for-growth' and efficient at every stage. It is equally important that we protect and strengthen our existing revenue streams while proactively developing new business opportunities. Our management team will also continue solidifying the company's bench-strength and building a robust talent pipeline into the future.

When we remain steadfast and united, we will thrive.

Yours sincerely,

Wong Siu Hong Alfred
Managing Director

BOARD OF DIRECTORS

Left to right: Mr. Foo Der Rong, Mr. Wong Siu Hong Alfred,
Mr. Aric Loh Siang Khee, Mrs. Ivy Tan, Mr. Chee Teck Kwong Patrick

BOARD OF DIRECTORS

MR ALFRED WONG SIU HONG
Managing Director

Mr Wong is the founder of Noel Gifts International Ltd and has been its Managing Director since its commencement. With over 49 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)
Non-Executive Director

Mrs Ivy Tan is the co-founder of Noel Gifts International Ltd, and has been re-designated from Executive Director to Non-Executive Director since 1st July 2022. Mrs Tan is also a Senior Consultant to the Group as she has the requisite educational and professional qualifications, working experience, capabilities and ability to contribute to the Company.

Mrs Tan was the Executive Pastor of Bethesda Bedok-Tampines Church (BBTC) from 2008 to 2014. She holds a Master of Business Administration degree with distinction.

MR ARIC LOH SIANG KHEE
Independent, Non-Executive Director

Mr Loh was appointed as an Independent Director of the Company on 1st August 2017 and was last re-elected a Director of the Company on 27th October 2021. 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.

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

BOARD OF DIRECTORS

and Matex International Ltd. His previous appointments include being the Managing Director / CEO of Intraco Ltd and 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 CHEE TECK KWONG PATRICK
Independent, Non-Executive Director

Mr Chee was appointed as an Independent Director of the Company on 1st December 2021. He holds a Bachelor of Law (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. Mr Chee has been in private legal practice since 1980 and is now a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, setting up of family offices and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. Mr Chee had initiated and was instrumental to the setting up of a full licensed KhattarWong's law practice in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths and is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He had served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the 'National Street Soccer League – Lee Hsien Loong Challenge Trophy'.

Mr Chee also sits on the Board of several public listed companies. He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore. Mr Chee is also the recipient of the National Day Awards 2003 – 'The Public Service Medal (Pingat Bakti Masayarakat)' from the President of Republic of Singapore.

SUMMER FLEURS FLOWER ARRANGEMENT

MANAGEMENT TEAM

MS BERNADETTE KWAN
Chief Operating Officer

Bernadette was promoted to Chief Operating Officer on 1st July 2022.

As Chief Operating Officer, Bernadette is responsible for overseeing the Gifts Division of the Group, focusing on implementing company strategies into daily operations to meet objectives.

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

Bernadette holds an MBA from the University of Hull.

DR KIM WONG
Assistant General Manager

Kim joined Noel Gifts in September 2005. In August 2021, Kim was promoted to Assistant General Manager. She will be working closely with the Chief Operating Officer to manage Sales and Marketing of the Group.

Kim has 18 years of experience in the Group, spanning the Sales and Marketing departments.

She holds a Doctor of Business Administration (Innovation) from Singapore Management University.

MANAGEMENT TEAM

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

At Noel Gifts, our journey to make gift-giving an elevated experience across all needs and occasions continues. We are focused on delivering best-in-class gifts accompanied by personalised and prompt service to create an unrivalled gifting experience that supports our vision: Bringing People Closer and Making Everyday Better.

FOR CORPORATE AND INDIVIDUAL GIFTERS

We launched dedicated landing pages in 2022 for our corporate customers on both Noel and Humming's websites, to make gift selection and ordering for corporates more seamless and straightforward. With featured categories for quicker browsing, bulk order checkouts, and other helpful benefits, corporate customers can now express their thoughts and send their greetings to their business associates with added ease.

For meticulous gifters looking for guides on choosing the right type of flowers for special occasions, we introduced educational blogs featuring easy-to-read articles and helpful tips.

A GREENER TOMORROW, STARTING TODAY

We launched sustainable gift items in 2020 to offer our customers more thoughtful options. Since then, we have continued to develop more eco-friendly gift options that are not only better for the environment but also encourage both the giver and the receiver to play their part in supporting sustainability.

This includes a range of gift hampers in our 'Sustainable' line with day-to-day, reusable household items aimed at helping receivers embrace a more environmentally conscious lifestyle.

We are also using recycled paper from old catalogues as fillers for hampers sold at retail outlets, reflecting our conviction that sustainability starts with us and underscoring our commitment to greening our business processes.

GIVING BACK TO THE COMMUNITY

In August 2022, we supported Focus On The Family Singapore's 'Best Date Ever', an intentional date night event for married couples to reignite the spark. For the event, we sponsored 112 hand bouquets – one for each couple — to make their evening bloom with romance.

We also resumed our corporate social responsibility initiatives with our longstanding partner, St Luke's ElderCare (SLEC). In February 2023, we donated $10,000 to their Dining Culture Fund's initiative, 'Love Never Gets

OPERATIONS REVIEW

Old', to give seniors at their centres access to thematic meal opportunities and assistive devices.

For SLEC's 'Make A Fruitful Impact' campaign, which ran from April to May 2023, we donated fruit baskets to their centres islandwide and, for every $200 that the campaign raised, we gifted a healthy fruit basket to an SLEC centre for seniors and care staff to enjoy.

BUILDING PRECIOUS BONDS

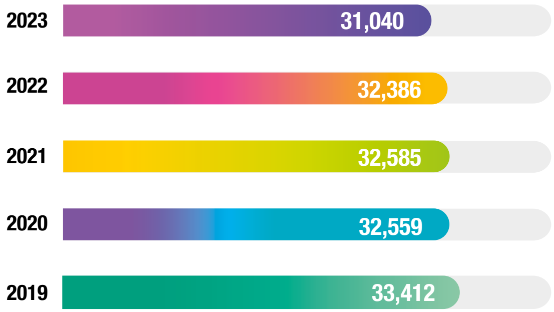
Our people are important to us, as we continue to grow from strength to strength as the preferred choice of discerning gift-givers. In 2022, we obtained the Progressive Wage (PW) Mark accreditation, an official testament to our values as a progressive employer that believes in supporting its people.

We held activities to foster more inter-team bonding and engagement, including a fully paid daytrip to Universal Studios Singapore (USS) at Sentosa Island. We partnered with USS to organise a fun, ride-filled outdoors excursion that included a specially planned 'Scavenger Hunt' activity, which many team members enjoyed. Other activities included in-office health talks during lunch time and after-work 'piloxing' classes, an invigorating workout that combines Pilates and boxing. These activities were well-received and created opportunities for our people to build healthy bonds and bodies.

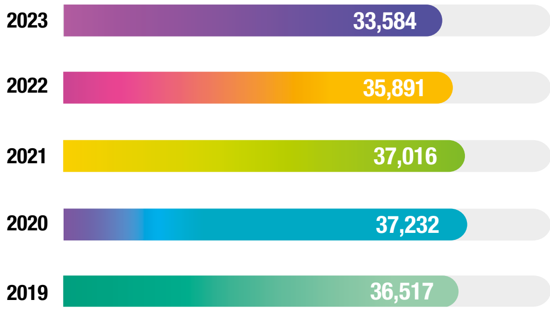
ENGLISH PICNIC GIFT

FINANCIAL HIGHLIGHTS

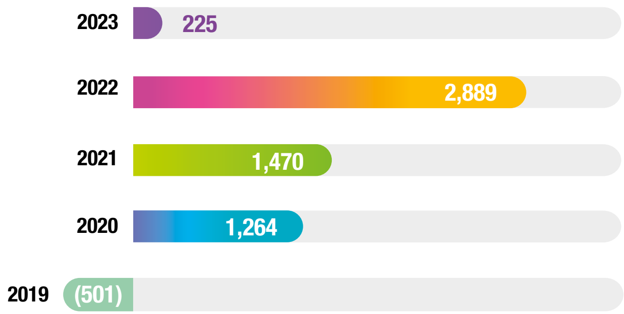
SHAREHOLDERS' FUND
(S$'000)



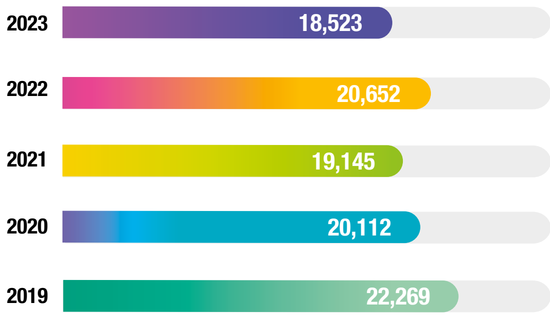
TOTAL ASSETS
(S$'000)



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
(Non-Executive Director)
Aric Loh Siang Khee
(Non-Executive and Lead Independent Director)
Foo Der Rong
(Non-Executive and Independent Director)
Chee Teck Kwong Patrick
(Non-Executive and Independent Director)

AUDIT COMMITTEE

Aric Loh Siang Khee
(Chairman)
Foo Der Rong
(Member)
Chee Teck Kwong Patrick
(Member)

NOMINATING COMMITTEE

Foo Der Rong
(Chairman)
Aric Loh Siang Khee
(Member)
Chee Teck Kwong Patrick
(Member)

REMUNERATION COMMITTEE

Chee Teck Kwong Patrick
(Chairman)
Aric Loh Siang Khee
(Member)
Foo Der Rong
(Member)

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE

21 Ubi Road 1
#03-01
Singapore 408724

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Mr Tan Boon Leong
Appointed with effect from financial year ended
June 30, 2022

REGISTRARS AND SHARE TRANSFER OFFICE

In.Corp Corporate Services 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 International Ltd. ("Noel Gifts" or the "Company") 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 community while we strive for excellence in our operations.

Sustainable growth is fundamental to Noel Gifts' business. This is a responsibility we carry towards our stakeholders to make a positive difference economically, socially, and environmentally. As a sustainable organisation, we place ourselves at a competitive advantage from other gifts company in Singapore and the region. We are pleased to share with you our sustainability report ("Report") for the year ended 30 June 2023 ("FY2023"). 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.

Our sustainability framework also communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs"), also known as the Global Goals, and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:

SUSTAINABILITY REPORT

Employee benefits and retention
Employees

Employee health, safety and wellness
Employees

Training and career development
Employees

Equality and diversity in the workplace
Employees

Giving back to the community
Communities

Safeguarding customer privacy
Customers

Total customer satisfaction
Customers
Suppliers

Robust corporate governance framework
Shareholders
Regulators

Water conservation
Communities
Shareholders

Energy conservation and emissions reduction
Communities
Shareholders

Responsible waste management
Communities
Regulators
Shareholders

Sustainable business performance
Shareholders

The operating environment remains challenging due to the falling demand for our products and services amidst rising operating costs. The Group is adopting various new marketing and sales strategies to increase sales. We will continue to manage our operating costs and improve our operational efficiency. 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.

2. REPORTING METHODOLOGY

This Report has been prepared in accordance with Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. The Company has prepared this Report for FY2023 with reference to the Global Reporting Initiative (“GRI”) Standards. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in Section 11 of this Report.

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 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce for Climate-related Financial Disclosures (“TCFD”) in our climate-related disclosures.

We have relied on internal data monitoring and verification to ensure accuracy for this Report. We will work towards internal review and/or external assurance for our future sustainability reports.

3. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 July 2022 to 30 June 2023 (“Reporting Period”). A sustainability report is published annually in accordance with our SR Policy.

This Report covers the gifting businesses in Singapore within Noel Gifts and its subsidiaries (the “Group”) which contributed to more than 95% of our total revenue for the Reporting Period (FY2022: more than 95%):

S/N	ENTITY
1	Noel Gifts International Ltd
2	Humming Flowers & Gifts Pte. Ltd.

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 sustainability 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 have an interest that are affected or could be affected by our activities.

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 Company.

SUSTAINABILITY REPORT

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERNS RAISED
1	Communities	Community campaigns	Regularly	• Social inclusion • Environmental protection
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.

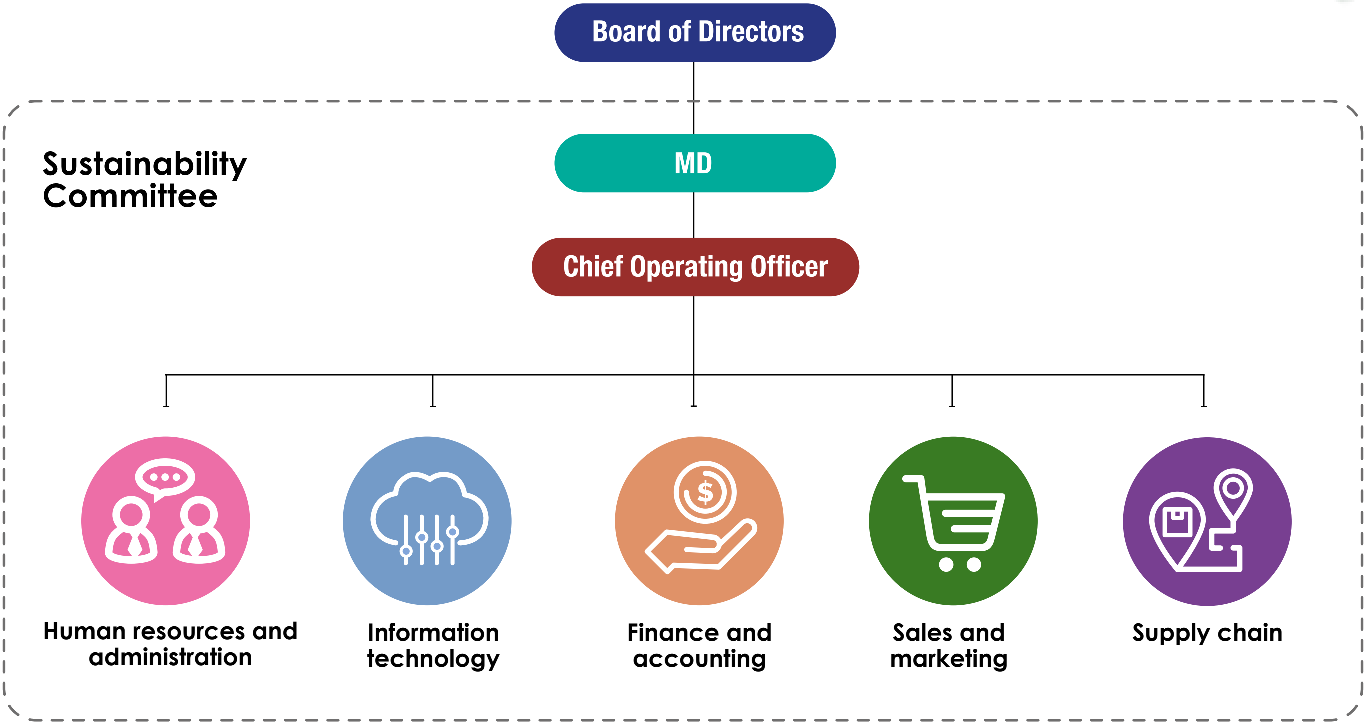
SUSTAINABILITY REPORT

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 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:

CONTEXT
Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests

IDENTIFICATION
Identify actual and potential impacts on the economy, environment, people and their human rights

RATING
Asses the pervasiveness of Sustainability Factors across the Group and cluster similar Sustainability Factors

PRIORITISATION
Prioritise the impacts based on their significance to determine the material Sustainability Factors for reporting

VALIDATE
Sustainability factors will be internally validated by leadership

VALIDATION
In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can results from feedback received from engagement with stakeholders, organisational and external developments

7.3 Materiality assessment

The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders. Impacts, positive and negative, actual and potential, are assessed based on: (i) the likelihood of occurrence ("Likelihood of Impact"); and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development ("Significance of Impact").

7.4 Performance tracking and reporting

We track the progress of our material Sustainability 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 on our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems.

8. MATERIAL FACTORS

A materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

SUSTAINABILITY REPORT

Presented below is a list of material Sustainability Factors applicable to the Group:

S/N	MATERIAL SUSTAINABILITY FACTOR	SDG	KEY STAKEHOLDER
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 and emissions reduction	Affordable and clean energy	• Communities • Shareholders
4	Responsible waste management	Responsible consumption and production	• Communities • Regulators • Shareholders
5	Water conservation	Clean water and sanitation	• Communities • Shareholders
Social			
6	Equality and diversity in the workplace	Reduced inequalities	Employees
7	Training and career development	Quality education	Employees
8	Employee benefits and retention	Good health and well-being	Employees
9	Employee health, safety and wellness	Good health and well-being	Employees
10	Safeguarding customer privacy	Peace, justice and strong institutions	Customers
11	Giving back to the community	Sustainable communities	Communities
Governance			
12	Robust corporate governance framework	Peace, justice and strong institutions	• Regulators • Shareholders

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:

SUSTAINABILITY REPORT

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 of the product before they make a 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 more than 40 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 selection, we provide a seamless online gifting experience. Technology has made our online ordering simple and quick.

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 (FY2022: more than 400 gifting options) carefully selected by our e-commerce team to meet customers' needs for any occasion all year round.

In recognition of consumers' preference for sustainable gifts, especially amongst environmentally conscious younger consumers, we have launched sustainable gift arrangements featuring environmentally friendly products such as reusable collapsible tumblers, biodegradable wheat straw lunch boxes, handmade cotton coasters and candles stored in reusable glass jars. For further details on the range of sustainable gift offerings, you may refer to our website: https://www.noelgifts.com/sustainable-eco-friendly-gifts-singapore.

Rewards and redemptions
To enhance customers' shopping experience and 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 locally in Singapore which allow our customers to delight their recipients with impromptu gifts and set the ground for a pleasant surprise.

To help our customers in reaching out to their loved ones or business partners who are overseas, we also offer international delivery services for our stunning flowers and the finest of gifts. Customers can opt for international delivery services 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. We measure customer satisfaction based on the conduct of net promoter score ("NPS")[1] surveys via calls and electronic direct mails. During the Reporting Period, 86% (FY2022: 91%) of customers responded with a satisfied rating.

Feedback is 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. Insights gathered are discussed to improve service quality and provide inputs for our strategies.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain or improve product range	Maintained more than 400 gifting options	Maintain or improve product range

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 FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
To strive for optimal operating performance in the face of prevailing challenges	Despite the challenging operating environment and consequential decline in revenue, we recorded a net profit	To strive for optimal operating performance in the face of prevailing challenges

[1] *NPS is a performance indicator adopted to measure customer experience and predict business growth.*

SUSTAINABILITY REPORT

8.3 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction to combat climate change.

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 and its third-party transportation partners to provide fast and convenient delivery services.

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows:

PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	FY2023	FY2022
Energy consumption			
Diesel consumption	Litre	43,804.32	58,336.06
Electricity consumption	kWh	144,314.17	193,893.55
Energy consumption intensity			
Diesel consumption intensity	litre/ revenue S$'000	2.47	2.93
Electricity consumption intensity	kWh/ square foot	0.45	0.57
GHG emissions			
Direct GHG emissions (Scope 1[2])	tonnes CO_2e	120.47	158.51
Indirect GHG emissions (Scope 2[3])	tonnes CO_2e	58.55	78.55
GHG emissions intensity (Scope 1 and 2)	tonnes CO_2e/ revenue S$'000	0.01	0.01

The decline in diesel consumption intensity is mainly due to an increase in outsourcing arrangement for deliveries. The decline in electricity consumption intensity is mainly attributable to the closure of certain smaller retail outlets. Given that retail outlets operate higher energy consuming equipment such as flower chillers, this has resulted in more than proportional decrease in electricity consumption as compared to the decrease in floor area.

[2] *GHG emissions from consumption of diesel controlled by the Company (Scope 1) are calculated based on the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories.*

[3] *GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the average emissions factors published by the Energy Market Authority.*

We have started to track our Scope 3 emissions arising from purchased goods and services (category 1) and transportation and distribution of sold products (category 9):

CATEGORY	COVERAGE	UNIT OF MEASUREMENT	FY2023[4]
Category 1: Purchased goods and services[5]	Purchased potable water	tonnes CO_2e	0.79
Category 9: Transportation and distribution of sold products[6]	Delivery to customers via outsourced drivers and third-party logistics	tonnes CO_2e	159.69

We track and review 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% (FY2022: 100%) of our delivery motor vehicles comply with at least Euro 5 emission standard[7].

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain or reduce GHG emissions intensity	No material changes in GHG emissions intensity	Maintain or reduce GHG emissions intensity

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

[4] No comparative data is available as we have only started tracking Scope 3 emissions in FY2023.
[5] Indirect emissions from purchased potable water (Category 1: Purchased goods and services) calculated using "Life cycle assessment of water supply in Singapore — A water-scarce urban city with multiple water sources".
[6] Indirect emissions from delivery to customers via outsourced drivers and third-party logistics (Category 9: Transportation and distribution of sold products) calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
[7] 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.

(https://www.noelgifts.com/ecatalogue) for our diverse portfolio of products. This initiative serves to reduce the usage of printed brochures and is environmentally friendly.

Support Singapore's zero waste vision

Singapore is working towards becoming a zero-waste nation by reducing the consumption of materials, reusing and recycling materials to give them a second lease of life. To achieve the zero-waste vision, NEA implemented the Mandatory Packaging Reporting ("MPR") scheme. In line with rising awareness of environmental impacts of packaging usage and our commitment to support the zero-waste vision, we constantly track our packaging waste which comprise mainly carton boxes. The total weight of packaging waste generated by our operations is 27,960kg during the calendar year 2022[8] (calendar year 2021[8]: 28,425kg). During the Reporting Period, 100% (FY2022: 100%) of the packaging waste generated is handled by a NEA licensed waste collector for recycling purposes.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain the percentage of packaging waste collected by licensed waste collector for recycling purposes	100% of packaging waste is collected by a NEA licensed waste collector for recycling purposes	Maintain the percentage of packaging waste collected by licensed waste collector for recycling purposes

8.5 Water conservation

We are committed to responsible usage of water resources through enhancing our water consumption efficiency. We rely on water resources mainly for cleaning purposes, watering flowers for sale and in the office environment.

Key statistics on water consumption during the Reporting Period are as follows:

RESOURCE	WATER CONSUMPTION (CuM)		WATER CONSUMPTION INTENSITY (CuM/ revenue S$'000)	
	FY2023	FY2022	FY2023	FY2022
Water	604.10	631.09	0.03	0.03

Our water conservation initiatives include tracking and reviewing spending on water consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns and encourage staff to use water responsibly.

[8] *As part of Singapore's MPR, Noel Gifts International Ltd is required to comply with MPR and have since submitted its packaging data to NEA for calendar years 2021 and 2022.*

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain or reduce water consumption intensity	No material changes in water consumption intensity	Maintain or reduce water consumption intensity

8.6 Equality and diversity in the workplace

We are committed to providing a work environment for employees that fosters fairness, social and cultural diversity. Through a dynamic and vibrant workforce, we aim to constantly build our market presence and expand our business.

The total number of full-time[9] and part-time[10] employees ("Workforce") under the entities covered in Singapore as at 30 June 2023 is 117 (FY2022: 132). The breakdown of the Workforce by employment type is as follows:

EMPLOYMENT TYPE	NUMBER OF EMPLOYEES		PERCENTAGE OF WORKFORCE	
	FY2023	FY2022	FY2023	FY2022
Full-time[9]	115	129	98%	98%
Part-time[10]	2	3	2%	2%
Workforce[11]	117	132	100%	100%

[9] *Full-time employees refer to individuals who work up to 44 hours a week, which is the number of contractual working hours defined in the Employment Act.*

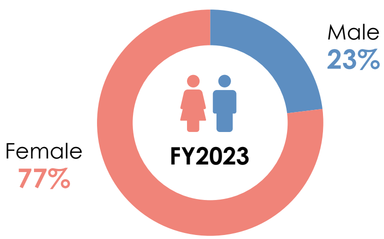
[10] *Part-time employees refer to individuals who are under a contract of service to work less than 35 hours a week. The number of part-time employees is not considered to be material as the Group is not reliant on part-time employees to support its operations and long-term sustainability. They are not considered in deriving the training hours, new hires rate, turnover rate, performance appraisal and parent-care leave disclosed in this Report.*

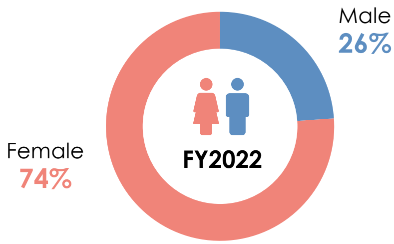
[11] *Our full-time and part-time employees are mainly under permanent employment contracts. As the number of non-guaranteed hours employees is not considered to be material, they are excluded from our Workforce.*

SUSTAINABILITY REPORT

GENDER DIVERSITY (%)
On gender diversity, we view diversity at the Board level as an essential element in supporting sustainable development with one (FY2022: one) female Board members or 20% (FY2022: 20%) female representation on the Board. Key statistics on gender diversity of our employees are as follows:

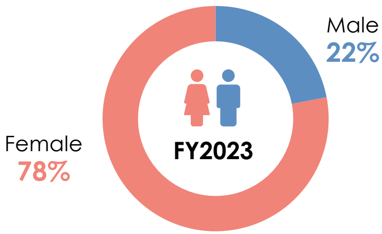
OVERALL

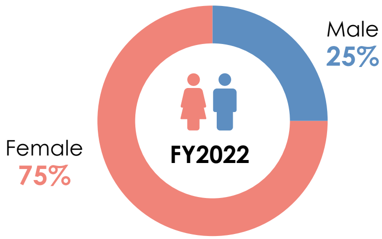




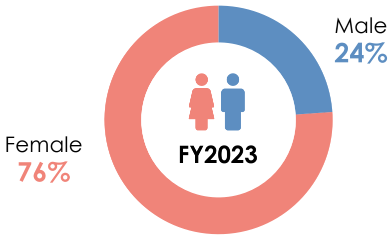
MANAGEMENT LEVEL

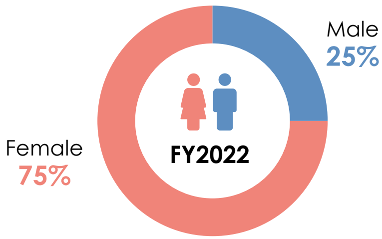
Management





Non-management

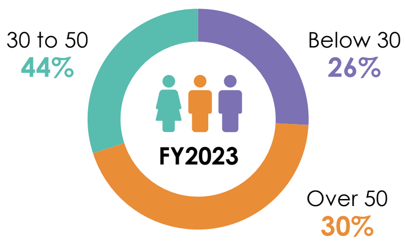


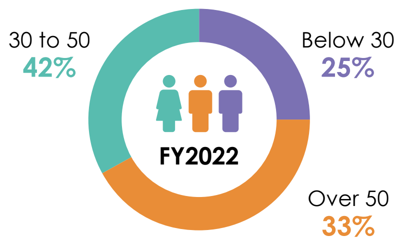


AGE DIVERSITY (%)

We support the employment and re-employment of employees beyond their official retirement age. We endeavour to deploy such employees in suitable positions and provide retraining or re-skilling (if necessary) under a transition assistance programme that aims to support employees who are retiring. Key statistics on age diversity of our employees are as follows:

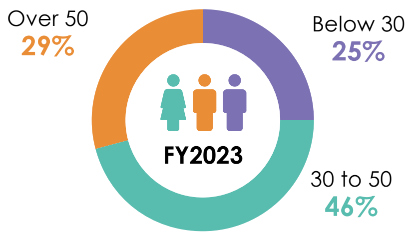
OVERALL

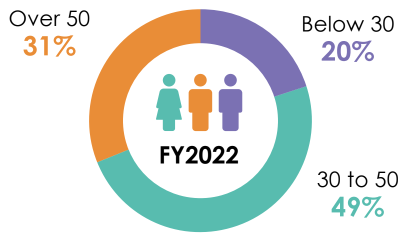




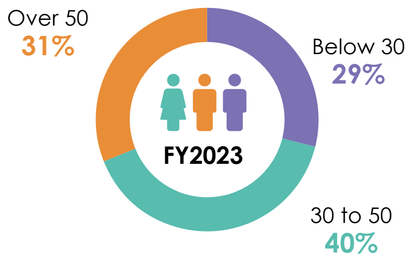
MANAGEMENT LEVEL

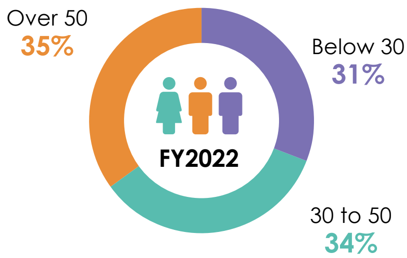
Management





Non-management

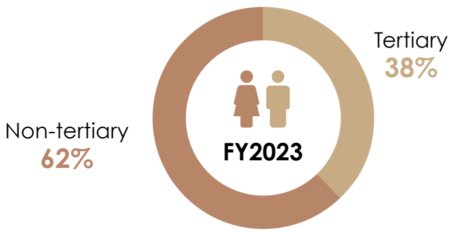


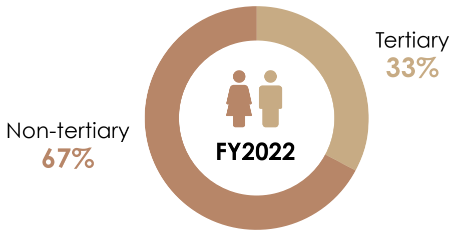


SUSTAINABILITY REPORT

EDUCATIONAL DIVERSITY (%)

We seek to create an inclusive environment for employees from different educational background. As at 30 June 2023, the distribution of employees by educational level is as follows:





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

As part of this Alliance, we endeavor 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 their strengths and needs to help them achieve their full potential. We also endeavor 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[12].

[12] *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.*

As at 30 June 2023, we have no (FY2022: zero) reported incident of unlawful discrimination[13] against employees.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain zero reported incident of unlawful discrimination against employees	Maintained zero reported incident of unlawful discrimination against employees	On-going and long-term target Maintain zero reported incident of unlawful discrimination against employees

8.7 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. During the Reporting Period, our employees attended in-house and external trainings which covered areas such as management of customer relationship, fundamentals of Personal Data Protection Act, marketing and accounting. Key statistics on training hours provided for our employees are as follows:

DISCLOSURE	FY2023	FY2022
Overall		
Total training hours	959	295[14]
Average training hours per employee	8.3	2.3
Gender (Male)		
Total training hours	163	48
Average training hours per employee	6.0	1.5
Gender (Female)		
Total training hours	796	247
Average training hours per employee	9.0	2.6
Management		
Total training hours	881	229
Average training hours per employee	16.0	4.3
Non-management		
Total training hours	78	66
Average training hours per employee	1.3	0.9

[13] *Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.*
[14] *Figure has been restated as a correction.*

The increase in training hours is mainly due to an increase in number of training programmes attended by employees.

As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of Singapore Exchange ("SGX") under Listing Rule 720 (7), we confirm that all directors have attended one of the approved sustainability training courses.

Provide feedback to our employees constantly

Our employees and management receive regular feedback on their performance and career development. Key statistics on applicable full-time employees who received performance and career development reviews are as follows:

DISCLOSURE	FY2023	FY2022
Overall	95%	94%
Gender		
Male	96%	95%
Female	94%	94%
Management level		
Management	88%	89%
Non-management	100%	98%

We will continuously work towards improving the proportion of our staff (where applicable) that has received performance and career development reviews.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
• Improve hours of training for employees • Improve percentage of staff who received performance and career development reviews	• Increase in average training hours per employee • No material changes in percentage of staff who received performance and career development reviews	• Improve hours of training for employees • Improve percentage of staff who received performance and career development reviews

8.8 Employee benefits 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.

Our employees are entitled to 'Shared Parental Leave' and 'Paternity Leave' under the requirements of the Ministry of Manpower in Singapore. To support employees with family commitments, 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 76 employees (FY2022: 24 employees) who took PCL in FY2023 and we are happy to announce that 93% (FY2022: 92%) of these employees have continued to be with us 12 months after they returned to work.

In addition, we care for our employees' well-being, attract and retain employees through employee benefits such as reimbursement of outpatient medical and dental expenses for eligible confirmed full-time employees, reimbursement of medical health screening checks every alternate year for eligible employees, medical insurance coverage for all confirmed full-time employees, gift distribution during occasions and birthdays, provision of discounts on staff purchases. We also recognise the contribution of our valuable employees and give out long service awards to employees who have worked continuously for at least 5 years.

New employee hires

Key statistics on employee new hires by gender and age group are as follows:

DISCLOSURE	FY2023		FY2022	
	NUMBER OF NEW HIRES	RATE OF NEW HIRES	NUMBER OF NEW HIRES	RATE OF NEW HIRES
Gender				
Male	9	30%	10	29%
Female	23	26%	20	20%
Age				
Below 30	12	38%	12	39%
30 to 50	16	30%	15	37%
Above 50	4	11%	3	6%
Overall new hires	32	27%	30	24%

SUSTAINABILITY REPORT

Employee Turnover
Key statistics on employee turnover by gender and age group are as follows:

DISCLOSURE	FY2023		FY2022	
	NUMBER OF TURNOVERS	RATE OF TURNOVER	NUMBER OF TURNOVERS	RATE OF TURNOVER
Gender				
Male	7	23%	15	44%
Female	23	26%	18	18%
Age				
Below 30	5	16%	11	35%
30 to 50	19	36%	16	39%
Above 50	6	17%	6	12%
Overall turnover	30	25%	33	27%

We will continuously work towards reducing our turnover rate.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain or reduce staff turnover rate subject to market conditions	No material changes in overall turnover rate	Maintain or reduce overall turnover rate subject to market conditions

8.9 Employee health, safety and wellness

A work environment that prioritises the well-being of employees and allows them to work safely builds loyalty amongst employees and supports the sustainability of our business. Accordingly, we place emphasis on creating a workplace that allows employees to perform and develop in a safe and conducive working environment.

We are bizSAFE Level 4 certified by the Workplace Safety and Health Council. This certification recognises our continuous efforts to incorporate safety as part of the business model. We aim to provide a hazard-free workplace by adopting the following key measures:

- A safety team is in place to manage workplace safety and health risks;
- A set of workplace safety and health policies and procedures is in place;
- All new employees are briefed about the workplace safety and health policies and procedures during orientation;

- Engage an external consultant to assess compliance with the prevailing rules and regulations; and
- Workplace risk assessments are performed in line with our risk management policy and reviewed at least once every three years, after accidents, near misses or dangerous occurrences as a result of exposure to a hazard or whenever there are significant changes in work processes and work conditions. A dedicated risk assessment team is in place to identify, evaluate and monitor the occupational health and safety hazards associated with work activities and processes. The identified hazards are assessed, taking into consideration the existing controls in place and additional controls required.

We encountered zero workplace fatalities, zero high-consequence work-related injuries[15], 1 recordable work-related injury and zero recordable work-related ill health cases[16] in FY2023 (FY2022: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain zero incident of work-related injuries and ill health cases	Maintained zero incident of workplace fatalities, high-consequence work-related injuries and recordable work-related ill health cases. Recorded an incident of recordable work-related injury.	<u>On-going and long-term target</u> Maintain zero incident of work-related injuries and ill health cases

8.10 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 bank account or credit card numbers). Contact information from the order form is in turn used to send orders and marketing information to them.

We conduct our business in compliance with 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 and equip our proprietary platforms with anti-virus software and firewall. On the Company's website, a privacy statement is in place to demonstrate

[15] *High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.*
[16] *Work-related ill health cases refer to identifiable, adverse physical or mental conditions arising from and/or made worse by a work activity and/or work-related situation.*

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 purposes. 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. On a regular basis, we conduct penetration tests on our web applications and infrastructure to identify vulnerabilities and take necessary remedial actions timely. We also conduct regular phishing assessment exercise on our employees and trainings are conducted for employees who did not perform well in the phishing assessment.

In FY2023, there is zero case of substantiated complaint[17] concerning breaches of customer privacy and loss of customer data reported (FY2022: zero incident).

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain zero case of substantiated complaints concerning breaches of customer privacy and loss of customer data	Maintained zero case of substantiated complaints concerning breaches of customer privacy and loss of customer data	<u>On-going and long-term target</u> Maintain zero case of substantiated complaints concerning breaches of customer privacy and loss of customer data

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

8.11 Giving back to the community

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

Donation to St Luke's ElderCare (Make a FRUITful Impact on our Elders' Well-being! Campaign)

We partnered with St Luke's ElderCare ("SLEC") in support of their corporate social responsibility campaign to make a FRUITful impact on the well-being of the elderly. For every $200 raised in SLEC's Make a FRUITful Impact on our Elders' Well-being! Campaign, we will send a fruit basket to SLEC centres for elders and care staff to share and enjoy. The elders from all 25 SLEC centres across Singapore were able to receive a fruit basket for their respective centres. SLEC is a non-profit eldercare service provider through a full range of integrated services and programmes designed to benefit elders who have suffered physical disabilities as a result of stroke, fall or accident, as well as the frail and lonely who have no one to look after them.

Donation to SLEC (Signature Dining Culture Programme)

We donated $10,000 which will go towards providing nutritious meals as part of SLEC's Signature Dining Culture Programme for over 5,000 elders at SLEC's day care centres, active ageing hub and residential facility. Living in a food-crazed city like Singapore, grabbing a plate of our favourite dishes from a local joint at any time comes with minimal challenges. However, this may be different for some elders. Due to varying reasons, from financial constraints and technological obstacles to mobility restrictions, access to favourite local dishes may seem out of reach for the elders. The SLEC Dining Culture Programme aims to introduce SLEC's elders to unique culinary experiences and promote healthy eating habits. A positive dining culture also has the added benefit of improving relationships and increasing elder nutritional intake through improved food presentation, taste and nutrition.

Sponsoring of flower bouquets to Focus on the Family

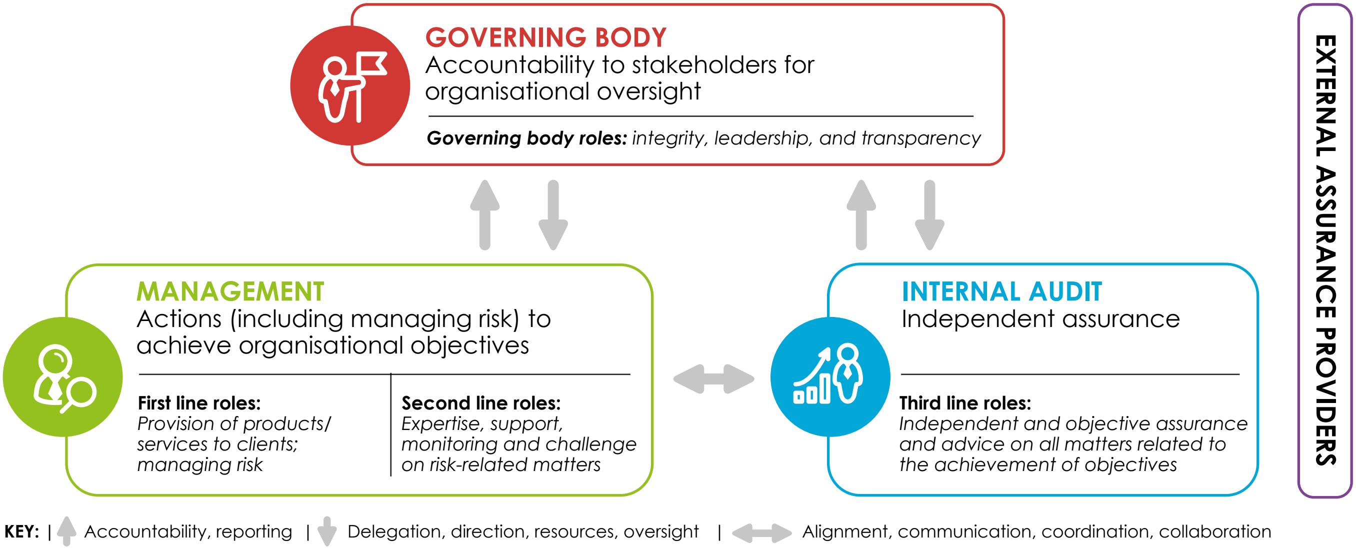
Focus on the Family Singapore organised the Best Date Ever event, a special event to fortify the marriages of couples who are married for 10 years and under, as the initial decade of marriage is significant in establishing a strong foundation for a lasting union. More than 100 married couples attended the event. The event aims to revive romance and strengthen family's foundation through intimate conversation, deep connection and re-igniting the romance in the marriage. In support of the event, we sponsored bouquets of flowers for all the couples who attended the event.

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Initiate community engagement campaigns	Initiated community engagement campaigns	Initiate community engagement campaigns

8.12 Robust corporate governance framework

We are committed to achieve high standards of corporate governance and firmly believe 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 aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others.

The overall SGTI score assessed by National University of Singapore Business School is 82 for the year 2023 (Year 2022: 69). In FY2023, there is no incident of serious offence[18] (FY2022: zero incident).

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

TARGET FOR FY2023	PERFORMANCE IN FY2023	TARGET FOR FY2024
Maintain zero complaint on serious offence are received via the whistle blowing channel	Maintained zero complaint on serious offence received	On-going and long-term target Maintain zero complaint on serious offence received

[18] *A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by officers or employees of the Company. Such a serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than $100,000.*

SUSTAINABILITY REPORT

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

SDG	OUR EFFORT (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 8.8 Employee benefits and retention)** • We put in place safety measures to ensure the well-being of our employees, which in turn helps us to maintain a motivated workforce that is vital to the success of our business **(Section 8.9 Employee health, safety and wellness)**
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities	We empower our employees by investing in training and development and provide feedback to enhance our business competencies **(Section 8.7 Training and career development)**
 Ensure availability and sustainable management of water sanitation for all	We perform regular tracking and reviewing of water consumption and encourage staff to use water responsibly to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. (**Section 8.5 Water conservation**)

SUSTAINABILITY REPORT

SDG	OUR EFFORT (SUSTAINABILITY FACTOR)
7 AFFORDABLE AND CLEAN ENERGY 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 and reduce GHG emissions, it also helps us to reduce costs incurred to support our business operations. (**Section 8.3 Energy conservation and emissions reduction**)
8 DECENT WORK AND ECONOMIC GROWTH 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 shareholders. (**Section 8.2 Sustainable business performance**
10 REDUCED INEQUALITIES 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 8.6 Equality and diversity in the workplace)**

SUSTAINABILITY REPORT

SDG	OUR EFFORT (SUSTAINABILITY FACTOR)
11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	We initiate various campaigns to promote social inclusion and sustainable communities. **(Section 8.11 Giving back to the community)**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	We implement measures such as adopting e-catalogue and managing packaging waste for our diverse portfolio of products and moving towards a paperless working environment. **(Section 8.4 Responsible waste management)**
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 8.10 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 8.12 Robust corporate governance framework)**

10. SUPPORTING THE TCFD

TCFD RECOMMENDED DISCLOSURES

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC, which includes senior management executives and key managers from various functions, is led by the Managing Director. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The climate-related risks and opportunities identified by the Group during the climate-related risk assessment exercise includes the following:

- With rising concerns over the effects of climate change, shifting consumer preferences for sustainable products may arise, especially amongst environmentally conscious younger consumers who demand for environmentally friendly products. A failure to adapt to shifting consumer preferences may adversely affect customer satisfaction, demand for our products and the Group's financial performance. In view of this development, the Group has identified the opportunity to develop a range of sustainable gifting options. You may refer to Section 8.1 for further details;
- The reputational and financial risks for not meeting the demands of regulators, customers and shareholders amidst the enhanced emissions reporting requirements. On the other hand, such obligations raise climate awareness amongst our employees and with more defined job responsibilities and training, the Group will be in a better position to meet the rising needs and expectations of relevant stakeholders on the environment; and
- Rising concerns over the effects of climate change, such as the vulnerability to extreme weather conditions and increased cost of raw materials could cause disruption to our supply chain and affect our financial performance. This provides the Group with the opportunity to leverage on risk management and prepare for weather related disruptions.

TCFD RECOMMENDED DISCLOSURES
Strategy
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
We are currently looking into conducting climate-related scenario analysis consistent with the recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons. .
Risk management
a. Describe the organisation's processes for identifying and assessing climate-related risks ***b. Describe the organisation's processes for managing climate-related risks.*** ***c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.***
The Group's climate related risks and opportunities are identified and assessed during a climate-related risk assessment exercise. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators. Under the assessment, business units and support functions are responsible for identifying and documenting their relevant risk exposures that might hinder their progress towards contributing to the Group's business objectives. We will integrate the climate-related risks into our risk management framework in the future.
Metrics and targets
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
We track, measure and report on our environmental performance, including energy, water and waste management and disclose related metrics in our Report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the sustainability report and set climate-related targets such as those related to water, energy, GHG emissions and waste management. We recognised the importance of monitoring our indirect Scope 3 emissions and have since started tracking and disclosing indirect Scope 3 emissions from purchased potable water (Category 1) and downstream transportation and distribution (Category 9) in this Report. We aim to review our Scope 3 emissions to better track and disclose our material Scope 3 emissions and expand the reporting coverage of our Scope 3 emissions on categories relevant to the Group and where data is available.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
As a commitment towards mitigating climate change, we have set climate-related targets related to energy consumption, GHG emissions, waste management, and water consumption. Refer to Sections 8.3 to 8.5 for further details. We plan to set medium and long term targets in the future and where practicable.

10. GRI CONTENT INDEX

Statement of use	Noel Gifts International Ltd. has reported the information cited in the GRI content index for the period from 1 July 2022 to 30 June 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	14, 68, 98, 189-190
	2-2 Entities included in the organisation's sustainability reporting	16
	2-3 Reporting period, frequency and contact point	16
	2-4 Restatements of information	31
	2-5 External assurance	16
	2-6 Activities, value chain and other business relationships	17
	2-7 Employees	27-28
	2-8 Workers who are not employees	We have a monthly average of approximately 24 workers who are not employees in FY2023. They include interns and drivers.
	2-9 Governance structure and composition	5-7
	2-10 Nomination and selection of the highest governance body	157-160
	2-11 Chair of the highest governance body	156
	2-12 Role of the highest governance body in overseeing the management of impacts	19
	2-13 Delegation of responsibility for managing impacts	19
	2-14 Role of the highest governance body in sustainability reporting	19
	2-15 Conflicts of interest	150
	2-16 Communication of critical concerns	39, 172
	2-17 Collective knowledge of the highest governance body	32, 153
	2-18 Evaluation of the performance of the highest governance body	160-161

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-19 Remuneration policies	162-165
	2-20 Process to determine remuneration	162-165
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	2-4, 14-15
	2-23 Policy commitments	38-44
	2-24 Embedding policy commitments	38-39
	2-25 Processes to remediate negative impacts	39, 172
	2-26 Mechanisms for seeking advice and raising concerns	39, 172
	2-27 Compliance with laws and regulations	31, 36, 39
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	17-18
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	20
	3-2 List of material topics	21
	3-3 Management of material topics	20-39
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	23, 63, 66-67
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	39
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	24
	302-3 Energy intensity	24
GRI 303: Water and Effluents 2018	303-5 Water consumption	26
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	24
	305-2 Energy indirect (Scope 2) GHG emissions	24
	305-3 Other indirect (Scope 3) GHG emissions	25
	305-4 GHG emissions intensity	24
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	25-26
	306-3 Waste generated	26
	306-4 Waste diverted from disposal	26

GRI STANDARD	DISCLOSURE	LOCATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	33-34
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	32-33
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	35
	403-9 Work-related injuries	35
	403-10 Work-related ill health	35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	31
	404-2 Programs for upgrading employee skills and transition assistance programs	31
	404-3 Percentage of employees receiving regular performance and career development reviews	32
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28-30
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	31
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	10-11, 37-38
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Noel Gifts International Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2023.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Wong Siu Hong Alfred
Wong Phui Hong
Aric Loh Siang Khee
Foo Der Rong
Chee Teck Kwong Patrick

In accordance with Rule 720(6) of the Listing manual of the Singapore Exchange Securities Trading Limited, Wong Phui Hong and Aric Loh Siang Khee retire and, being eligible, offer themselves for re-election.

DIRECTORS' STATEMENT

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The director 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 director's shareholdings kept by the Company under Section 164 of the Companies Act 1967, except as follows:

	Direct interest		**Deemed interest**	
Name of director	**1 July 2022**	**30 June 2023**	**1 July 2022**	**30 June 2023**
The Company				
Noel Gifts International Ltd.				
(Ordinary shares)				
Wong Siu Hong Alfred	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

By virtue of Section 7 of the Companies Act 1967, Wong Siu Hong Alfred and Wong Phui Hong are deemed to have an interest in all the shares held by the Company in its subsidiaries.

There were no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 July 2023.

Share options

There were no share options granted during the financial year to subscribe to unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

The Audit Committee ("Committee'') of the Company, comprising all non-executive directors, is chaired by Aric Loh Siang Khee, a non-executive director, and includes Foo Der Rong and Chee Teck Kwong Patrick, 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.

DIRECTORS' STATEMENT

Audit committee (cont'd)

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.

Auditor

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

On behalf of the board of directors:

Wong Siu Hong Alfred
Director

Wong Phui Hong
Director

Singapore
29 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Report on the audit on the financial statements

Opinion

We have audited the financial statements of Noel Gifts International Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the 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 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

<u>Fair value of investment properties</u>

As at 30 June 2023, the Group's and Company's investment properties are carried at fair value of $14,712,000, which represents 44% and 44% of the Group's and Company's total assets, respectively. During the year ended 30 June 2023, the Group recognised fair value gain of $54,000 from investment properties.

Management has determined the fair value measurement of the Group's and Company's investment properties through a valuation process and engaged the assistance of an independent real estate valuation expert (the "external appraiser"). The valuation process involves significant judgement in the selection and application of the appropriate valuation techniques, key inputs and estimates. Accordingly, we have identified this as a key audit matter.

As part of our audit, we considered the objectivity, independence and competency of the external appraiser, and discussed and obtained an understanding of the valuation technique used by the external appraiser and management i.e., the market comparison method. With the assistance from our internal valuation specialist, we evaluated the appropriateness of the valuation technique used and the reasonableness of key inputs used in the valuations, such as recent sale prices of similar properties in the vicinity, consideration of adjustments for size, location, age, amenities and other relevant factors. We also corroborated the implied valuation metrices using an alternative valuation technique i.e., the income approach that considers the relevant market rental income and capitalisation rate. We also assessed the adequacy of the disclosures on the fair value measurement of the Group's and Company's investment properties, and the related key sources of estimation uncertainty in Notes 3.2, 14 and 30 to the financial statements.

Key audit matters (cont'd)

Allowance for expected credit losses on trade receivables

As at 30 June 2023, the Group and the Company have trade receivables of $1,115,000 and $614,000, respectively that are net of expected credit loss ("ECL") allowance of $358,000 and $195,000, respectively. The Group and Company apply the simplified approach in calculating ECL in accordance with SFRS(I) 9 *Financial Instruments* and recognises loss allowance based on lifetime expected losses at each reporting date.

The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns, historical credit loss experience and rates, and adjusted for forward-looking information to reflect the forecast economic conditions relevant to the customers. A considerable amount of judgment is required in developing these estimates and we have determined that this is a key audit matter.

As part of our audit, we reviewed management's credit control procedures in respect of monitoring and managing the credit risk of trade receivables. We requested trade receivables confirmations for major debtors, performed procedures to obtain evidence of receipts from the customers subsequent to the reporting date, reviewed the customers' past payment trends and management's identification of trade receivables with heightened collection risks. We reviewed assumptions made by management in their assessment of the recoverability of the outstanding trade receivables, which include the probability and timing of the collection. We tested the reasonableness and arithmetic accuracy of the key inputs and assumptions used by management in the provision matrix, including but not limited to the similarity of credit and repayment patterns of trade receivables, aging analysis based on days overdue data, analysis of historical write-offs and credit losses, and the information and economic data such as GDP forecast considered in the determination of forward-looking adjustment to the historical loss rates. We also assessed the adequacy of the Group's and Company's disclosures related to the ECL of trade receivables, credit risk management, and the related key sources of estimation uncertainty included in Notes 3.2, 5 and 31 to the financial statements.

Key audit matters (cont'd)

Impairment of plant and equipment and right-of-use assets

As at 30 June 2023, the Group and Company have plant and equipment and right-of-use assets of $444,000 and $550,000, and $384,000 and $550,000 respectively, and these assets form the cash generating units ("CGUs") of the Group and Company. Management has identified impairment indicators for certain CGUs based on their operating performance and has estimated their recoverable amount based on their value in use derived from management's cash flow projections. Pursuant to this assessment, reversal of impairment loss of $48,000 was recognised for the year ended 30 June 2023.

The Group's and Company's identification of impairment indicators and the estimation of the recoverable amount of CGUs with indicators of impairment are significant to our audit due to the estimation uncertainty associated with the current market and economic condition and they involved significant management judgment. Accordingly, we have identified this as a key audit matter.

As part of our audit, we reviewed management's identification of impairment indicators for the Group's and Company's CGUs where the plant and equipment and right-of-use assets belong and their process and basis of determining recoverable amount of the relevant CGUs based on historical and expected future financial performance. In respect of the CGUs' value in use, we evaluated the methodology used by management in estimating value in use and assessed the assumptions used, such as revenue and growth projections, budgeted profits and the discount rate applied. We evaluated the robustness of management's budgeting process by comparing the actual results to previously forecasted results and performed sensitivity analyses on key assumptions for alternative reasonably possible scenarios. We involved our internal valuation specialist to assist us in evaluating management's discount rate by comparing against external data.

We also assessed the adequacy of the disclosures related to the Group's and Company's plant and equipment and right-of-use assets, and the related key sources of estimation uncertainty in Notes 3.2, 12 and 13 to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- 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.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Boon Leong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 September 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	4	11,338	11,890	8,954	8,723
Trade receivables	5	1,115	849	614	484
Amounts due from subsidiaries	6	–	–	11	153
Deposits, other receivables and prepayments	7	366	769	327	708
Inventories	8	1,830	1,544	1,397	1,173
		14,649	15,052	11,303	11,241
Non–current assets					
Deposits, other receivables and prepayments	7	205	222	205	222
Subsidiaries	9	–	–	3,085	3,097
Club membership	10	208	208	208	208
Financial assets at fair value through other comprehensive income ("FVTOCI")	11	2,714	2,642	2,714	2,642
Plant and equipment	12	444	446	384	338
Right-of-use assets	13	550	728	550	728
Investment properties	14	14,712	16,558	14,712	16,558
Deferred tax assets	19	102	35	83	25
		18,935	20,839	21,941	23,818
Total assets		33,584	35,891	33,244	35,059

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

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2023

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	544	504	493	399
Amounts due to subsidiaries	6	–	–	1,283	1,004
Other payables	16	1,107	1,786	901	1,419
Contract liabilities	17	88	121	55	56
Lease liabilities	18	417	624	417	624
Income tax payable		16	49	–	30
		2,172	3,084	3,149	3,532
Non-current liabilities					
Provision for reinstatement costs	16	164	132	164	132
Lease liabilities	18	208	289	208	289
		372	421	372	421
Capital and reserves					
Share capital	20	10,251	10,251	10,251	10,251
Foreign currency translation reserve	2.6(b)	(45)	(34)	–	–
Fair value adjustment surplus	20	8	43	8	43
Retained earnings		20,826	22,126	19,464	20,812
		31,040	32,386	29,723	31,106
Total liabilities and equity		33,584	35,891	33,244	35,059

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	21	18,523	20,652
Cost of sales		(9,608)	(10,590)
Gross profit		8,915	10,062
Other operating income	22	753	2,965
Distribution expenses		(2,569)	(2,656)
Administrative expenses		(6,523)	(7,376)
Other operating expenses		(337)	(324)
(Loss)/write-back of allowance on trade receivables	5	(23)	231
Finance costs	18	(21)	(32)
Profit before tax	23	195	2,870
Income tax credit	24	30	19
Profit for the year attributable to owners of the Company		225	2,889
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Net fair value loss in equity instruments at FVTOCI		(13)	(17)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign subsidiaries		(11)	(3)
Exchange differences in respect of net assets of a subsidiary reclassified to profit or loss on liquidation		–	56
Net fair value loss in debt instruments measured at FVTOCI		(10)	(50)
Other comprehensive income for the year		(34)	(14)
Total comprehensive income for the year attributable to owners of the Company		191	2,875
Earnings per share (cents)			
Basic and diluted	25	0.22	2.82

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

Group	Note	Share capital	Foreign currency translation reserve	Fair value adjustment surplus	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021		10,251	(87)	110	22,311	32,585
Profit for the year		–	–	–	2,889	2,889
Other comprehensive income for the year		–	53	(67)	–	(14)
Total comprehensive income for the year		–	53	(67)	2,889	2,875
Contributions by and distributions to owners						
Dividends on ordinary shares	26	–	–	–	(3,074)	(3,074)
Total contributions by and distributions to owners		–	–	–	(3,074)	(3,074)
Balance at 30 June 2022 and 1 July 2022		10,251	(34)	43	22,126	32,386
Profit for the year		–	–	–	225	225
Other comprehensive income for the year		–	(11)	(23)	–	(34)
Total comprehensive income for the year		–	(11)	(23)	225	191
Contributions by and distributions to owners						
Dividends on ordinary shares	26	–	–	–	(1,537)	(1,537)
Total contributions by and distributions to owners		–	–	–	(1,537)	(1,537)
Others						
Transfer upon disposal of equity instruments designated as at FVTOCI		–	–	(12)	12	–
Total others		–	–	(12)	12	–
Balance at 30 June 2023		10,251	(45)	8	20,826	31,040

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

Company	Note	Share capital	Fair value adjustment surplus	Retained earnings	Total
		$'000	$'000	$'000	$'000
Balance at 1 July 2021		10,251	110	21,257	31,618
Profit for the year		–	–	2,629	2,629
Other comprehensive income for the year		–	(67)	–	(67)
Total comprehensive income for the year		–	(67)	2,629	2,562
Contributions by and distributions to owners					
Dividends on ordinary shares	26	–	–	(3,074)	(3,074)
Total contributions by and distributions to owners		–	–	(3,074)	(3,074)
Balance at 30 June 2022 and 1 July 2022		10,251	43	20,812	31,106
Profit for the year		–	–	177	177
Other comprehensive income for the year		–	(23)	–	(23)
Total comprehensive income for the year		–	(23)	177	154
Contributions by and distributions to owners					
Dividends on ordinary shares	26	–	–	(1,537)	(1,537)
Total contributions by and distributions to owners		–	–	(1,537)	(1,537)
Others					
Transfer upon disposal of equity instruments designated as at FVTOCI		–	(12)	12	–
Total contributions by and distributions to owners		–	(12)	12	–
Balance at 30 June 2023		10,251	8	19,464	29,723

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	2023	2022
		$'000	$'000
Operating activities			
Profit before income tax		195	2,870
Adjustment for:			
Reversal of impairment loss on club membership	10	–	(8)
Depreciation of plant and equipment	12	257	338
Amortisation on right-of-use assets	13	595	587
(Reversal of)/impairment loss on right-of-use assets	13	(48)	136
Dividend income from financial assets at FVTOCI	11	(62)	(28)
Interest income from financial assets at amortised cost	22	(203)	(36)
Interest income from financial assets at FVTOCI	22	(67)	(68)
Finance costs	18	21	32
Fair value gain on investment properties	14	(54)	(1,425)
Loss/(write-back of) allowance on trade receivables	5	23	(231)
Trade receivables written off		3	–
Allowance for inventories	8	6	57
Inventories written-off	8	87	49
Net foreign exchange gain	23	(11)	(5)
Loss on liquidation of a subsidiary	23	–	56
Gain on disposal of plant and equipment	22	–	(13)
Gain on early termination of leases	18	–	(151)
Gain on disposal of investment property	14	(96)	–
Rental rebates and relief	18	–	(48)
Operating cash flows before changes in working capital		646	2,112
Changes in working capital:			
Trade receivables		(293)	424
Deposits, other receivables and prepayments		420	(309)
Inventories		(379)	(184)
Trade payables		40	79
Other payables		(678)	(391)
Contract liabilities		(33)	3

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	2023	2022
		$'000	$'000
Cash flows generated from operations		(277)	1,734
Interest received		270	104
Income tax paid		(70)	(97)
Net cash flows (used in)/generated from operating activities		(77)	1,741
Investing activities			
Dividend income	11	62	28
Placement of treasury bill		(2,242)	–
Placement of fixed deposit		(6,503)	–
Proceeds on redemption of financial assets at FVTOCI	11	62	–
Purchase of financial assets at FVTOCI		(157)	(214)
Proceeds on disposal of investment property (net)	14	1,996	–
Proceeds on disposal of plant and equipment		–	13
Purchase of plant and equipment	12	(223)	(109)
Net cash flows used in investing activities		(7,005)	(282)
Financing activities			
Dividends paid	26	(1,537)	(3,074)
Payment of principal portion of lease liabilities	18	(657)	(697)
Payment of interest portion of lease liabilities	18	(21)	(32)
Net cash flows used in financing activities		(2,215)	(3,803)
Net decrease in cash and cash equivalents		(9,297)	(2,344)
Cash and cash equivalents at the beginning of the financial year		11,890	14,234
Cash and cash equivalents at the end of the financial year	4	2,593	11,890

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. Corporate information

Noel Gifts International Ltd. is incorporated and domiciled 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 ("SGX-ST").

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, marketing, sales, operations and purchasing strategies and systems.

The principal activities of the subsidiaries are disclosed in Note 9.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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 and Company take 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.

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

2. Summary of significant accounting policies (cont'd)

2.2 ***Adoption of new and amended standards and interpretations***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these new standards did not have any material effect on the financial performance or position of the Group and Company.

2.3 ***Standards issued but not yet effective***

The Group and Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to SFRS(I) 17: Insurance Contracts	1 January 2023
Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 - Comparative information	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation***

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

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

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

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

2.5 ***Transactions with non-controlling interest***

Non-controlling interest represents the equity subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amounts by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency***

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.7 ***Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured 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:

Computers	3 years
Leasehold improvements	3 to 8 years
Furniture and fittings	5 to 8 years
Motor vehicles	5 to 7 years
Equipment	2 to 8 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The impairment of intangible assets are assessed based on the policies disclosed in Note 2.10.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership has an indefinite useful life as the membership has no expiry date.

2.9 ***Investment properties***

Investment properties are properties that are either owned by the Group and Company that are held to earn rental or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs.

2. Summary of significant accounting policies (cont'd)

2.9 ***Investment properties (cont'd)***

Subsequent to initial recognition, investment properties are measured at fair value (i.e., fair value model). Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. The fair values of the Group's and Company's investment properties are revalued at reporting date on a systematic basis based on management's valuation. Management's valuation takes into account valuations from independent professional valuers with reference to recent transactions of similar properties in the vicinity.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.10 ***Impairment of non-financial assets***

The Group and Company assess at each reporting date whether there is an indication that an asset or cash-generating unit may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and Company make an estimate of the asset's or cash-generating unit's recoverable amount.

An asset's or cash-generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, where it would be determined at the cash-generating unit level. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cash flows have not been adjusted.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 ***Impairment of non-financial assets (cont'd)***

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

2.11 ***Subsidiaries***

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

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

2.12 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

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

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

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

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group and Company have debt instruments at amortised cost and fair value through other comprehensive income ("FVTOCI").

(i) Amortised cost

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

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Financial assets measured at FVTOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income and accumulated in the Fair Value Adjustment Surplus is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group and Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("FVTOCI") on an instrument-by-instrument basis. If such election is made, subsequent gains and losses arising from changes in fair value that are recognised in other comprehensive income are accumulated in the Fair Value Adjustment Surplus and 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 from such investments are to be recognised in profit or loss when the Group's and Company's right to receive payments is established.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety other than investments in debt and equity instruments at FVTOCI that are explained separately above, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

Subsequent measurement

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

De-recognition

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

(c) *Offsetting of financial instruments*

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when the Group and Company currently have a legally enforceable right to set off the recognised amounts; and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.13 ***Impairment of financial assets***

The Group and Company recognise a loss allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original effective interest rate.

2. Summary of significant accounting policies (cont'd)

2.13 ***Impairment of financial assets (cont'd)***

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compare 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 and Company consider 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 and Company's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and Company's core operations. The credit risk management and monitoring processes are disclosed in Note 31.

Irrespective of the outcome of the above assessment, the Group and Company presume 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 and Company have reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group and Company assume 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, based on the criteria disclosed in Note 31.

2. Summary of significant accounting policies (cont'd)

2.13 ***Impairment of financial assets (cont'd)***

For trade receivables, the Group and Company apply a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using an established provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor's ability to pay.

The Group and Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company.

The Group and Company recognise an impairment gain or loss in profit or loss for the ECLs (or write-back) required 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 statements of financial position. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and at bank, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.15 ***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. Costs are calculated on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value based on the age, historical and expected future usage of inventories. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

2.16 ***Provisions***

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

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

2.17 ***Leases***

The Group and Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a contract includes lease and non-lease components, the Group and Company apply SFRS(I) 15 to allocate the consideration under the contract to each component.

2. Summary of significant accounting policies (cont'd)

2.17 ***Leases (cont'd)***

As lessee

The Group and Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognise lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets. 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 and Company have not used this practical expedient.

Right-of-use assets

The Group and Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amosrtised starting from the commencement date of the lease on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

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

2. Summary of significant accounting policies (cont'd)

2.17 ***Leases (cont'd)***

As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group and Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and Company and payments of penalties for terminating the lease, if the lease term reflects the Group and Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (using the effective interest method) and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

Short-term leases and leases of low-value assets

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

2. Summary of significant accounting policies (cont'd)

2.17 ***Leases (cont'd)***

As lessor

The Group and Company enter into lease agreements as a lessor with respect to its investment properties. Leases for which the Group and Company are a lessor are classified as finance or operating leases.

Leases in which the Group and Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in the Group's "Revenue" (Note 21) in the consolidated statement of profit or loss and other comprehensive income as such leasing activities form part of the Group's ordinary activities. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned. When a contract includes lease and non-lease components, the Group and Company apply SFRS(I) 15 to allocate the consideration under the contract to each component.

2.18 ***Employee benefits***

Defined contribution plans

The Group and Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 ***Revenue***

The Group recognises revenue from the following major sources:

- Sale of gifts and hampers
- Rental income

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

2. Summary of significant accounting policies (cont'd)

2.19 ***Revenue (cont'd)***

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

Sale of goods (gifts and hampers)

The Group sells flowers and gifts to its customers. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery of the products.

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 contact liability is recognised until the points are redeemed or expire.

Rental income from operating leases

The Group earns rental income from leasing of investment properties held under operating leases (Note 2.17). Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate if appliable.

Dividend income

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

2. Summary of significant accounting policies (cont'd)

2.20 ***Taxes***

(a) *Current income tax*

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

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

(b) *Deferred income tax*

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.20 ***Taxes (cont'd)***

(b) *Deferred income tax (cont'd)*

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (cont'd)

2.20 ***Taxes (cont'd)***

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.21 ***Government grants***

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

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. 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. When the grant relates to an asset, the fair value is recognised as deferred income on the statements of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. Summary of significant accounting policies (cont'd)

2.22 ***Share capital and share issuance expenses***

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

3. Significant accounting judgements and estimates

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

3.1 ***Judgements in applying the accounting policies***

In the process of applying the Group's accounting policies, management is of the opinion that there is no significant judgement made in applying the accounting policies.

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, 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.

The Group and Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

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

Fair value of investment properties

Investment properties are carried at fair values, with changes in fair values being recognised in profit or loss. The Group and Company have engaged the assistance of an independent real estate valuation expert (the "external appraiser") in determining the fair value of investment properties as at reporting date. The external appraiser has determined the fair value of certain investment properties using the market comparable approach as the primary approach that makes reference to recent transactions of similar properties in the vicinity. Management has made reference to the relevant observed market data (i.e., price per square meter) of comparable properties used by the external appraiser to determine the fair value of the remaining investment properties. In determining the fair value, the external appraiser and management has exercised significant judgement in determining the fair values with reference to recent transactions of similar properties in the vicinity, with adjustments made to price per area of comparable properties to account for different attributes such as location, tenure, building size, age and conditions.

The carrying amount of the investment properties based on their fair values at the end of the reporting period and the related information on fair value measurement are disclosed in Notes 14 and 30 to the financial statements.

Allowance for expected credit loss ("ECL") on trade receivables

The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns and historical credit loss experience and rates. The provision matrix is initially based on the Group's and Company's historical observed default rates. The Group and Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information to reflect the forecast economic conditions relevant to the customers. At every reporting date, historical credit loss rates are updated and changes in the forward-looking information are analysed.

3. Significant accounting judgements and estimates (cont'd)

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

<u>Allowance for expected credit loss ("ECL") on trade receivables (cont'd)</u>

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 and Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the trade receivables as at the end of the reporting period is disclosed in Note 5 to the financial statements.

<u>Impairment of plant and equipment and right-of-use assets</u>

The Group and Company assess whether there are any indicators of impairment for plant and equipment and right-of-use assets at each reporting date. Plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cashflows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates are subject to significant estimation uncertainty. The carrying amount of plant and equipment and right-of-use assets are disclosed in Note 12 and 13, respectively to the financial statements.

4. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank and on hand	2,593	2,747	1,878	1,668
Fixed deposits	6,503	9,143	4,834	7,055
Treasury bills	2,242	–	2,242	–
Cash and bank balances	11,338	11,890	8,954	8,723
Less: Treasury bills	(2,242)	–	(2,242)	–
Less: Fixed deposits with maturities of more than 3 months	(6,503)	–	(4,834)	–
Cash and cash equivalents per cash flow statements	2,593	11,890	1,878	8,723

Fixed deposits of the Group and Company bear effective interest at an average rate of 3.82% (2022: 1.01%) and 3.85% (2022: 1.02%) per annum respectively. Fixed deposits qualifies as a cash equivalents only when it has a short maturity of three months or less from the date of acquisition.

Treasury bills of the Group and Company bear effective interest at an average rate of 4.01% (2022: Nil%) per annum.

5. Trade receivables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Third parties	1,473	1,184	809	673
Less: Loss allowances	(358)	(335)	(195)	(189)
	1,115	849	614	484

The average credit period is 30 days (2022: 30 days). Trade receivables are unsecured and interest rate of 1% (2022: 1%) per month is charged on the overdue balance.

Expected credit losses

The movements in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At beginning of the year	335	625	189	333
Charge/(write-back) for the year	23	(231)	4	(119)
Written-off	–	(59)	–	(25)
At end of the year	358	335	195	189

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

6. Amounts due from subsidiaries Amounts due to subsidiaries

	Company	
	2023	**2022**
	$'000	$'000
Amounts due from subsidiaries (trade)	–	54
Amounts due from subsidiaries (non-trade)	143	191
Less: Loss allowance	(132)	(92)
	11	99
Total amount due from subsidiaries	11	153
Amounts due to subsidiaries (trade)	30	–
Amounts due to subsidiaries (non-trade)	1,253	1,004
Total amount due to subsidiaries	1,283	1,004

Amounts due from subsidiaries (trade) are unsecured and have an average credit period of 30 days (2022: 30 days). No interest is charged on outstanding balances.

Amounts due from and to subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

6. Amounts due from subsidiaries
Amounts due to subsidiaries (cont'd)

Expected credit losses

The movements in allowance for expected credit losses of amounts due from subsidiaries (non-trade) computed based on lifetime ECL was as follows:

	Company	
	2023	2022
	$'000	$'000
At beginning of the year	92	92
Charge for the year	40	–
At the end of the year	132	92

Amounts due from and to subsidiaries subject to offsetting agreements are as follows:

Company	Gross carrying amounts before offsetting	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	$'000	$'000	$'000
2023			
Amounts due from subsidiaries	143	(132)	11
Amounts due to subsidiaries	(1,415)	132	(1,283)
2022			
Amounts due from subsidiaries	206	(53)	153
Amounts due to subsidiaries	(1,057)	53	(1,004)

7. Deposits, other receivables and prepayments

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Financial assets:				
Deposits	433	856	421	830
Other receivables	34	44	25	40
	467	900	446	870
Non-financial assets:				
Prepayments	104	91	86	60
	571	991	532	930
Current	366	769	327	708
Non-current	205	222	205	222
	571	991	532	930

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

Deposits relate to security deposits refundable upon expiration of lease arrangements.

8. Inventories

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Liquor	955	700	758	561
Gifts and accessories	875	844	639	612
	1,830	1,544	1,397	1,173

	Group	
	2023	2022
	$'000	$'000
Consolidated statement of profit or loss and other comprehensive income		
Inventories recognised as an expense in cost of sales	6,823	7,873
Inclusive of:		
- Allowance for inventories	6	57
- Inventories written-off	87	49

9. Subsidiaries

	Company	
	2023	2022
	$'000	$'000
Unquoted equity shares, at cost	3,738	3,738
Less: Allowance for impairment	(653)	(641)
	3,085	3,097

9. Subsidiaries (cont'd)

Movement in allowance for impairment on investment in subsidiaries was as follows:

	Company	
	2023	**2022**
	$'000	$'000
At beginning of the year	641	641
Charge for the year	12	–
At end of the year	653	641

The details of the subsidiaries are as follows:

Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2023	**2022**
Held by the Company				
Humming Flowers & Gifts Pte. Ltd. (1)	Singapore	Selling of hampers, flowers and gifts	100	100
Noel Hampers & Gifts (Johore) Sdn. Bhd. (2)	Malaysia	Selling of hampers, flowers and gifts	90	90
Noel Property Development Pte. Ltd. (3)	Singapore	Dormant	100	100
Noel Gifts (Chengdu) Co., Ltd (3)	People's Republic of China	Dormant	100	100
Gift Collective Pte. Ltd. (1)	Singapore	Engage in retail sale via Internet and wholesale trade of a variety of goods	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

9. Subsidiaries (cont'd)

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by UHY, Malaysia.
(3) Not required to be audited as the Company is dormant.

There were no subsidiaries that have non-controlling interests that is material to the Group.

10. Club membership

	Group and Company	
	2023	**2022**
	$'000	$'000
Club membership, at cost	208	208

Club membership represents management's right-of-use of facilities at selected establishments that has no expiry date.

Movement in allowance for impairment on club membership was as follows:

	Group and Company	
	2023	**2022**
	$'000	$'000
At beginning of the year	–	8
Reversal	–	(8)
At end of the year	–	–

The carrying amount reflect management's best estimate of its realisable value less cost to sell. During the year ended 30 June 2022, impairment loss of $8,000 was reversed due to increase in market prices.

11. Financial assets at fair value through other comprehensive income

	Group and Company	
	2023	2022
	$'000	$'000
At fair value through other comprehensive income:		
- Equity instruments (quoted)	1,728	1,647
- Debt instruments (quoted)	986	995
Total financial assets at FVTOCI	2,714	2,642

The investments offer the Group and Company the opportunity for return through interest income, dividends and capital gains. During the financial year ended 30 June 2023, a fair value loss of $23,000 (2022: $67,000) was recorded in the other comprehensive income.

Investment in equity instruments at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group and Company	
	2023	2022
	$'000	$'000
Quoted equity instruments at FVTOCI		
- Ascendas Real Estate Investment Trust	331	331
- Comfortdelgro Corporation Ltd	52	56
- Mapletree North Asia Comm REIT Units	–	62
- Netlink NBN Trust	257	243
- Oversea-Chinese Bank Corporation Limited	63	58
- DBS Group Holdings Ltd	33	31
- United Overseas Bank Limited	56	52
- Singapore Airlines Ltd	71	51
- Singapore Telecommunications Limited	25	25
- Frasers Property Treasury Pte Ltd	594	490
- GLL IHT Pte Ltd	246	248
	1,728	1,647

11. Financial assets at fair value through other comprehensive income (cont'd)

Investment in equity instruments at fair value through other comprehensive income (cont'd)

The Group and Company have elected to measure these equity securities at FVTOCI due to the Group's and Company's intention to hold these equity securities for long-term capital appreciation and dividend income.

During the year, the Group recognised dividend income of $62,000 (2022: $28,000) (Note 22) from its equity instruments at FVTOCI.

During the year ended 30 June 2023, the Group and Company redeemed of its investment in equity instruments of Mapletree North Asia Comm REIT Units. The fair value at the date of derecognition amounted to $62,000. The cumulative gain arising from the disposal amounted to $12,000 and were transferred from fair value adjustment surplus to retained earnings.

Investment in debt instruments at fair value through other comprehensive income

The debt instruments include listed redeemable medium-term notes and bonds that bears fixed interest rates ranging from 3.035% to 4.150% (2022: 3.035% to 4.150%) per annum.

These investments are held by the Group and Company 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, these investments are classified as at FVTOCI.

12. Plant and equipment

Group	Computers	Leasehold improve-ments	Furniture and fittings	Motor vehicles	Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 July 2021	2,464	651	287	1,585	570	5,557
Additions	47	42	1	–	27	117
Disposals	(24)	(108)	(10)	(10)	(41)	(193)
Written-off	(1)	–	–	(1)	–	(2)
At 30 June 2022 and 1 July 2022	2,486	585	278	1,574	556	5,479
Additions	186	32	–	–	37	255
Disposals	(12)	(3)	–	–	(114)	(129)
Translation difference	(4)	(1)	(1)	(1)	(1)	(8)
At 30 June 2023	2,656	613	277	1,573	478	5,597
Accumulated depreciation:						
At 1 July 2021	2,296	614	283	1,187	512	4,892
Depreciation	125	19	5	168	21	338
Disposals	(24)	(108)	(10)	(10)	(41)	(193)
Written-off	(2)	(1)	–	(1)	–	(4)
At 30 June 2022 and 1 July 2022	2,395	524	278	1,344	492	5,033
Depreciation	97	29	–	106	25	257
Disposals	(12)	(3)	–	–	(114)	(129)
Translation difference	(4)	(1)	(1)	(1)	(1)	(8)
At 30 June 2023	2,476	549	277	1,449	402	5,153
Net carrying amount:						
At 30 June 2023	180	64	–	124	76	444
At 30 June 2022	91	61	–	230	64	446

12. Plant and equipment (cont'd)

Company	Computers	Leasehold improvements	Furniture and fittings	Motor vehicles	Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 July 2021	2,265	627	218	1,032	345	4,487
Additions	40	42	–	–	15	97
Written off	(24)	(108)	(10)	–	(21)	(163)
At 30 June 2022 and 1 July 2022	2,281	561	208	1,032	339	4,421
Additions	166	32	–	–	36	234
Disposals	(8)	(3)	–	–	(54)	(65)
At 30 June 2023	2,439	590	208	1,032	321	4,590
Accumulated depreciation:						
At 1 July 2021	2,101	594	210	786	294	3,985
Depreciation	112	18	4	107	20	261
Written-off	(24)	(108)	(10)	–	(21)	(163)
At 30 June 2022 and 1 July 2022	2,189	504	204	893	293	4,083
Depreciation	80	28	3	56	21	188
Disposals	(8)	(3)	–	–	(54)	(65)
At 30 June 2023	2,261	529	207	949	260	4,206
Net carrying amount:						
At 30 June 2023	178	61	1	83	61	384
At 30 June 2022	92	57	4	139	46	338

Additions during the year include an amount for reinstatement costs capitalised of $32,000 (2022: $8,000) for the Group and Company (Note 16).

13. Right-of-use assets

The Group and the Company lease their offices, warehouses and retail outlets. The lease terms ranges from one to three years (2022: one to three years). The Group and Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are disclosed in Note 18.

The Group and Company also have certain leases of equipment with lease terms of 12 months or less. The Group and Company apply the "short-term lease" recognition exemptions for these leases.

Group and Company	**Offices**	**Warehouses**	**Retail Outlets**	**Total**
	$'000	$'000	$'000	$'000
Cost:				
At 1 July 2021	1,630	128	1,189	2,947
Additions	–	95	287	382
End of leases	–	(128)	–	(128)
Early termination	–	–	(1,015)	(1,015)
At 30 June 2022 and 1 July 2022	1,630	95	461	2,186
Additions	–	277	92	369
End of leases	–	(95)	(174)	(269)
At 30 June 2023	1,630	277	379	2,286
Accumulated amortisation:				
At 1 July 2021	768	69	657	1,494
Amortisation	384	66	137	587
End of leases	–	(128)	–	(128)
Early termination	–	–	(655)	(655)
At 30 June 2022 and 1 July 2022	1,152	7	139	1,298
Amortisation	384	98	113	595
End of leases	–	(95)	(166)	(261)
At 30 June 2023	1,536	10	86	1,632

13. Right-of-use assets (cont'd)

Group and Company	**Offices**	**Warehouses**	**Retail Outlets**	**Total**
	$'000	$'000	$'000	$'000
Accumulated impairment:				
At 1 July 2021	–	–	354	354
Charge for the year	–	–	136	136
Early termination	–	–	(330)	(330)
At 30 June 2022 and 1 July 2022	–	–	160	160
Write-back for the year	–	–	(48)	(48)
End of leases	–	–	(8)	(8)
At 30 June 2023	–	–	104	104
Net carrying amount:				
At 30 June 2023	94	267	189	550
At 30 June 2022	478	88	162	728

During the year, the Group and Company carried out a review of the recoverable amount of its right-of-use assets of certain cash generating units ("CGUs") i.e., retail outlets within the Gifts segment which had been loss-making. The review led to the recognition of reversal of impairment loss of $48,000 (2022: impairment loss of $136,000) during the year recognised in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

The recoverable amount of the CGUs that contained these right-of-use assets has been determined based on its value-in-use and a discount rate of 9.0% (2022: 9.0%) was used. A reasonable change in management's assumptions of revenue growth rates, gross margin and discount rate used would not result in a significant change recoverable amount of the CGUs.

14. Investment properties

Investment properties held by the Group and Company are as follows:

	Note	Group and Company 2023	2022
		$'000	$'000
Statements of financial position			
At beginning of the year		16,558	15,133
Disposal during the year		(1,900)	–
Fair value gain on investment properties	22	54	1,425
At end of the year		14,712	16,558
Comprises:			
Leasehold property		14,712	14,658
Freehold properties		–	1,900
		14,712	16,558

The property rental income earned by the Group from its investment properties that are leased out under operating leases, amounted to $517,000 (2022: $456,000) (Note 21).

Direct operating expenses arising on the investment properties that generated rental income in the year amounted to $159,000 (2022: $162,000). There are no non-rental generating investment properties during the year ended 30 June 2023 and 2022.

The Group and Company have no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14. Investment properties (cont'd)

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 30 June 2023 and 2022 by an external appraiser and management. The valuations by the external appraiser were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation approach, techniques and inputs used by the external appraiser and management are disclosed in Notes 3.2 and 30. At 30 June 2023, 3 (2022: 3) industrial units were valued by external appraiser and 7 (2022: 7) industrial units were valued by management.

During the year ended 30 June 2023, the Group and Company disposed its investment property located at 33 Rochester Drive, Singapore, for a net consideration of $1,996,000. Gain on disposal of $96,000 was recognised in "Other operating income" in the consolidated statement of profit or loss and other comprehensive income.

Investment properties held by the Group and Company are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
50 Playfair Road (10 units), Singapore	Industrial	Freehold	N.A.

Group and Company as lessor

The Group and Company have entered into operating leases on its investment properties with lease terms of between one to two years (2022: one to two 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 and there are no variable rent arrangements with lessees.

14. Investment properties (cont'd)

Group and Company as lessor (cont'd)

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group and Company	
	2023	**2022**
	$'000	$'000
No later than one year	342	424
Later than one year but not later than five years	52	209
	394	633

15. Trade payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Third parties	435	395	400	312
GST payables, net	109	109	93	87
	544	504	493	399

Trade payables are unsecured, non-interest bearing with credit terms ranging from 30 to 60 days (2022: 30 to 60 days). No interest is charged on the trade payables.

16. Other payables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial liabilities:				
Accrued operating expenses	874	1,458	685	1,128
Remuneration payable to directors	31	24	31	24
Tenancy deposits	87	110	87	110
Sundry payables	92	140	78	111
	1,084	1,732	881	1,373
Non-financial liabilities:				
Provision for reinstatement costs	179	147	179	147
Deferred grand income	8	39	5	31
	187	186	184	178
	1,271	1,918	1,065	1,551
Current	1,107	1,786	901	1,419
Non-current	164	132	164	132
	1,271	1,918	1,065	1,551

Deferred grand income comprises grant received for the purpose of plant and equipment and is amortised over the periods necessary to match the depreciation of plant and equipment purchased with the related grants.

16. Other payables (cont'd)

The movement of provision for reinstatement costs is as follows:

	Note	Group and Company 2023	Group and Company 2022
		$'000	$'000
At beginning of the year		147	179
Addition	12	32	8
Utilisation		–	(40)
At end of the year		179	147
Current		15	15
Non-current		164	132
		179	147

Provision for reinstatement costs relate to the estimated costs to be incurred to restore the current leased premises to its original condition at the end of the tenure of the lease in 2024 to 2026 (2022: 2023 to 2025).

17. Contract liabilities

The Group and Company have recognised the revenue related contract liabilities in relation to customer loyalty programme and customer advances.

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Receipts from customers	47	68	25	24
Customer loyalty points	41	53	30	32
	88	121	55	56

18. Lease liabilities

Group and Company as lessee

Maturity analysis of lease liabilities is disclosed in Note 31.

<u>Reconciliation of liabilities arising from financing activities</u>

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

		Group and Company	
	Note	**2023**	**2022**
		$'000	$'000
At beginning of the year		913	1,457
Lease payments		(678)	(729)
Non-cash changes:			
- Additions		369	382
- Early termination		–	(181)
- Accretion of interest		21	32
- Rental rebates and relief	22	–	(48)
At end of the year		625	913
Current		417	624
Non-current		208	289
		625	913

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18. Lease liabilities (cont'd)

Group and Company as lessee (cont'd)

Amounts recognised in profit or loss

	Note	Group 2023	Group 2022
		$'000	$'000
Amortisation of right-of-use assets	13	595	587
Interest expense on lease liabilities		21	32
Gain on early termination of leases		–	(151)
(Reversal of)/impairment loss on right-of-use assets	13	(48)	136
Rental rebates and relief	22	–	(48)
Lease expense not recognised in lease liabilities			
- Expense relating to short-term leases (included in cost of sales)		95	85
- Expense relating to variable lease payments not recognised in lease liabilities		44	37
		707	678

Total cash outflow

The Group had total cash outflow for leases of $817,000 (2022: $851,000) in respect of lease liabilities recognised, payment for short-term leases and variable lease payments.

Variable lease payments

The lease for certain retail outlets contains variable lease payments that are based on a percentage of sales generated by the outlets ranging from 10% to 15% (2022: 10% to 15%), on top of fixed payments. These variable lease payments are recognised in the consolidated statement of profit or loss and other comprehensive income when incurred.

18. Lease liabilities (cont'd)

Group and Company as lessee (cont'd)

Extension options not included in recognition of right-of-use assets and lease liabilities at the end of the reporting period

The Group and Company have several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and Company's business needs.

	Group and Company	
	2023	**2022**
	$'000	$'000
Gross lease payments for extension options not expected to be exercised		
- Within one year	–	12
- Two to five years	1,942	1,844
- More than five years	–	55
	1,942	1,911

19. Deferred tax assets

Deferred tax prior to offsetting of balance within the same tax jurisdiction as at 30 June relates to the following:

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities):				
Provisions	142	66	76	6
Leases	13	32	(19)	34
Differences in tax and book depreciation of plant and equipment	(62)	(63)	1	29
Others	9	–	9	–
Net deferred tax assets	102	35		
Deferred tax credit			67	69

	Company	
	Statement of financial position	
	2023	2022
	$'000	$'000
Deferred tax assets/(liabilities):		
Provisions	112	38
Leases	13	31
Differences in tax and book depreciation of plant and equipment	(51)	(44)
Others	9	–
Net deferred tax assets	83	25

20. Share capital, Fair value adjustment surplus

Share capital

	Group and Company			
	2023		2022	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
Issued and paid up:				
At beginning and end of year	102,476,024	10,251	102,476,024	10,251

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

Fair value adjustment surplus

Fair value adjustment surplus represents the cumulative fair value changes of financial assets at FVTOCI until they are disposed of or impaired.

21. Revenue

Disaggregation of revenue

		Group	
	Note	2023	2022
		$'000	$'000
Sale of gifts and hampers, recognised at point in time		18,006	20,196
Rental income, recognised on straight-line basis over the lease term	14	517	456
		18,523	20,652

21. Revenue (cont'd)

Contract liabilities

As at 30 June 2023, 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 disclosed in Note 17 to the financial statements. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract, which is expected to occur in the following year.

22. Other operating income

		Group	
	Note	**2023**	**2022**
		$'000	$'000
Government grants			
- Job Support Scheme ("JSS")		–	870
- Rental rebates and relief	18	–	48
- Wage Credit Scheme		10	95
- Job Growth Scheme		105	97
- Senior Employment Credit		3	12
- Others		151	105
Dividend income from financial assets at FVTOCI	11	62	28
Interest income from financial assets at amortised cost		203	36
Interest income from financial assets at FVTOCI		67	68
Gain on disposal of plant and equipment		–	13
Gain on disposal of right-of-use assets (early termination of leases)	18	–	151
Gain on disposal of investment property	14	96	–
Fair value gain on investment properties	14	54	1,425
Others		2	17
		753	2,965

23. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group 2023	Group 2022
		$'000	$'000
Employee benefit expense (including directors' remuneration)		6,435	7,494
Cost of defined contribution plans included in employee benefit expense		662	755
Audit fees:			
- Auditor of the Company		106	100
- Other auditors		2	2
Non-audit fees:			
- Auditor of the Company		15	16
Directors' remuneration:			
- Directors of the Company		514	718
- Other directors		39	49
Directors' fees		126	91
Reversal of impairment loss on club membership	10	–	(8)
Depreciation of plant and equipment	12	257	338
Amortisation of right-of-use assets	13	595	587
(Reversal of)/impairment loss on right-of-assets	13	(48)	136
Loss/(write-back of) allowance on trade receivables	5	23	(231)
(Write-back of)/allowance for inventories	8	(13)	57
Inventories written-off	8	109	49
Net foreign exchange gain		(11)	(5)
Loss on liquidation of a subsidiary		–	56

24. Income tax credit

Major components of income tax credit

The major components of income tax credit for the year ended 30 June 2023 and 2022 are:

	Group	
	2023	**2022**
	$	$
	$'000	$'000
Current income tax:		
- Current year	16	44
- Under provision in respect of prior year	21	6
	37	50
Deferred tax		
- Origination and reversal of temporary differences	3	47
- Over provision in respect of prior year	(70)	(116)
	(67)	(69)
Income tax credit recognised profit or loss	(30)	(19)

24. Income tax credit (cont'd)

Major components of income tax credit (cont'd)

Relationship between tax credit and accounting profit

A reconciliation between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2023 and 2022 were as follows:

	Group	
	2023	**2022**
	$'000	$'000
Profit before tax	195	2,870
Income tax expense at statutory tax rate of 17% (2022: 17%)	33	488
Non-deductible expenses	23	40
Income not subject to tax	(26)	(386)
Over provision in prior years	(49)	(110)
Effect of partial tax exemption	(14)	(35)
Tax incentives and rebates	–	(23)
Others	3	7
Income tax credit recognised profit or loss	(30)	(19)

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25. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the years ended 30 June 2023 and 2022:

	2023	2022
Profit for the year attributable to owners of the Company used in the purpose of computation of basic and diluted earnings per share ($'000)	225	2,889
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share ('000)	102,476	102,476
Earnings per share (cents)		
- Basic and diluted	0.22	2.82

26. Dividends

	Group and Company	
	2023	**2022**
	$'000	$'000
Dividends on ordinary shares paid during the year:		
First and final exempt (one-tier) dividend for 2022: 0.3 cents (2021: 0.3 cents) per ordinary share	307	307
Special exempt (one-tier) dividend for 2022: 1.2 cents (2021: 2.7 cents) per ordinary share	1,230	2,767
	1,537	3,074
Proposed dividends on ordinary shares not recognised as a liability as at 30 June:		
First and final exempt (one-tier) dividend for 2023: Nil cents (2022: 0.3 cents) per ordinary share	–	307
Special exempt (one-tier) dividend for 2023: 0.6 cents (2022: 1.2 cents) per ordinary share	615	1,230
	615	1,537

Proposed 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.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

27. Segment information

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.

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 and the Properties segment relates to property investment.

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	$'000	$'000	$'000
2023			
Revenue	18,006	517	18,523
Result:			
Segment result	(529)	157	(372)
Other operating income	474	96	570
Fair value gain on investment properties	–	54	54
Finance costs	(21)	–	(21)
Unallocated other operating income			62
Unallocated interest income			67
Unallocated other expense			(165)
Profit before income tax			195
Income tax credit			30
Profit for the year			225
Other information:			
Capital expenditure on plant and equipment	255	–	255
Depreciation on plant and equipment	256	1	257
Amortisation on right-of-use assets	595	–	595
Allowance on trade receivables	23	–	23
Reversal of Impairment loss on right-of-use assets	(48)	–	(48)

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	$'000	$'000	$'000
2023			
Asset:			
Segment asset	4,478	14,953	19,431
Deferred tax assets			102
Unallocated assets			14,051
Total assets			33,584
Liabilities:			
Segment liabilities	2,334	194	2,528
Income tax payable			16
Total liabilities			2,544

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	$'000	$'000	$'000
2022			
Revenue	20,196	456	20,652
Result:			
Segment result	(58)	141	83
Other operating income	1,433	11	1,444
Fair value gain on investment properties	–	1,425	1,425
Finance costs	(32)	–	(32)
Unallocated other operating income			28
Unallocated interest income			68
Unallocated other expense			(146)
Profit before income tax			2,870
Income tax credit			19
Profit for the year			2,889
Other information:			
Capital expenditure on plant and equipment	117	–	117
Depreciation on plant and equipment	333	5	338
Amortisation on right-of-use assets	587	–	587
Write-back of allowance on trade receivables	(231)	–	(231)
Impairment loss on right-of-use assets	136	–	136
Gain on early termination of leases	(151)	–	(151)

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	$'000	$'000	$'000
2022			
Asset:			
Segment asset	4,559	16,766	21,325
Deferred tax assets			35
Unallocated assets			14,531
Total assets			35,891
Liabilities:			
Segment liabilities	3,613	(157)	3,456
Income tax payable			49
Total liabilities			3,505

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Singapore	18,280	20,395	15,907	17,954
Malaysia	243	257	4	–
Total	18,523	20,652	15,911	17,954

28. Related party transactions

Significant transactions with subsidiaries:

	Company	
	2023	**2022**
	$'000	$'000
Sale of goods	(260)	(182)
Purchase of goods	83	75
Management fee	(544)	(981)
Franchisee fee	(14)	(14)
SAP maintenance fee	(55)	(55)
Rental income	288	(309)
Expenses borne on behalf with recharges	1,633	1,553

Compensation of directors and key management personnel

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

	Group	
	2023	**2022**
	$'000	$'000
Short-term benefits	1,058	1,336
Defined contribution plans	49	71
	1,107	1,407

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

29. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets and liabilities by category were as follows:

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
Financial assets					
Cash and bank balances	4	11,338	11,890	8,954	8,723
Trade receivables	5	1,115	849	614	484
Amounts due from subsidiaries	6	–	–	11	153
Deposits and other receivables	7	467	900	446	870
Total financial assets at amortised cost		12,920	13,639	10,025	10,230
Equity instruments at FVTOCI	11	1,728	1,647	1,728	1,647
Debt instruments at FVTOCI	11	986	995	986	995
Financial assets at FVTOCI		2,714	2,642	2,714	2,642
Financial liabilities					
Trade payables	15	435	395	400	312
Amounts due to subsidiaries	6	–	–	1,283	1,004
Other payables	16	1,084	1,732	881	1,373
Total financial liabilities at amortised cost		1,519	2,127	2,564	2,689

30. Fair value of assets and liabilities

Fair value hierarchy

The Group and Company categorise fair value measurements using a fair value hierarchy that is dependent 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 as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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

30. Fair value of assets and liabilities (cont'd)

Assets and liabilities measured at fair value

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

	Note	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
		$'000	$'000	$'000	$'000
Group and Company					
2023					
Financial assets					
At FVTOCI					
- Equity instruments (quoted)	11	1,728	–	–	1,728
- Debt instruments (quoted)	11	986	–	–	986
		2,714	–	–	2,714
Non-financial assets					
- Investment properties	14	–	–	14,712	14,712
2022					
Financial assets					
At FVTOCI					
- Equity instruments (quoted)	11	1,647	–	–	1,647
- Debt instruments (quoted)	11	995	–	–	995
		2,642	–	–	2,642
Non-financial assets					
- Investment properties	14	–	–	16,558	16,558

There has been no transfer of assets between Levels 1, 2 and 3 during the current and previous financial year.

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 30 Jun $'000	Valuation techniques	Key inputs	Range of inputs
Recurring fair value measurements				
2023				
Investment properties (Note 14)	14,712	Market comparable approach	Transacted price per square metre ("psm") of comparable properties*	Industrial: $6,653 to $7,279 psm
2022				
Investment properties (Note 14)	16,558	*ditto*	*ditto*	Industrial: $6,656 to $7,279 psm Residential: $16,814 psm

* These price metrices are subject to adjustments to account for different attributes such as location, tenure, building size, age and conditions of the property.

A significant increase/(decrease) in price per square metre based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements (cont'd)

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements using significant unobservable inputs (Level 3)	
	2023	**2022**
	$'000	$'000
Group and Company		
Investment properties		
At beginning of the year	16,558	15,133
Disposal during the year	(1,900)	–
Fair value gain on investment properties	54	1,425
At end of the year	14,712	16,558

Fair value gain on investment properties is recognised in "Other operating income" in the consolidated statement of profit or loss and other comprehensive income.

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements (cont'd)

(iii) *Valuation policies and procedures*

The Group's and Company's chief operating decision maker oversees the Group's and Company's financial reporting valuation process and is responsible for setting and documenting the Group's and Company's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's and Company's policy to engage independent real estate valuation expert who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair value measurement* guidance to perform the valuation.

For valuations performed by external appraisers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group and Company) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

30. Fair value of assets and liabilities (cont'd)

Fair value of financial assets and financial liabilities that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Note	Quoted prices in active markets for identical assets (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group and Company					
2023					
Financial assets					
Deposits (non-current)	7	–	–	199	199
2022					
Financial assets					
Deposits (non-current)	7	–	–	215	215

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing arrangements at the end of the financial year.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances, trade receivables, amounts due from subsidiaries, deposits and other receivables (current), trade payables, amounts due to subsidiaries and other payables (current)

The carrying amounts of these balances approximate fair value due to their short-term nature.

31. Financial risk management policies and objectives

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, equity price risk and fair value interest rate risk. The Group and Company are not exposed to significant 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 and equity of the Group and Company materially.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel of the Group and Company. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors.

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

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade receivables (Note 5), deposits and other receivables (Note 7) and investments in debt instruments at FVTOCI (Note 11). The Company is also exposed to credit risks arising from amounts due from subsidiaries (Note 6). The Group and Company have adopted procedures in extending credit terms to counterparties and in monitoring its credit risk. The Group and Company only grant credit to creditworthy counterparties. Cash and cash equivalents are held with creditworthy institutions and is subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The Group's and Company's objectives are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and Company have policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group and Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 120 days past due, which are derived based on the Group's and Company's historical information.

To minimise credit risk and to monitor significant increase in credit risk on an ongoing basis, the Group and Company have developed and maintained the Group's and Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's and Company's own trading records to rate its major customers and other debtors. The Group and Company consider available reasonable and supportive forward-looking information which includes the following indicators:

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

As disclosed in Note 2.13, regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Despite the foregoing, the Group and Company assume 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:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- 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 and Company consider a financial asset to have low credit risk when it has an internal credit risk grading of "Performing" or external credit rating of "investment grade" as per globally understood definition.

The Group and Company regularly monitor 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.

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

- There is significant difficulty of the customer to make settlement
- A breach of contract, such as a default or past due event
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisation

The Group and Company categorise a financial asset for potential write off 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 place under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over a year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The Group's and Company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising (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 > 120 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 Group or Company have no realistic prospect of recovery.	Amount is written off

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The table below details the credit quality of the Group's and Company's financial assets (excluding Cash and bank balances that are subject to immaterial credit loss as explained in the beginning of this section) as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				$'000	$'000	$'000
2023						
Trade receivables	5	Note A	Lifetime ECL (simplified)	1,473	(358)	1,115
Deposits and other receivables	7	Performing	12-month ECL	467	–	467
Debt instruments at FVTOCI	11	Performing	12-month ECL	986	–	986
					(358)	
2022						
Trade receivables	5	Note A	Lifetime ECL (simplified)	1,184	(335)	849
Deposits and other receivables	7	Performing	12-month ECL	900	–	900
Debt instruments at FVTOCI	11	Performing	12-month ECL	995	–	995
					(335)	

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Company				$'000	$'000	$'000
2023						
Trade receivables	5	Note A	Lifetime ECL (simplified)	809	(195)	614
Amounts due from subsidiaries	6	Performing	12-month ECL	11	–	11
Amounts due from subsidiaries	6	In default	Lifetime ECL (credit-impaired)	132	(132)	–
Deposits and other receivables	7	Performing	12-month ECL	446	–	446
Debt instruments at FVTOCI	11	Performing	12-month ECL	986	–	986
					(327)	
2022						
Trade receivables	5	Note A	Lifetime ECL (simplified)	673	(189)	484
Amounts due from subsidiaries	6	Performing	12-month ECL	153	–	153
Amounts due from subsidiaries	6	In default	Lifetime ECL (credit-impaired)	92	(92)	–
Deposits and other receivables	7	Performing	12-month ECL	870	–	870
Debt instruments at FVTOCI	11	Performing	12-month ECL	996	–	996
					(281)	

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

<u>Trade receivables (Note A)</u>

The Group and Company applied the simplified approach to determine lifetime ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns and historical credit loss experience and rates. The provision matrix estimates ECL using 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. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. As the Group's and Company's historical credit loss experience do 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 and Company'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
Group							
2023							
Gross carrying amount	214	143	92	45	187	792	1,473
Loss allowance	–	–	–	–	(19)	(339)	(358)
							1,115
2022							
Gross carrying amount	258	167	74	50	49	586	1,184
Loss allowance	–	–	–	(3)	(2)	(330)	(335)
							849

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For the financial year ended 30 June 2023

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Trade receivables (Note A) (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
Company							
2023							
Gross carrying amount	128	86	58	31	128	378	809
Loss allowance	–	–	–	–	(15)	(180)	(195)
							614
2022							
Gross carrying amount	158	105	46	29	26	309	673
Loss allowance	–	–	–	(3)	(1)	(185)	(189)
							484

Deposits and other receivables

Deposits and other receivables are considered to have low credit risk as there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and Company measured the loss allowance using 12-month ECL and determined that the ECL is immaterial.

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Amounts due from subsidiaries

The amounts due from subsidiaries that are categorised as "Performing" are considered to have low credit risk as the timing of payment is controlled by the holding company taking into account cash flow management within the holding company's group of companies and there has been no significant increase in the risk and probability of default on the amounts due from these subsidiaries since initial recognition after considering their respective financial and liquidity positions, factors that are specific to the subsidiaries and general current and expected economic conditions of the industry in which the subsidiaries operate. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL and the ECL is immaterial to the Company.

The Company has identified certain amounts due from subsidiaries that are categorised as "In default". Management has taken into account the financial position of these 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 $132,000 (2022: $92,000) for these amounts due from subsidiaries.

Debt instruments at FVTOCI

The Group and Company do hold any no collateral over the investments in debt instruments at FVTOCI (Note 11). The Group and Company have considered these investments to have low credit risk. They include those issued by a counterparty with external credit rating of AA- i.e., "investment grade" that do not carry significant risk of credit loss, and those that are not rated i.e. "NR" but the instruments are either issued by or are guaranteed by their holding companies who are large financial stable publicly traded companies. In evaluating the credit risk of NR debt instruments, the Group and Company have assessed the historical default experience and considered various external sources of actual and forecast economic and financial information relevant to the counterparties and their guarantors. These NR instruments have been assigned an internal credit risk grading of "Performing" based on the Group's and Company's assessment. 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 the related expected credit losses are immaterial.

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Exposure to credit risk and credit risk concentration profile

At the end of the reporting period, although the Group's and Company's credit exposure are concentrated in Singapore due to the location of their principal business activities, the Group and Company have no significant concentration of credit risk with any single customer or counterparty. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities. The Group's and Company's objective are to maintain a healthy liquidity position through the maintenance of adequate cash and cash equivalents and placing significant investments in financial assets held for long-term capital appreciation purposes that are relatively liquid in nature such as quoted investments.

The Group's and Company's liquidity risk management policy is to monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and Company's operation and mitigate the effects of fluctuations in cash flows. The Group and Company also use lease contracts as means of managing its financial cash flows.

31. Financial risk management policies and objectives (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	**One to five years**	**Total**
Group	$'000	$'000	$'000
2023			
Trade payables	435	–	435
Other payables	1,084	–	1,084
Lease liabilities	431	211	642
Total undiscounted financial liabilities	1,950	211	2,161
2022			
Trade payables	395	–	395
Other payables	1,732	–	1,732
Lease liabilities	642	294	936
Total undiscounted financial liabilities	2,769	294	3,063

31. Financial risk management policies and objectives (cont'd)

Liquidity risk (cont'd)

<u>Analysis of financial instruments by remaining contractual maturities (cont'd)</u>

	One year or less	One to five years	Total
Company	$'000	$'000	$'000
2023			
Trade payables	400	–	400
Amounts due to subsidiaries	1,283	–	1,283
Other payables	881	–	881
Lease liabilities	431	211	642
Total undiscounted financial liabilities	3,014	211	3,225
2022			
Trade payables	312	–	312
Amounts due to subsidiaries	1,004	–	1,004
Other payables	1,373	–	1,373
Lease liabilities	642	294	936
Total undiscounted financial liabilities	3,331	294	3,625

31. Financial risk management policies and objectives (cont'd)

Equity price risk

Equity price risk is the risk that that fair value of the Group's and Company's financial instruments will fluctuate because of changes in market prices. The Group and Company are exposed to equity price risk arising from its investment in quoted equity instruments at FVTOCI (Note 11) which are held for long-term capital appreciation and dividend income rather than trading purposes. The Group and Company does not actively trade such investments.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the inputs to the valuation model (i.e., quoted priced of the investments) had been 5% (2022: 5%) higher/lower with all other variables held constant, the Group's and Company's fair value adjustment surplus account would increase/decrease by $86,000 (2022: $82,000).

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group and Company are exposed to fair value interest rate risk arising from its investment in quoted debt instruments at FVTOCI (Note 11). The Group does not actively trade such investments.

Sensitivity analysis for fair value interest rate risk

At the end of the reporting period, if the inputs to the valuation model (i.e., quoted priced of the investments) had been 5% (2022: 5%) higher/lower with all other variables held constant, the Group's and Company's fair value adjustment surplus account would increase/decrease by $49,000 (2022: $50,000).

32. Capital management

The Group and Company manage 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 remained unchanged from prior year.

33. Events occurring after the reporting date

On 25 September 2023, the Group and Company entered into a Collective Sale Agreement in relation to a proposed collective sale of a freehold property at 50 Playfair Road, Singapore. The Group and Company own 10 units in the property which recognised as Investment properties on the statement of financial position and relates to the Group's Properties segment. The collective sale is highly uncertain and the classification of the investment property as held for sale and properties segment as discontinued operations depends on the progress of the transaction.

34. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 September 2023.

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 describes 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 separated 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 1967 (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 2023 ("FY2023")

Directors attend and actively participate in Board and Committee meetings. The number of Board Meetings held in FY2023 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	2	2[1]	1	1[1]	1	1[1]
Ms Wong Phui Hong	5	5	2	2[1]	1	1[1]	1	1[1]
Mr Foo Der Rong	5	5	2	2	1	1	1	1
Mr Aric Loh Siang Khee	5	5	2	2	1	1	1	1
Mr Chee Teck Kwong Patrick	5	5	2	2	1	1	1	1

Notes:
1. By invitation.

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, where appropriate, 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. In addition, pursuant to Rule 720(7) of the SGX-ST Listing Manual, the Directors have undergone training on sustainability matters as prescribed by SGX-ST.

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 FY2023, the Board consisted of five qualified members, three of whom were Independent Directors, one of whom was a Non-Independent Non-Executive Director, and the remaining one was an Executive Director. The three Independent Directors made up a majority of the Board of Directors.

Provisions 2.2 and 2.3 of the Code

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 FY2023. 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 pages 5 to 7 of the Annual Report 2023.

With the introduction of Rule 710A of the Listing Rules effective from 1 January 2022, the Board has formulated and implemented a board diversity policy that addresses gender, skills and experience and other relevant aspects of diversity, and has published a copy of its Board Diversity Policy on the Company's website under the Annual Report.

Provision 2.4 of the Code

Under the Board Diversity Policy, the Board considers whether there is an appropriate mix of members of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company. 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, and appointments are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.

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. 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 Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company, attributes and gender (with one female Non-Executive Director on the Board) 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 with reference to the Board Diversity Policy to ensure that the Board has the appropriate mix of skills, knowledge, experience including familiarity in the Company's core markets, age, gender and length of service, and assess the combined factors against the requirements needed to govern and direct the Company's strategic objectives.

The criterion for independence is based on the definition given in the Code and Rule 210(5)(d) of the SGX-ST Listing Manual.

Provisions 2.1 of the Code

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. None of the Independent Directors has served on the Board for more than nine years.

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 situations where the Chairman is conflicted and to ensure that a channel of communication is always available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate pursuant to Provision 3.3 of the Code. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and Managing Director, Executive Director, General Manager or Senior Manager, Finance 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 FY2023 as the Independent Directors comprised a majority of the Board 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 Managing Director since the Company's listing, is in the best position to lead the Board as Chairman and Managing Director.

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 FY2023, 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 officers and is not directly associated with substantial shareholders. The NC comprised of the following directors during FY2023:

Chairman	:	Mr Foo Der Rong (Independent Director)
Member	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Chee Teck Kwong Patrick (Independent Director)

Provisions 1.4 and 4.1 of the Code

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.

Provision 4.4 of the Code

The NC reviews annually the independence declarations made by the Company's Independent Non-executive Directors based on the criterion of independence under the provisions provided in the Code and Rule 210(5)(d) of the SGX Listing Rules (Mainboard). Based on the assessments and with the concurrence of the NC, the Board is of the view that Mr Foo Der Rong, Mr Aric Loh Siang Khee and Mr Chee Teck Kwong Patrick were Independent Directors for FY2023.

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 current Directors of the Company and the date of last re-election for each 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	26 October 2022	n/a	n/a
Ms Wong Phui Hong	Master of Business Administration with Distinction	n/a	Non-Executive	17 Aug 1983	27 October 2021	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	26 October 2022	• Matex International Ltd • SLB Development Ltd	• Aedge Group Limited
Mr Aric Loh Siang Khee	Bachelor of Accountancy (Hons)	Chairman of Audit Committee / Member of Nominating & Remuneration Committees	Non-Executive / Independent	1 Aug 2017	27 October 2021	n/a	• Tee International Ltd
Mr Chee Teck Kwong Patrick	Bachelor of Law (Hons) University of Singapore Solicitor in the Senior Courts of England and Wales Notary Public Commissioner for Oaths	Chairman of Remuneration Committee / Member of Audit & Nominating Committees	Non-Executive / Independent	1 Dec 2021	26 October 2022	• China International Holdings Limited • OneApex Limited • MeGroup Ltd • QAF Limited • Sheng Siong Group Ltd	• CSC Holdings Limited • Hanwell Holdings Limited • Hai Leck Holdings Limited • Ramba Energy Limited (now known as Eneco Energy Limited) • Tat Seng Packaging Group Ltd

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 nine 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 candidates. New Directors will be appointed by the Board after the NC has reviewed and recommended their appointments to the Board. The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the company.

Provision 4.3 of the Code

The Company's Constitution requires one-third of the Directors to retire and subject themselves to re-election by the shareholders at every AGM. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommends that Mr Aric Loh Siang Khee and Ms Wong Phui Hong be nominated for re-election at the forthcoming AGM and the Board had accepted the NC's recommendation.

Provision 4.5 of the Code

The details of the directors seeking re-election are found in Table A set out on pages 181 to 186 of this Annual Report.

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 FY2023, 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 recommendations and suggestions 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 2023 and the results had 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 FY2023. The RC comprised the following directors during FY2023:

Provision 6.2 of the Code

Chairman	:	Mr Chee Teck Kwong Patrick (Independent Director)
Member	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Foo Der Rong (Independent Director)

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

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

(a) a framework of remuneration for the Board and key management personnel; and

Provision 6.1 of the Code

(b) the specific remuneration packages for each director as well as for the key management personnel.

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 FY2023, 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.

The Company has extended Mr Foo Der Rong's and Mr Aric Loh Siang Khee's respective appointment agreements for a further 2 years' respectively, effective from 1 August 2023. In FY2022, Mr Chee Teck Kwong Patrick executed a 2 years' appointment agreement effective from 1 December 2021 with the Company. The Managing Director, Mr Wong Siu Hong Alfred, has executed a renewed 3-years' 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. Ms Wong Phui Hong has executed a Senior Consultant service agreement for 1 year effective from 1 July 2023 with the Company.

The RC will also review the Company's obligation under the service agreement(s) entered into with the Executive Director(s) 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 Director(s) and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Director(s) owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director(s) 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 FY2023 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	-	82%	8%	10%	100%
Below S$250,000					
Wong Phui Hong	20%	-	-	80%	100%
Aric Loh Siang Khee	100%	-	-	-	100%
Foo Der Rong	100%	-	-	-	100%
Chee Teck Kwong Patrick	100%	-	-	-	100%

Key Management Personnel	Salary and benefit (inclusive of Employer's CPF)	Bonus (inclusive of Employer's CPF)	Other Benefits	Total
Below S$250,000				
Bernadette Kwan	98%	1%	1%	100%
Wong Lai Kuan, Kim	93%	0%	7%	100%
Chong Yu Ngan (Michelle)	100%	0%	0%	100%
Audrey Allyson Pavanaris	87%	11%	2%	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 FY2023 was S$486,000. In the interest of maintaining confidentiality, good morale and a strong team spirit within the Group, the Company is not disclosing the individual remuneration of the Directors and the top 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 8 to 9 of the Annual Report 2023.

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds S$100,000 for FY2023 are as follows:

Provision 8.2 of the Code

Employee	Family Relationship	Salary and Benefit (inclusive of Employer's CPF)	Bonus inclusive of Employer's CPF	Total
S$100,000 to S$200,000				
Wong Lai Kuan, Kim	Daughter of Alfred Wong (Managing Director)	93%	7%	100%
Wong Ho Meng, Kenneth	Son of Alfred Wong (Managing Director)	81%	19%	100%

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 Managing Director 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 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 2023 and during FY2023.

For FY2023, the Board has received assurances:

a) from the Managing Director and the Senior Manager, Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

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 AC comprised the following three directors, all of whom, including the Chairman, are Independent Directors during FY2023:

Provision 10.2 of the Code

Chairman	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Chee Teck Kwong Patrick (Independent Director)
Member	:	Mr Foo Der Rong (Independent Director)

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

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

The principal functions of the AC are assisting the Board in discharging its statutory responsibilities on financing and accounting matters as follows: Provision 10.1 of the Code

a) reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the financial performance;

b) reviews at least annual the adequacy and effectiveness of the Company's internal controls and risk management systems;

c) reviews the assurance from the Managing Director and the Senior Manager, Finance on the financial records and financial statements;

d) recommends to the Board the appointment and removal of external auditors and their fees and terms of engagement for the shareholders' approval;

e) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;

f) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a 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 meetings held during FY2023. All AC members have met up with the external auditors and internal auditors in the absence of the management team in August 2023.

Provision 10.5 of the Code

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objective and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group.

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

For FY2023, 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 117 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 whistleblowing 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, the AC has reviewed 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.

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 FY2023, based on the reports submitted by Ernst & Young 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 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 sufficient expertise in corporate governance, risk management, internal controls, sustainability reporting and other relevant disciplines. 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.

Provision 10.4 of the Code

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 FY2023 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 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 FY2023, 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

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

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 FY2023 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 Chee Teck Kwong Patrick	1

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

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

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary[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 a proxy(ies), in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Provision 11.4 of the Code

[1] A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 SGXNet and 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, 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 Company has established procedures to ensure that all transactions with interested persons or related persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Mainboard Rule 920.

The aggregate value of interested person transactions entered into during year under review is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Mdm Wong Phui Hong (Non-Executive Director)	S$120,000[1]	Not applicable

Note:

1. The consultancy fee pursuant to a consultancy agreement with the Group.

Save for the above, the Group does not have any interested person transaction (excluding transaction less than $100,000) in FY2023 that is discloseable under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

Material Contracts

Save as disclosed, 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. With the assistance of YLA, the Company has developed an enterprise risk management framework to guide management.

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 Aug 1983	1 Aug 2017
Date of last election	27 October 2021	27 October 2021
Age	68	59
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 Non-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	Non-Executive	Non-Executive
Job Title	Non-Executive and Non-Independent 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 190 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?			

	Question	Ms Wong Phui Hong	Mr Aric Loh Siang Khee
(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
	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

BOARD DIVERSITY POLICY

1. Purpose

To set up Noel Gifts International Ltd's ("Noel Gifts" or the "Company") approach to diversity on the appointment and composition of its board of directors ("the Board").

2. Policy Statement

2.1 The Company recognises the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities commensurate with the Company's ever-evolving operating environment. A diverse Board will consist of Directors of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments to the Board are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.

2.2 The Nominating Committee ("Committee") reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors. In reviewing the Board composition, the Committee will:

(a) consider diversity factors in particular, skills, knowledge, experience including familiarity in the Company's core markets, age, gender and length of service, and assess the combined factors against the requirements needed to govern and direct the Company's strategic objectives.

(b) identify and nominate suitable candidates to the Board based on merit and independence, and against objective criteria while paying due regard to the need for diversity on the Board.

3. Objectives

The Board is committed to observe the need for diversity when selecting its members. The contribution each Director brings and the composition thereof provides a good reflection of the range and adequacy of diversity on the Board.

4. Monitoring and Reporting

The Board's assessment of its composition from a diversity perspective is reflected annually under the Corporate Governance section of the Company's Annual Report. This Policy will also be published on the Company's website under the Annual Report.

5. Review of the Policy

The Committee will review the Policy to assess its relevance and effectiveness, when appropriate. Revisions, if necessary, will be recommended to the Board for approval.

STATISTICS OF SHAREHOLDING

As at 18 September 2023

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	12	1.22	360	0.00
100 – 1,000	114	11.63	75,195	0.07
1,001 – 10,000	535	54.59	2,271,210	2.22
10,001 – 1,000,000	302	30.82	14,324,010	13.98
1,000,001 AND ABOVE	17	1.74	85,805,249	83.73
TOTAL	**980**	**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.	WONG HO HON KEITH	5,000,000	4.88
6.	WONG LAI KUAN KIM	5,000,000	4.88
7.	TAN BIAN KIAN	4,500,000	4.39
8.	ROYAL WORLD TRUST PTE LTD	3,905,000	3.81
9.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,700,000	3.61
10.	WONG KOON HONG	3,617,200	3.53
11.	TAN DENG ZHI (CHEN DENGZHI)	2,000,000	1.95
12.	TAN DENG ZHENG (CHEN DENGZHENG)	2,000,000	1.95
13.	TAN GEOK BEE	1,849,500	1.80
14.	LIM YEW LIAN	1,705,250	1.66
15.	DBS NOMINEES (PRIVATE) LIMITED	1,518,450	1.48
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,475,600	1.44
17.	PHILLIP SECURITIES PTE LTD	1,012,550	0.99
18.	WANG TONG PENG @WANG TONG PANG	911,900	0.89
19.	YAP BOH SIM	800,000	0.78
20.	RAFFLES NOMINEES (PTE.) LIMITED	515,950	0.50
	TOTAL	**88,033,099**	**85.90**

STATISTICS OF SHAREHOLDING

As at 18 September 2023

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	28,635,627[2]	27.94
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	10,121,500	9.88	-	-

Notes:

(1) Mr Alfred Wong Siu Hong 's deemed interest comprises 18,000,000 Shares held by following persons
- (i) 8,000,000 held by his wife, Mdm Lim Julian;
- (ii) 5,000,000 held by his daughter Miss Wong Lai Kuan Kim; and
- (iii) 5,000,000 held by his son Mr Wong Ho Hon Keith.

(2) Mdm Lim Julian is deemed to be interested in the shares held by her husband, Mr. Alfred Wong Siu Hong.

(3) Ms Wong Phui Hong's deemed interest comprises 8,500,000 Shares held by following persons:.
- (i) 4,500,000 held by her husband Mr Tan Bian Kian;
- (ii) 2,000,000 held by her son Mr Tan Deng Zhi; and
- (iii) 2,000,000 held by her son Mr Tan Deng Zheng.

(4) Mr Tan Bian Kian is deemed to be interested in the shares held by his wife, Mdm Wong Phui Hong

(5) Mr Wong Koon Hong is deemed to be interested in the shares held by his wife, Mdm Lim Yew Lian.

(6) Mdm Lim Yew Lian is deemed to be interested in the shares held by her husband, Mr. Wong Koon Hong.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 18 September 2023, approximately 24.46% 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		

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Noel Gifts International Ltd. will be held at The Board Room, 21 Ubi Road 1, #03-01, Singapore 408724 on Thursday, 26 October 2023 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.

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 2023 together with the Auditor's Report thereon. **Resolution 1**

2. To declare a special dividend of S$0.006 per ordinary share (one-tier tax exempt) for the financial year ended 30 June 2023. **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; and **Resolution 3**
   (b) Ms Wong Phui Hong, **Resolution 4**

   (See Explanatory Note (i))

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

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$125,000 for the financial year ending 30 June 2024, 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 1967 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 (ii))

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

"That:-

(i) for the purposes of Sections 76C and 76E of the Companies Act 1967 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;

(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 Highest Last Dealt 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.

"**Highest Last Dealt Price**" means highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to an 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 (iii))

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 26 October 2023 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 8 November 2023 for the purpose of determining shareholders' entitlements to a special dividend of S$0.006 per ordinary share (one-tier tax exempt) (the "**Dividend**").

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 8 November 2023 will be registered to determine shareholders' entitlements to the Dividend.

Members whose securities accounts with CDP are credited with ordinary shares as at 5.00 p.m. on 8 November 2023 will be entitled to the Dividend. In respect of shares in securities accounts with CDP, the Dividend will be paid by the Company to CDP which will, in turn, distribute the Dividend to such holders in accordance with its normal practice.

Payment of the Dividend, if approved at the forthcoming AGM, will be made on 17 November 2023.

By Order of the Board

Ong Beng Hong
Lee Yuan
Joint Company Secretaries
Singapore, 10 October 2023

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 an Independent Director, the Chairman of the Audit Committee, a member of the Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Table A of the Corporate Governance Report on page 181 to page 187 of the Annual Report for the detailed information required pursuant to 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 a Non-Executive Director. Please refer to Table A of the Corporate Governance Report on page 181 to page 187 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

(ii) 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.

(iii) 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 2023 are set out in Appendix A and are for illustration only.

NOTES:

1) The members of the Company are invited to attend physically at the Annual General Meeting (the "**Meeting**" or "**AGM**"). **There will be no option for shareholders to participate virtually.** This Notice of AGM and the proxy form, the Annual Report and Appendix to the Notice of Annual General Meeting in relation to the proposed renewal of the share purchase mandate will be despatched to Members.

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

2) Arrangement for participation in the AGM physically.

   Members (including CPF and SRS Investors) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or

   (c) voting at the AGM:

      (i) themselves personally; or

      (ii) through their duly appointed proxy/ies.

   CPF and SRS Investors who wish to appoint the Chairman of the Meeting (and not third party proxy/ies) as proxy are to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 8 below for details.

3) A Member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead.

4) A Relevant Intermediary may appoint more than two 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).

5) A proxy need not be a Member of the Company.

6) A member who wishes to exercise their votes can either vote on the resolutions to be tabled for approval at the AGM in person or submit a Proxy Form to appoint proxy/ies or the Chairman of the Meeting to cast votes on their behalf.

7) Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

8) An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the AGM.

9) The instrument appointing a proxy(ies) 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, that is by 9.00 a.m. on 24 October 2023, failing which, 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. **Members are strongly encouraged to submit completed proxy forms electronically.**

10) The instrument appointing a 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.

11) 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 a 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.

12) Subject to note 8, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

Submission of Questions in Advance:

1) Members (including CPF or SRS investors) may 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 18 October 2023:

   (a) 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

   (b) by email to noelgifts-agm@complete-corp.com.

   Members are strongly encouraged to submit completed questions electronically.

2) 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.

3) 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. The responses to questions from Members will be posted on the SGXNET and the Company's website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) 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 proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (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 2023" at the URL https://www.noelgifts.com/Annual-Report.

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held physically at The Board Room, 21 Ubi Road 1, #03-01, Singapore 408724. Members have no option to participate virtually.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

being a member/members of NOEL GIFTS INTERNATIONAL LTD. (the "**Company**"), hereby appoint:

(a)

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

OR

(b) the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held physically at The Board Room, 21 Ubi Road 1, #03-01, Singapore 408724, on Thursday, 26 October 2023 at 9.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. In the absence of specific direction in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid. All resolutions put to vote at the AGM shall be decided by way of poll.

(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 2023			
2.	To declare 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 re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix its remuneration			
	Special Business			
6.	Approval of Directors' Fees amounting to S$125,000.00 for the financial year ending 30 June 2024, to be paid quarterly in arrears			
7.	Authority to issue shares pursuant to Section 161 of the Companies Act 1967 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 _______________ 2023

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. Each of the resolutions to be put to the vote of the members at the AGM (and at any adjournment thereof) will be voted on by way of poll.
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 2001), 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. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead.
4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A member who is a Relevant Intermediary, entitled to attend and vote at a meeting of the Company may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him (which number or class of shares shall be specified). Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointment.
6. A proxy need not be a member of the Company. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.
7. The instrument appointing a proxy must be submitted to the Company in the following manner:-

   (a) if submitted personally or 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, that is by 9.00 a.m. on 24 October 2023, failing which, the instrument of proxy shall not be treated as valid.
8. Completion and return of this instrument appointing a proxy shall not preclude a member from attending, speaking and voting at the AGM if he/she so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
9. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
11. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

Personal Data Privacy:

By submitting an instrument appointing a proxy/proxies and/or representatives(s), 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 a proxy/proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy/proxies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy/proxies 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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