

APPENDIX DATED 12 OCTOBER 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents herein or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

This is an Appendix to the Notice of Annual General Meeting of the Company (the “**AGM**”) dated 12 October 2021 and is circulated to the shareholders (“**Shareholders**”) of Noel Gifts International Ltd (“**Company**”) together with the annual report of the Company for the financial year ended 30 June 2021 (“**Annual Report**”) and Proxy Form are available on SGXNET, the Company’s corporate website (www.noelgifts.com) and the URL: <https://www.noelgifts.com/Annual-Report>. The purpose of this Appendix is to provide Shareholders with information relating to and seek Shareholders’ approval for the Proposed Change of Auditors **and** the Proposed Renewal of Share Buy-Back Mandate (as defined herein) to be tabled at the AGM.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.



NOEL

NOEL GIFTS INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Registration No. 198303940Z)

APPENDIX A

APPENDIX TO THE NOTICE OF AGM IN RELATION TO

- (1) THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP TO ERNST & YOUNG LLP; AND**
- (2) THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE**

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LETTER TO SHAREHOLDERS

NOEL GIFTS INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 198303940Z)

Board of Directors:

Wong Siu Hong Alfred (Managing Director)
Wong Phui Hong (Executive Director)
Foo Der Rong (Independent, Non-Executive Director)
Aric Loh Siang Khee (Independent, Non-Executive Director)

Registered Office:

21 UBI ROAD 1
#03-0 1
Singapore 408724

12 October 2021

To: The Member of Noel Gifts International Ltd

Dear Sir/Madam

1. INTRODUCTION

The Directors propose to seek the approval of Shareholders at its Annual General Meeting to be held on 27 October 2021 (“**2021 AGM**”) for the following:

- (a) the Proposed Change of Auditors; and
- (b) the Proposed Renewal of the Share Buy Back Mandate (collectively, the “**Proposals**”).

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and explaining the rationale for the Proposals. The notice of 2021 AGM is set out on pages 172 to 182 of the Annual Report.

Shareholders are advised that the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale for the Proposed Change of Auditors

The Company’s existing auditors, Deloitte & Touche LLP, has been auditors of the Group since the financial year ended 30 August 2002. The Directors are of the view that a change of auditors would be a good corporate governance practice as it would enable the Company to benefit from fresh perspectives. Therefore, the Directors are of the opinion that it would be in the interest of the Company to consider a rotation in the present auditors of the Company. Accordingly, the out-going Auditors, Deloitte & Touche LLP will not be seeking re-appointment at the forthcoming AGM of the Company.

The Directors have determined, in consultation with the Audit Committee that the proposal given by Ernst & Young LLP suits the needs of the Company and the Group. The Directors and the Audit Committee have considered various factors, including the adequacy of the resources, the

audit engagements and the experience of Ernst & Young LLP, the number and experience of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts of the Group.

The engagement partner-in-charge from Ernst & Young LLP will be Tan Boon Leong. The scope of audit services to be provided by Ernst & Young LLP will be comparable to the services currently provided by Deloitte & Touche LLP. As such, the Directors are proposing a change of Auditors to Ernst & Young LLP in place of Deloitte & Touche LLP.

Ernst & Young LLP has given its consent to act as auditors of the Company by way of a letter dated 8 October 2021.

The retirement of Deloitte & Touche LLP and the appointment of Ernst & Young LLP as auditors of the Company will take effect upon the approval by the Shareholders at the AGM.

2.2 Confirmation

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST, as amended from time to time (the “**Listing Manual**”):

2.2.1 the outgoing Auditor, Deloitte & Touche LLP, has confirmed that it is not aware of any professional reasons why the new Auditor, Ernst & Young LLP, should not accept appointment as Auditor of the Company;

2.2.2 the Company confirms that there were no disagreements with the outgoing Auditor, Deloitte & Touche LLP, on accounting treatments within the last 12 months;

2.2.3 the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditor that should be brought to the attention of Shareholders; and

2.2.4 the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Ernst & Young LLP as the Auditor of the Company.

2.3 About Ernst & Young LLP

Ernst & Young LLP, registered with ACRA, is one of the largest professional service firms in Singapore, and they audit the most number of listed companies among the Big 4 audit firms in Singapore. Ernst & Young LLP has 132 years of experience providing audit professional services to the Singapore and global markets and employs more than 298,965 people globally. Ernst & Young LLP has the most number of Consumer Products and Retail industry experience with audit clients in Singapore.

The audit partner who will be in charge of the audit is Tan Boon Leong, who is a practising member of the Institute of Singapore Chartered Accountants and a public accountant registered with the Accounting and Corporate Regulatory Authority, and has more than 21 years in a wide range of industries including consumer products, services, real estate, shipping and technology.

For more information about Ernst & Young LLP, please visit https://www.ey.com/en_sg.

3 AUDIT COMMITTEE’S STATEMENT

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommends the same for approval after taking into consideration the suitability of Ernst & Young LLP and the requirements under Rule 712 and Rule 715 of the Listing Manual.

4 THE PROPOSE RENEWAL OF SHARE BUY-BACK MANDATE

4.1 Introduction

The Board of Directors of Noel Gifts International Ltd (the “**Company**”) proposes to seek the approval of the members of the Company (the “**Members**”) at the 2021 AGM for the renewal of the Share Buy-Back Mandate originally approved by the Members at an extraordinary general meeting of the Company held on 24 February 2006, authorizing the directors of the Company (the “**Directors**”) to purchase or otherwise acquire its issued ordinary shares (the “**Shares**”) on the terms of such mandate (the “**2006 Mandate**”). The general mandate was renewed at last Annual General Meeting of the Company held on 23 October 2020 (“**2020 AGM**”).

Reference is made to the Notice of the 2021 AGM dated 12 October 2021 (the “**Notice**”) accompanying the Annual Report of the Company for the financial year ended 30 June 2021 (“**FY2021**”) and the proposed ordinary Resolution 8 in relation to the Renewal of the Share Buy-Back Mandate, which sets the authority and limitations on the Share Buy-Back Mandate.

The purpose of this letter is to provide Members with information relating to the Share Buy-Back Mandate.

4.2 Shareholders’ Approval

The authority contained in the 2006 Mandate was expressed to continue in force until the next annual general meeting of the Company and as such, will be expiring on 23 October 2020, being the date of the 2020 AGM. The general mandate was renewed at previous general meetings of the Company held on 30 October 2006, 26 October 2007, 21 October 2008, 20 October 2009, 19 October 2010, 25 October 2011, 30 October 2012, 29 October 2013, 28 October 2014, 2 October 2015, 25 October 2016, 27 October 2017, 30 October 2018, 30 October 2019 and 23 October 2020. As at the date of this Notice, the Company has not made any purchase or acquisitions of its issued Shares pursuant to the 2006 Mandate.

If approved by the Members at 2021 AGM, the authority conferred by the renewed Share Buy-Back Mandate will take effect from the date of the 2021 AGM and continue in force until the next annual general meeting of the Company or the date that the next annual general meeting of the Company is required by law to be held, unless prior thereto, share buy-backs have been carried out to the full extent mandated or the Share Buy-Back Mandate is varied or revoked by the Company in general meeting. The Share Buy-back Mandate may be put to Members for the renewal at each subsequent annual general meeting of the Company.

As at 15 September 2021 being the latest practicable date prior to the printing of this letter (the “**Latest Practicable Date**”), the Company had in issue 102,476,024 Shares (excluding treasury shares and subsidiary holdings).

4.3 Rationale for the Share Buy-Back Mandate

A Share buy-back programme will provide the Directors of the Company with a cost-efficient, expedient and effective mechanism to:

- (i) return to Members surplus cash which is in excess of the financial requirements of the Group;
- (ii) improve shareholders’ value by enhance the Group’s earnings per share;
- (iii) better manage the Company’s capital structure, dividend payout and cash reserves; and
- (iv) mitigate short-term market volatility and offset the effects of short-term speculation.

Members can be assured that any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate will only be undertaken in circumstances which would not have an adverse effect on the financial position of the Company, after taking into account the amount of surplus cash

available and the prevailing market conditions. No purchase or acquisition of Shares will be made by the Company to the extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, the orderly trading of the Shares, the working capital or gearing ratio of the Group (beyond such levels as the Directors may consider appropriate), or the Company being delisted from the SGX-ST.

4.4 Authority and Limits of the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buy-Back Mandate are the same as that under the 2006 Mandate and are summarised below:-

4.4.1 *Maximum number of Shares*

Only Shares which are issued and fully paid-up may be purchased by the Company.

The total number of Shares which can be purchased or acquired pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of issued ordinary share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date the Share Buy-Back Mandate is approved. It should be noted that the purchases or acquisitions under the Share Buy-Back Mandate may not be carried out to the full limit authorized.

Purely for illustrative purposes, on the basis of 102,476,024 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2021 AGM, not more than 10,247,602 Shares (representing 10% of the Shares (excluding treasury shares and subsidiary holdings) in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

4.4.2 *Duration of authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2021 AGM at which the Share Buy-Back Mandate is approved, up to the earlier of:-

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions pursuant to the Share Buy-Back Mandate is carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Members of the Company in general meeting.

4.4.3 *Manner of purchases or acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

- (i) on-market purchases on the SGX-ST ("**Market Purchases**"); and/or
- (ii) off-market purchases otherwise than on the SGX-ST, in accordance with an equal access scheme, as defined in Section 76C of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through the SGX-ST's Central Limit Order Book ("**CLOB**") trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Members. The Directors may impose such terms and conditions which are consistent with the Share Buy-Back Mandate, the rules contained in the Listing Manual of the SGX-ST (the “**Listing Rules**”) and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all of the following conditions:-

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made;
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, in making an Off-Market Purchase, the Company must, pursuant to the Listing Rules, issue an offer document to all Members which must contain at least the following information:

- (i) terms and conditions of the offer;
- (ii) period and procedure for acceptances;
- (iii) reasons for the proposed share buy-back;
- (iv) consequences, if any, that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
- (v) whether the proposed purchase or acquisition of the Shares could affect the listing of the Shares on the SGX-ST;
- (vi) details of any purchase or acquisition of Shares made by the Company pursuant to the Share Buy-Back Mandate in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) Whether the shares purchased by the Company will be cancelled or kept as treasury shares.

4.4.4 Price Restrictions

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price must not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the “**Maximum Price**”), in either case, excluding related expenses of the purchase.

For the above purposes:

“**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 a Share were recorded, immediately preceding the day of the Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after such five (5) market day period;

“**Closing Market Price**” means the last dealt price for a Share transacted through the SGX-ST’s CLOB trading system as shown in any publication of the SGX-ST or other sources;

“**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;

“**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 Members, stating 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; and

“**Market day**” means a day on which the SGX-ST is open for trading in securities.

4.5 Status of Purchased Shares

4.5.1 Cancellation of Shares

Any Share which is purchased by the Company is deemed cancelled immediately on purchase, and all rights and privileges attached to that Share shall expire on cancellation, unless such Share is held by the Company as a treasury share.

The Company’s total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

4.5.2 Treasury Shares

Under the Companies Act, any Share which is repurchased by the Company may be held as treasury shares. Treasury shares may be, *inter alia*, sold for cash, transferred for the purposes of or pursuant to an employee share option scheme, transferred as consideration for the acquisition of shares in or assets of another company or assets of another person, or cancelled, or sold, transferred or otherwise used for such other purposes as may be prescribed by the Minister for Finance.

As the Company only has one class of Shares, the aggregate number of Shares that may be held as treasury shares shall not at any time exceed 10% of the total number of Shares of the Company at that time.

Any treasury shares held by the Company will not confer upon the Company any right to attend or vote at meetings, nor any right to receive dividends and/or other distributions (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up). The Company may, however, allot treasury shares as fully paid bonus shares, and also subdivide or consolidate any treasury share into treasury shares of a greater or smaller amount as long as the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury shares before the subdivision or the consolidation, as the case may be.

4.6 Source of Funds

Under the Companies Act, any buy-back of Shares may be made out of the Company's capital or profits as long as the Company is solvent.

The Company will use a combination of internal resources and external borrowings to finance the purchases or acquisitions of its Shares.

4.7 Financial Impact

4.7.1 Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

4.7.2 The financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired and the amount (if any) borrowed by the Company to fund the purchase or acquisition.

4.7.3 The possible financial impact of the purchase or acquisition of Shares in the Company pursuant to the Share Buy-Back Mandate on the Group's and Company's financial position is illustrated below:

(a) Market Purchase

For the purposes of illustration, it is assumed that the Company uses external borrowings to finance its share buy-back in a Market Purchase of 10,247,602 Shares (representing 10% of the Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date) and that the Maximum Price is 22.70 cents per Share (being the price equivalent to 105% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded), the funds required for the share buy-back would amount to approximately S\$2,443,000 and attributable interest expenses of approximately S\$53,000 would be incurred.

Based on the above assumptions, the impact of the purchase or acquisition of Shares in the Company undertaken in accordance with the Share Buy-Back Mandate on the Group's and Company's audited financial statements for FY2021, and assuming that the Shares purchased are cancelled, is as follows:

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<u>As at 30 June 2021</u>				
Profit after tax	1,470	1,417	-	-
Shareholder's Funds	32,585	30,089	31,618	29,122
Net Tangible Assets	32,585	30,089	31,618	29,122
Current Assets	17,424	17,424	13,935	13,935
Current Liabilities	3,536	6,032	3,978	6,474
Working Capital	13,888	11,392	9,957	7,461
Total Borrowings	-	2,443	-	2,443
Number of shares (excluding treasury shares and subsidiary holdings)	102,476,024	92,228,422	102,476,024	92,228,422
Financial Ratios				
NTA per share (cents)	31.80	32.62	30.85	31.58
Earnings per share (cents)	1.43	1.54	-	-
Gearing %	-	8	-	8
Current Ratio (times)	4.93	2.89	3.50	2.15

Notes:-

- (1) NTA is Net assets less intangible assets.
- (2) Gearing is equal to total borrowings divided by shareholders' funds.
- (3) Current ratio is equal to current assets divided by current liabilities.

As illustrated above, a Market Purchase of the maximum of 10,247,602 Shares will result in an increase in NTA per Share from 31.80 cents to 32.62 cents and an increase in Earnings per Share from 1.43 cents to 1.54 cents of the Group. The purchase of such Shares will affect working capital and the gearing of the Group and of the Company negatively.

(b) Off-Market Purchase

For the purposes of illustration, it is assumed that the Company uses external borrowings to finance its share buy-back in an Off-Market Purchase of 10,247,602 Shares (representing 10% of the Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date) and that the Maximum Price is 21.50 cents per Share (being the price equivalent to 120% of the Highest Last Dealt Price of a Share immediately preceding the Latest Practicable Date), the funds required for the share buy-back would amount to approximately S\$2,644,000 and attributable interest expenses of approximately S\$57,000 would be incurred.

Based on the above assumptions, the impact of the purchase or acquisition of Shares in the Company undertaken in accordance with the Share Buy-Back Mandate on the Group's and Company's audited financial statements for FY2021, and assuming that the Shares purchased are cancelled, is as follows:

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<u>As at 30 June 2021</u>				
Profit after tax	1,470	1,413	-	-
Shareholder's Funds	32,585	29,884	31,618	28,917
Net Tangible Assets	32,585	29,884	31,618	28,917
Current Assets	17,424	17,424	13,935	13,935
Current Liabilities	3,536	6,237	3,978	6,679
Working Capital	13,888	11,187	9,957	7,256
Total Borrowings	-	2,644	-	2,644
Number of shares (excluding treasury shares and subsidiary holdings)	102,476,024	92,228,422	102,476,024	92,228,422
Financial Ratios				
NTA per share (cents)	31.80	32.40	30.85	31.35
Earnings per share (cents)	1.43	1.53	-	-
Gearing %	-	9	-	9
Current Ratio (times)	4.93	2.79	3.50	2.09

Notes:-

- (1) NTA is Net assets less intangible assets.
- (2) Gearing is equal to total borrowings divided by shareholders' funds.
- (3) Current ratio is equal to current assets divided by current liabilities.

As illustrated above, an Off-Market Purchase of the maximum of 10,247,602 shares will result in an increase in NTA per Share from 31.80 cents to 32.40 cents and an increase in Earnings per Share from 1.43 cents to 1.53 cents of the Group. The purchase of such Shares will affect working capital and the gearing of the Group and the Company negatively.

- 4.7.4 **Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers from the Company's audited financial statements for FY2021, which is not necessarily representative of future financial performance.**
- 4.7.5 **Although the Share Buy-Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**
- 4.7.6 The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share buy-back before execution.

4.7.7 The Directors do not propose to exercise the Share Buy-back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buy-back Mandate will be exercised with a view to enhance the earnings per share and/or the net tangible assets value per Share the Group.

4.8 Tax Implications

Members who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

4.9 Listing Rules

4.9.1 The Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the day of purchase of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual of the SGX-ST) must include details of the total number of shares purchased, the date of purchase, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties, clearing charges, etc.,) paid or payable for the shares.

4.9.2 While the SGX Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing one month before the announcement of the Company’s half year and full year results and ending on the date of the announcement of the results.

4.9.3 The Listing Rules also require a listed company to ensure that at least 10% of any class of its listed securities are, at all times, in the hands of the public. The “public” as defined under the Listing Rules, are persons other than the Directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Rules) of such persons.

4.9.4 As at the Latest Practicable Date, there are approximately 25,230,575 Shares (excluding treasury shares and subsidiary holdings) in the hands of an aggregate of approximately 974 public shareholders, representing 24.62% of the issued share capital of the Company. Assuming that the Company purchases its Shares through Market Purchases to the full 10% limit pursuant to the Share Buy-Back Mandate, the number of Shares in the hands of the public would be reduced to 14,982,973 Shares, representing 16.25% of the issued share capital of the Company. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares in the hands of the public that would permit the Company to potentially undertake purchases or acquisitions of the Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Buy-Back Mandate without adversely affecting the listing status of the Shares on the SGX-ST. The Company will not effect a share buy-back if, immediately following the share buy-back, the continuing shareholding spread requirement prescribed by SGX-ST which is in force at the time of the intended share buy-back cannot be maintained. The Directors will ensure that the share buy-backs will not have an adverse impact on the listing status of the Shares on SGX-ST.

4.10 Take-over Code Implications

- 4.10.1 Pursuant to Appendix 2 of the Take-over Code, when a company buys back its shares, any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Accordingly, if as a result of the Company's purchase or acquisition of Shares under the Share Buy-Back Mandate, a Shareholder or persons acting in concert with the Shareholder, obtains or consolidates effective control of the Company, they could incur an obligation to make a takeover offer for the Company under Rule 14 of the Take-over Code.
- 4.10.2 Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely: (a) a company with any of its directors and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.
- 4.10.3 The circumstances under which Members of the Company, including Directors, and persons acting in concert with them respectively will incur an obligation to make a takeover offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.
- 4.10.4 Unless exempted (or if exempted, if such exemption is subsequently revoked), the Directors and persons (including Members) acting in concert with them will incur an obligation to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by 1% in any period of six (6) months.
- 4.10.5 Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

Based on the Shareholdings of the Directors and substantial shareholders of the Company, as at the Latest Practicable Date, details of which are set out in paragraphs 3 and 4 below, the Share Buy-Back Mandate is not expected to result in any Director or substantial shareholder incurring an obligation to make a general offer for the Shares of the Company under Rule 14 or Appendix 2 of the Take-over Code.

- 4.10.6 Mr Wong Siu Hong Alfred ("**Mr Alfred Wong**"), Mdm Wong Phui Hong and Mr Wong Koon Hong are siblings. As at the Latest Practicable Date, Mr Alfred Wong together with his wife, Mdm Lim Julian, his daughter, Miss Wong Lai Kuan Kim and his son, Mr Wong Ho Hon Keith, have an aggregate interest of approximately 45.51% of the issued share capital of the Company. Mdm Wong Phui Hong, together with her husband, Mr Tan Bian Kian and her two sons, Mr Tan Deng Zhi and Mr Tan Deng Zheng, hold an aggregate interest of approximately 14.96% of the issued share capital of the Company. Mr Wong Koon Hong, together with his wife Mdm Lim Yew Lian, have an aggregate interest of approximately 5.19% of the issued share capital of the Company. As Mr Alfred Wong and his immediate family, Mdm Wong Phui Hong and her immediate family, and Mr Wong Koon Hong and his spouse are deemed as concert parties under the Take-over Code, their shareholdings will be aggregated for the

purposes of Rule 14 of the Take-over Code. Mr Alfred Wong, Mdm Wong Phui Hong and their concert parties therefore hold an aggregate of approximately 65.66% of the issued share capital of the Company.

4.10.7 Based on the existing issued share capital of 102,476,024 Shares as at the Latest Practicable Date, the exercise in full of the Share Buy-Back Mandate would result in the purchase of 10,247,602 Shares. Consequently, the interest of Mr Alfred Wong and his concert parties in the Company may increase to approximately 72.96%. As Mr Alfred Wong, Mdm Wong Phui Hong and their concert parties hold more than 50% of the Company's voting rights, notwithstanding any increase in Mr Alfred Wong's, Mdm Wong Phui Hong's and/or their concert parties' interest in the Company, there is no requirement for Mr Alfred Wong, Mdm Wong Phui Hong and/or their concert parties to make a general offer for the Shares held by other Members under Rule 14 of the Take-over Code. Notwithstanding the aforesaid, the Securities Industry Council of Singapore ("SIC") may, subject to the considerations set out in Note 4 to Rule 14.1 of the Take-over Code, regard as giving rise to an obligation to make an offer, any acquisition by a single member or sub-group of the group acting in concert, of voting rights sufficient to increase his holding to 30% or more, or, if he already holds between 30% and 50%, by more than 1% in any period of six (6) months.

4.10.8 Members who are in doubt as to their obligations, if any, under the Take-over Code to make a general offer, are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity.

4.11 Details of Shares purchased in the previous 12 months

The Company has not purchased any Shares in the twelve (12) months period immediately preceding the Latest Practicable Date.

5. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of Directors in the Shares of the Company as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Companies Act, were as follows:-

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Alfred Wong	28,635,627	27.94	18,000,000	17.57	46,635,627	45.51
Wong Phui Hong	6,831,372	6.67	8,500,000	8.29	15,331,372	14.96

Notes:-

- (1) Based on the total issued and paid-up share capital of the Company of 102,476,024 Shares as at the Latest Practicable Date.
- (2) Mr Alfred Wong'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.
- (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.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the substantial shareholders of the Company as recorded in the Register of Substantial Shareholders pursuant to Section 88 of the Companies Act, were as follows:-

Substantial Shareholders as at 15 September 2021

1	Alfred Wong Siu Hong	28,635,627	27.94%	18,000,000	17.57%	46,635,627	45.51%
2	Julian Lim	8,000,000	7.81%	28,547,127	27.86%	-	0.00%
3	Ivy Wong Phui Hong	6,831,372	6.67%	8,500,000	8.29%	15,331,372	14.96%
4	Tan Bian Kian	4,500,000	4.39%	6,831,372	6.67%	-	0.00%
5	James Wong Koon Hong	3,617,200	3.53%	1,705,250	1.66%	5,322,450	5.19%
6	Lim Yew Lian	1,705,250	1.66%	3,617,200	3.53%	-	0.00%
7	Royal Institute of Construction Economists P/L	9,956,000	9.72%	-	0.00%	9,956,000	9.72%
		<u>63,245,449</u>	<u>61.72%</u>	<u>67,200,949</u>	<u>65.58%</u>	<u>77,245,449</u>	<u>75.38%</u>

Notes:

- Mr Alfred Wong's deemed interest comprises 18,000,000 Shares held by following persons:
 - 8,000,000 held by his wife, Mdm Lim Julian;
 - 5,000,000 held by his daughter Miss Wong Lai Kuan Kim; and
 - 5,000,000 held by his son Mr Wong Ho Hon Keith.
- Mdm Lim Julian is deemed to be interested in the shares held by her husband, Mr. Alfred Wong.
- Ms Wong Phui Hong's deemed interest comprises 8,500,000 Shares held by following persons:
 - 4,500,000 held by her husband Mr Tan Bian Kian;
 - 2,000,000 held by her son Mr Tan Deng Zhi; and
 - 2,000,000 held by her son Mr Tan Deng Zheng.
- Mr Tan Bian Kian is deemed to be interested in the shares held by his wife, Mdm Wong Phui Hong
- Mr Wong Koon Hong is deemed to be interested in the shares held by his wife, Mdm Lim Yew Lian.
- Mdm Lim Yew Lian is deemed to be interested in the shares held by her husband, Mr. Wong Koon Hong.
- The number of Shares and percentage interest held by Royal Institute of Construction set out above is as last notified to the Company and differs from the number of shares and percentage of interest reflected in the 'Top 20 Shareholders' Statistics' maintained by CDP. Under the Securities and Futures Act (Cap. 289), a substantial shareholder's notification obligation only arises upon a change in the percentage level of interests in voting shares of the Company.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Members who are unable to attend the 2021 AGM and wish to appoint a proxy to attend and vote at the 2021 AGM on their behalf will find attached to the Annual Report a proxy form ("**Proxy Form**") which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible

In view of the current COVID-19 situation, the Company will be holding its annual general meeting for FY2021 by electronic means. Shareholders are to participate in the AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of the AGM and/or (c) voting by proxy at the AGM. Shareholders who wish to appoint the Chairman of the AGM as proxy to attend and vote on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and in any event:

- if in hard copy and sent by post, the proxy form must be deposited at the registered office of the Company at 21 Ubi Road 1, #03-01 Singapore 408724, not less than 48 hours before the time appointed for holding the 2021 AGM; or

- (b) if by email, the Proxy Form must be received by the Company at noelgifts-agm@complete-corp.com in either case, not later than 48 hours before the time fixed for the 2021 AGM, and in default the instrument of proxy shall not be treated as valid.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2021 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2021 AGM pursuant to Part IIIAA of the Securities and Futures Act.

Shareholders should refer to the Company's Notice of AGM and announcement dated 12 October 2021 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 27 October 2021" (the "**Announcement**") which has been uploaded on SGXNet for further information, including the steps to be taken by Shareholders to participate at the AGM. The Notice of AGM and the Announcement may also be accessed at the URL <https://www.noelgifts.com/Annual-Report>.

8 DIRECTORS' RECOMMENDATIONS

Having considered the rationale and benefit of the Proposed Change of Auditors, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution in respect of the Proposed Change of Auditors at the AGM.

Having considered the terms and the rationale for the Proposed Renewal of the Share Buy Back Mandate, the Directors are of the opinion that the Proposal Renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution in respect the Proposed Renewal of the Share Buy-Back Mandate, at the 2021 AGM.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material about the Proposed Change of Auditors of the Company, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

10 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 21 Ubi Road 1 #03-00, Singapore 408724 during normal business hours from the date of this Appendix up to the date of the AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for the financial year ended 30 June 2021;
- (c) Notice of Nomination from a shareholder;

- (d) Deloitte & Touche LLP's letter of professional clearance to Ernst & Young LLP dated 8 October 2021; and
- (e) Ernst & Young LLP's letter to the Company in respect of their consent to act as Auditors of the Company dated 8 October 2021.

Yours faithfully
For and on behalf of the Board of Directors of
NOEL GIFTS INTERNATIONAL LTD

Wong Siu Hong Alfred
Managing Director

12 October 2021

7 June 2021

The Board of Directors
Noel Gifts International Ltd
21 Ubi Road
#03-01
Singapore 408724

Dear Sirs

Notice of Nomination

Pursuant to the provision of Section 205 of the Company Act (Chapter 50) of Singapore, I in the capacity as shareholder of Noel Gifts International Ltd (the "Company") hereby gives notice of my nomination of Ernst & Young LLP of One Raffles Quay, North Tower, Level 18 Singapore 048583, for appointment as auditor of the Company in place of the retiring auditor Deloitte & Touche LLP of 6 Shenton Way #33-00 OUE Downtown 2, Singapore 068809 at the forthcoming annual general meeting of the Company.

Yours faithfully



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Ong Hong Hong
Shareholder