NOEL

CONTENTS

ABOUT US

Noel Gifts International Ltd (Noel Gifts) is a 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 42 years, the company has been Bringing People Closer with premium quality gift selections for all occasions. The company began business in 1975 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 the Singapore Stock Exchange, SESDAQ. In 2008, Noel Gifts was listed on the SGX Mainboard.

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

Bringing People Closer, Making Everyday Better.

MANAGING DIRECTOR'S **MESSAGE**

"Though the economic outlook appears uncertain, the Group continues to invest in its own reinvention and renewal, so that it is well-positioned to face new challenges and take on emerging opportunities."

Dear Shareholders

As we move into our 42nd year of business, we are thankful that God has guided us through another year profitably, in an increasingly volatile, uncertain, complex and ambiguous business environment.

Although the SG50 projects have concluded in FY2017, we are honoured to have been awarded the People's Association contract for the design, production, packaging and distribution of gift sets for parents with babies. This is a heartening affirmation and seal of confidence in our capabilities to deliver national scale projects successfully. We are indeed proud to partner Singapore's key institutions in bringing people closer, and making every day better.

Though the economic outlook appears uncertain, the Group continues to invest in its own re-invention and renewal, so that it is well-positioned to face new challenges and take on emerging opportunities.

FINANCIAL REVIEW

For the financial year ended 30 June 2017, the Group's revenue was 31.8% lower at $24.2 million compared to $35.5 million in the previous financial year. The group revenue was lower due to the completion of the SG50 projects and the decline in demand for gifts amid the uncertain economic conditions.

The lower Group revenue was accompanied by a decrease of 22.7% in gross profit to $12.1 million in FY2017 from $15.7 million previously. FY2017 achieved an overall higher gross profit margin compared to FY2016 due to lower margins inherent in the sales related to the SG50 projects.

The Group's total operating expenses, comprising distribution costs, administration expenses and other operating expenses excluding fair value of investment properties, decreased by $1.9 million to $11.2 million from $13.1 million last year. This was mainly contributed by the decrease of manpower costs/staff benefits.

The Group recorded a profit after tax of $1.4 million in FY2017, compared to $1.5 million recorded in FY2016.

MANAGING DIRECTOR'S MESSAGE

OUR MARKETS

In the domestic market, revenue contribution from the SG50 projects tapered as these projects concluded. While we were awarded the People's Association contract in this financial year, the positive contribution to the Group's financial performance will only be seen in the next financial year.

The Group started exploring physical retail in FY2016 to bring our products closer to our customers. While our retail outlet at Changi City Point was closed as part of continuous store rationalization, the Group continues to seek new retail opportunities in specific locations.

The operations in Johore remained profitable but play a relatively minor role within the Group.

BOARD CHANGES

We thank Mr Koh Soo Keong for his invaluable contributions to the Board in the past 18 years. With a keen and clear mind, he brought with him a wealth of corporate governance, new ideas and business contacts to the Group.

He resigned as an Independent Director on 1st Aug 2017 to facilitate the renewal of the Board. We wish the very best in his future endeavors.

Likewise, we thank Mr Freddie Heng for his dedicated service in the past 24 years. His audit and business experiences, integrity, wisdom and attention to details have contributed much to the Group.

He stepped down as Chairman of the Audit and Nominating Committees on 29th Aug 2017 to facilitate the renewal of the Board. He remains a member of both committees. We are truly thankful for his wisdom and guidance for the past 24 years.

We also would like to welcome our incoming independent directors, Mr Foo Der Rong and Mr Aric Loh. Mr Foo will chair both the Remuneration and Nominating Committees, and serve as a member on the Audit Committee. Meanwhile, Mr Loh will chair the Audit Committee and serve as a member in the Remuneration and Nominating Committees.

CRAFTING A BETTER US

This has been a significant year for the Group. With SPRING's help, we have embarked on re-thinking and re-inventing ourselves. We are investing into our human capital, leadership development and instilling of a high performance culture in the Group.

We recognize that consumer expectations and behaviour are being reshaped by technological and generational shifts; therefore we have to craft ourselves anew and become better in every area to remain competitive and relevant.

DIVIDEND

In appreciation of the continued support rendered by all our shareholders, the Group will be declaring a first and final cash dividend of 0.3 cents per ordinary share, and a special dividend of 0.7 cents per ordinary share, subject to shareholders' approval at the upcoming Annual General meeting.

ACKNOWLEDGEMENT

In closing, we would like to express our utmost gratitude to our customers, suppliers, service providers, team members, directors, and shareholders for their staunch support and unwavering belief in us.

Over and above, I would like to dedicate all glory to God for His unfailing guidance, for surely He is our Rock and our Wisdom amid all the uncertainty and headwinds.

Yours sincerely
Alfred Wong Siu Hong
Managing Director

BOARD OF DIRECTORS

Standing L-R
Freddie Heng Kim Chuan
Ivy Tan
Foo Der Rong

Seated L-R
Aric Loh Siang Khee
Alfred Wong Siu Hong

MR ALFRED WONG SIU HONG | Managing Director

Mr Alfred Wong is the founder of Noel Gifts International Ltd, and has been its Managing Director since its commencement. Over 42 years of experience in the hampers, flowers & gifts 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 a Non-Executive Director with effect from 28th September 2007. A cofounder since its inception, Mrs Tan was the Deputy Managing Director overseeing the management of the Gifts division. Her vast experience and knowledge of the industry is commensurate with her long tenure with the company. Mrs Tan continues to provide advice in key strategic planning as an Advisor. She also serves as the Company Secretary. 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 FREDDIE HENG KIM CHUAN | Independent, Non-Executive Director

Mr Freddie Heng has been an Independent Director of the Company since 1993. He served as an Audit Manager in Arthur Andersen & Co. from 1981 to 1984, as a Financial Controller at Noel from 1984 to 1987, and as an Executive Director of Van Der Horst Limited from 1992 to 2000. Since 2000, he has been a Director in his own consultancy company. He is currently a Non-Executive Director in Synertec Corporation Ltd, a company listed on the Australian Stock Exchange and also in TMC Life Sciences Bhd, a company listed on the Kuala Lumpur Stock Exchange. Mr Heng has extensive experience in the areas of financial and operations systems, corporate restructuring as well as mergers and acquisitions. He is a Chartered Accountant and holds a Bachelor of Science (Economics) degree.

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 operations management, in a wide range of industries.

Mr Foo is currently an Executive Director of Tian International Pte Ltd, Non-Executive Director of Southern Lion Sdn Bhd and an Independent Director of Pavillon Holdings Ltd and Matex International Ltd. His previous appointments include being the Managing Director/Chief Executive Officer of Intraco Ltd and Hanwell Holdings Ltd (formerly known as PSC Corporation Ltd) and Executive Director of Tat Seng Packaging Group Ltd. He was the Vice Chairman of Teck Ghee Community Centre and is currently serving as a Patron of Teck Ghee Community Centre.

MR ARIC LOH SIANG KHEE | Independent, Non-Executive Director

Mr Aric Loh was appointed to the Board on 1st August 2017 as an Independent Director of the Company.

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

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

MANAGEMENT TEAM

BERNADETTE KWAN | General Manager

Bernadette joined Noel in 1993. She oversees the management of the Gifts Division, and is responsible for strategic planning, business operations, product development, advertising and promotions, and sales and marketing for Noel in Singapore. Bernadette holds a MBA from the University of Hull.

TOH WEI HONG | General Manager, Business Development

Wei Hong joined Noel in 2016. He is responsible for business development, and oversees the Information Technology Department. Prior joining Noel, Wei Hong held various senior management positions spanning business development, M&A, strategy and IT with fast-growing, regionalizing conglomerates in Singapore. Wei Hong holds a MBA from Nanyang Business School, graduating with top GPA.

CHRISTOPHER TAN | Acting General Manager

Christopher joined Noel in 1996. He is responsible for the management and business operations of Humming Flowers & Gifts Pte Ltd, overseeing the product development, creative design, advertising and promotions, sales and marketing for Humming. Chris holds a Bachelor of Science (Economics) in Management Studies from University of London.

JOYCE YUEN | General Manager, Sales

Joyce joined Humming Flowers and Gifts Pte Ltd in 2008, and is responsible for the sales and customer service in Humming. She is an industry veteran with almost two decades of experience spanning customer service, sales management, product sourcing and operations.

AUDREY ALLYSON PAVANARIS | Branch Manager

Audrey joined Noel in Johore in 1995. She is responsible for the entire business operations in Noel Hampers & Gifts (Johore) Sdn. Bhd. Audrey is an all-rounded industry veteran with more than two decades of experience.

JASON TAN | Creative Group Head

Jason re-joined Noel in 2000. He heads the Creative Department, and oversees the creative direction for all corporate identity, marketing materials and media presentations. Jason is responsible for creative aspects of the company, including product conceptualization, creative presentation, print designs and final packaging.

MICHELLE CHONG | Country Finance Manager

Michelle joined Noel in 1993. She is overall-in-charge of the Group's finance, treasury and tax functions. Michelle oversees the finance function for the Singapore operations. She holds a professional qualification from the Association of Chartered Certified Accountants.

KEITH WONG HO HON | General Sales Manager

Keith joined Noel in 2009. He oversees the Sales Team and is responsible for corporate sales, sales support and customer service. His prior experience in the Group includes Sales Management (Malaysia), and Property Management. Keith holds a Bachelor of Science (Business) from University of London.

JUNE KOH | Operations Manager

June joined Noel in 1996. She heads the Operations Department and oversees the Noel Supply Chain, from store to production and fulfilment. Prior joining Noel, June was involved with project management in a regional real estate company. June holds a Diploma in Business Studies.

MANAGEMENT TEAM

JESS CHAN | Manager, Product Management and Advertising/ Promotions

Jess joined Noel in 2001. She is responsible for both Product Management, and Advertising and Promotions. Jess holds a bachelor in Business and Commerce from Monash University.

MAGDALENE SIEW | Internet Marketing Manager

Magdalene joined Noel in 2005. She is responsible for Noel's online sales channel, and oversees Internet Marketing. Magdalene holds a Bachelor in Business Advertising and Electronic Marketing from Murdoch University.

KIM WONG | Business Development Manager

Kim joined Noel in 2005. She is responsible for business development in the Gifts Division and is currently pursuing her Doctorate in Innovation. Kim has more than a decade's experience in the Group, spanning Sales, Marketing, Product Management and Corporate Communications. Prior joining Noel, she worked full time in Church and Advertising. Kim holds a Bachelor of Science in Business Administration from Boston University.

GLADYS TAN | Personal Assistant/Office Manager

Gladys joined Noel in 1994 and is Personal Assistant to the Managing Director. She is also the Office Manager and is responsible for a wide range of secretarial and administrative duties. In addition to these roles, she also handles property leasing. Gladys holds a Diploma in Public Relations and Marketing.

JAY OON | Sales Manager

Jay joined Noel in 2005. He is responsible for leading the B2B sales team to achieve targets. Jay has more than 20 years of sales experience spanning industries from IT & training services to alarm systems. Jay holds a certificate in Sales and Marketing from the Marketing Institute of Singapore.

ALVIN TAN | Fulfilment Manager

Alvin joined Noel in 2005. He is responsible for order fulfilment to customers, and assists June Koh in overseeing the Operations Department. Prior joining Noel, Alvin worked 7 years in the logistics industry. Alvin holds a Diploma in Computer Studies from Informatics Academy Singapore.

JESSHEENA ONG | Credit Manager

Jessheena joined Noel in 1987. She heads the Credit Department and is responsible for credit management and accounts receivables. Jessheena holds a GCE 'O' level Certificate.

CINDY ANG | Assistant Sales Manager

Cindy joined Noel in 1996. She is responsible for sales management. Cindy holds a GCE 'O' level Certificate.

JUNE HEAH | Customer Relations, Manager

June joined Noel in 1992. She is responsible for customer service experience and handles service recovery. Prior joining Noel, June had more than 10 years' experience in direct sales. June holds a GCE 'O' level Certificate.

EVELYN LEE | Assistant Manager, Personnel and Admin

Evelyn joined Noel in 2005. She is responsible for recruitment, staff welfare, payroll, execution of HR policies, and general administration. Prior joining Noel, Evelyn held various positions in Human Resources and public communications with a media and sales promotion company for more than a decade.

OPERATIONS REVIEW

FY2017 was a fulfilling year for Noel Gifts as the Group implemented several changes, while taking on a new project of producing baby gift sets in conjunction with the national parenthood campaign. We reaped rewarding outcomes as our initiatives yielded encouraging results.

SPECIAL PROJECT: BABY GIFT SETS

During the year, the Group was awarded tender for the sourcing, design and packaging of baby gift sets in April 2017 by the People's Association (PA). This was specifically targeted at the Embracing Parenthood Campaign, where the gift sets were specially put together for every family with a Singaporean baby born in the years of 2016 and 2017.

The baby gift sets signify the celebration of parenthood to encourage parents to strengthen their bonds and create shared experiences with their children. These are scheduled for presentation at community events at the various Community Centres/Clubs from July 2017 to March 2018 as part of the national initiative to promote family friendly communities in Singapore.

We have since completed the pilot phase of the project, which involved seeking public feedback on the most popular design to shortlist for production. In July 2017, we moved forward to implement the project with a volume of up to 66,000 gift sets. We are confident that the final product will be a highly sought-after souvenir, bringing smiles and delight to families in Singapore.

MARKETING INITIATIVES

Where our product offerings are concerned, we have continuously endeavoured to create new thematic ranges. This year, we launched Kraft Blooms, a brand new range of beautiful botanics packaged in highly popular brown kraft; and Mummy Boosters, customised tonic gift sets for new mothers.

OPERATIONS REVIEW

Concurrently, we revamped our catalogue with new flower cottage range designs that reflect the latest floral trends and packaging designs. We also adopted new photoshoot styles that are more contemporary with social media photography concepts to give a more visually enticing and lifestyle feel.

In line with the increasing consumer demand for quick deliveries and personalised service, we also offered new value-added services like pronto delivery and personal shopper service. Pronto delivery is a 45-minute delivery service that sets a new benchmark in the gifting industry as the first and fastest gift delivery service. Meanwhile, our personal shopper service specially caters to customers who need help to select the perfect gift for their recipients.

We also embraced technology in response to the national call for automation. We have uploaded all our catalogues online to create greater convenience for our IT-savvy customers.

At the same time, we conducted market research to help us better understand our customers. This included regular surveys conducted online and face-to-face, as well as through email, and phone interviews. Through these sessions, we garnered a more accurate profile of our customers, their gifting preferences, as well as feedback on our products and services.

We have put the data gathered to good use in our process of considering new product design, marketing strategies, formulating concepts and forging appropriate partnerships.

Not forgetting our loyal customers, we have launched a new “Purchase with Purchase” loyalty programme where customers get to purchase an additional high-value item at a discounted price when they spend a minimum amount. This is meant to reward our loyal customers over and above the existing free gifts redemption that they are eligible to claim with accumulated points.

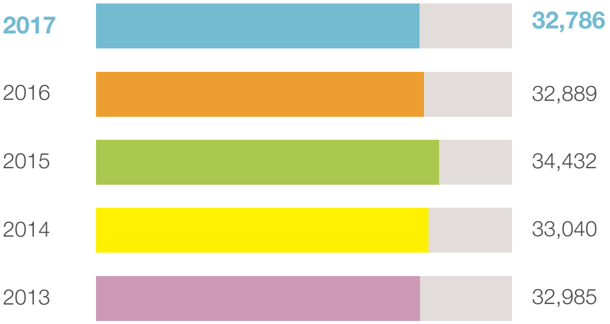
OPERATIONS REVIEW

PUBLIC RELATIONS CAMPAIGNS

When local broadcaster, MediaCorp, planned to produce a long-form drama about a hamper company on Channel 8, they picked Noel as their partner of choice to provide the artistes hands-on training on the art of hamper packing. Various artistes, including Chen Li Ping, Xiang Yun, Romeo Tan, Felicia Chin, Ian Fang and Jayley Woo, participated in three fruitful sessions of basic hamper packing training in FY2017.

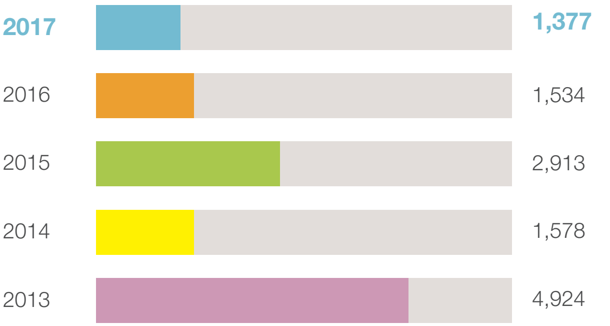
FINANCIAL HIGHLIGHTS

SHAREHOLDERS' FUND
(S$'000)

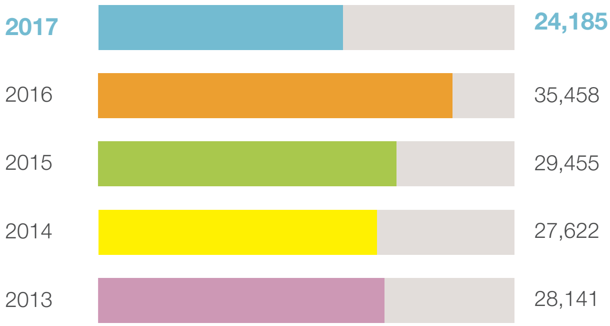


TOTAL ASSETS
(S$'000)

PROFIT AFTER TAX
(S$'000)



TURNOVER
(S$'000)



NOEL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wong Siu Hong Alfred – Executive Chairman and Managing Director
Wong Phui Hong – Non-Executive Director
Freddie Heng Kim Chuan – Non-Executive Independent Director
Foo Der Rong – Non-Executive Independent Director
Aric Loh Siang Khee – Non-Executive Independent Director

AUDIT COMMITTEE

Aric Loh Siang Khee (Chairman)
Freddie Heng Kim Chuan
Wong Phui Hong
Foo Der Rong

REMUNERATION COMMITTEE

Foo Der Rong (Chairman)
Freddie Heng Kim Chuan
Wong Siu Hong Alfred
Aric Loh Siang Khee

NOMINATING COMMITTEE

Foo Der Rong (Chairman)
Freddie Heng Kim Chuan
Wong Siu Hong Alfred
Aric Loh Siang Khee

COMPANY SECRETARY

Mrs Ivy Tan (Mdm Wong Phui Hong)

REGISTERED OFFICE

21 Ubi Road 1
#03-01
Singapore 408724

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner in charge: Mr Chua How Kiat
Appointed with effect from financial year ended
June 30, 2013

REGISTRARS AND SHARE TRANSFER OFFICE

Intertrust Singapore Corporate Services Pte Ltd
77 Robinson Road
#13-00 Robinson 77
Singapore 068896

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


NOEL

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended June 30, 2017.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 27 to 92 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2017, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Alfred Wong Siu Hong	
Wong Phui Hong	
Freddie Heng Kim Chuan	
Koh Soo Keong	(Resigned on August 1, 2017)
Aric Loh Siang Khee	(Appointed on August 1, 2017)
Foo Der Rong	(Appointed on August 1, 2017)

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

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

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At July 1, 2016**	**At June 30, 2017**	**At July 1, 2016**	**At June 30, 2017**
Noel Gifts International Ltd – Company		Ordinary shares		
Alfred Wong Siu Hong	22,537,627	**27,537,627**	23,000,000	**18,000,000**
Wong Phui Hong	6,831,372	**6,831,372**	8,500,000	**8,500,000**

	Shareholdings registered in the name of directors	
Name of directors and companies in which interests are held	**At July 1, 2016**	**At June 30, 2017**
Noel Hampers & Gifts (Johore) Sdn Bhd – Subsidiary	Ordinary shares of RM1 each	
Wong Phui Hong	1,000	**1,000**

None of the directors holding office as at June 30, 2017 had any interests in the options to subscribe for ordinary shares of the company granted pursuant to the Noel Executives' Share Option Scheme.

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

The directors' interests in the shares and options of the company at July 21, 2017 were the same at June 30, 2017.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

Details of options to subscribe for unissued shares of the company granted to executives and employees of the group under the Noel Executives' Share Option Scheme are as follows:

The Noel Executives' Share Option Scheme ("the Scheme") was approved by the members of the company at an Extraordinary General Meeting held on December 12, 1995. The Scheme provides an opportunity for full-time directors and executives ("Executives") of the group to participate in the share capital of the company.

The Scheme serves to motivate Executives to perform their utmost best and to maintain a high level of contribution for the benefit of the group as well as to retain Executives whose contributions are important to the long-term growth and profitability of the group.

Administration of the Scheme is undertaken by the Remuneration Committee comprising:

Foo Der Rong (Chairman – appointed on August 1, 2017)
Koh Soo Keong (resigned as Chairman on August 1, 2017)
Freddie Heng Kim Chuan
Alfred Wong Siu Hong
Aric Loh Siang Khee

Each option entitles the holder to subscribe for 1 ordinary share in the company at the relevant exercise price.

Subject to Rule 9 of the Scheme, an option shall immediately lapse upon the participant ceasing to be employed by the company or any of its subsidiaries.

Holders of the share options have no right to participate in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under this scheme.

During the financial year, no option to take up unissued shares of the company was granted and no shares were issued 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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee ("Committee") of the company was chaired by Freddie Heng Kim Chuan (resigned as Chairman on August 29, 2017) and was succeeded by Aric Loh Siang Khee (appointed as Chairman on August 29, 2017); both whom are non-executive directors, and includes Wong Phui Hong, an executive director, and Koh Soo Keong (resigned on August 1, 2017) and Foo Der Rong (appointed on August 1, 2017), 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 auditors of the company:

(a) the group's financial and operating results and accounting policies;

(b) 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;

(c) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

(d) the co-operation and assistance given by the management to the group's external auditors; and

(e) the re-appointment of the external auditors of the group.

The Committee has full access to and has the co-operation of the 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 auditors have unrestricted access to the Committee.

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Alfred Wong Siu Hong

Wong Phui Hong

September 29, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Noel Gifts International Ltd (the "company") and its subsidiaries (the "group") which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at June 30, 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 27 to 92.

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2017 and of 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

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 year. 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. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How the matter was addressed in audit
Fair value assessment of investment properties As at June 30, 2017, the group has investment properties amounting to $14.30 million (2016: $14.35 million). The group engages an independent external valuer to fair value its investment properties at reporting date. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuer adopts direct comparison method whereby sale transactions of similar properties in the vicinity is considered and adjusted accordingly. The significant unobservable inputs used in the valuation model are disclosed in Note 17 to the financial statements.	Our audit focused on ensuring the appropriateness of the fair values of the investment properties and included the following key procedures, amongst others: (a) Assessed the objectivity and competency of the independent valuation experts. We evaluated their terms of appointment, scope of work and valuation methodologies. (b) Performed independent assessment if the inputs and assumptions made are reasonable in obtaining the fair value of the investment properties. (c) We also held discussions with the valuers to understand their valuation methods and assumptions and basis used, where appropriate. Based on our procedures, we noted management's key estimates used, which is based on valuations performed by independent valuation experts are reasonable. We have also assessed and validated the appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors’ report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

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 skepticism throughout the audit. We also:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr Chua How Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

September 29, 2017

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**13,298**	14,893	**10,336**	12,834
Trade receivables	7	**1,219**	1,255	**540**	621
Amount due from related companies, associate and related parties	8	**–**	–	**422**	92
Deposits, other receivables and prepayments	9	**393**	301	**328**	229
Inventories	10	**2,485**	2,975	**1,621**	1,797
Assets classified as held for sale	11	**–**	4	**–**	–
Total current assets		**17,395**	19,428	**13,247**	15,573
Non-current assets					
Subsidiaries	12	**–**	–	**3,089**	3,112
Associate	13	**–**	27	**–**	–
Club membership	14	**165**	145	**165**	145
Available-for-sale investments	15	**2,245**	1,392	**2,228**	1,392
Plant and equipment	16	**1,722**	1,850	**1,033**	1,308
Deposits	9	**103**	–	**103**	–
Investment properties	17	**14,297**	14,347	**14,297**	14,347
Total non-current assets		**18,532**	17,761	**20,915**	20,304
Total assets		**35,927**	37,189	**34,162**	35,877

See accompanying notes to financial statements.

NOEL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	**559**	616	**464**	449
Amount due to related companies, associate and related parties	8	**–**	46	**1,068**	1,049
Other payables	19	**2,128**	2,862	**1,427**	2,166
Finance lease	20	**10**	–	**–**	–
Income tax payable		**48**	375	**37**	372
Total current liabilities		**2,745**	3,899	**2,996**	4,036
Non-current liabilities					
Other payables	19	**221**	249	**167**	184
Deferred tax liability	21	**175**	152	**104**	125
Total non-current liabilities		**396**	401	**271**	309
Capital and reserves					
Share capital	22	**10,251**	10,251	**10,251**	10,251
Currency translation deficit		**(77)**	(93)	**–**	–
Fair value adjustment surplus		**65**	24	**65**	24
Accumulated profits		**22,547**	22,707	**20,579**	21,257
Total equity		**32,786**	32,889	**30,895**	31,532
Total liabilities and equity		**35,927**	37,189	**34,162**	35,877

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	23	**24,185**	35,458
Cost of sales		**(12,040)**	(19,755)
Gross profit		**12,145**	15,703
Other operating income	24	**506**	681
Distribution costs		**(3,436)**	(3,668)
Administrative expenses		**(7,318)**	(8,821)
Other operating expenses		**(519)**	(2,074)
Finance costs	25	**(1)**	(3)
Profit before income tax	26	**1,377**	1,818
Income tax expense	27	**–**	(284)
Profit for the year		**1,377**	1,534
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign subsidiaries		**16**	19
Available-for-sale investments:			
Gain (Loss) arising during the year		**22**	(22)
Reclassification to profit or loss from equity on disposal of available-for-sale investments		**19**	–
Other comprehensive income (loss) for the year		**57**	(3)
Total comprehensive income for the year		**1,434**	1,531
Earnings per share (cents):			
Basic and diluted	28	**1.34**	1.50

See accompanying notes to financial statements.

NOEL

STATEMENTS OF
CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2017

	Share capital $'000	Currency translation deficit $'000	Fair value adjustment surplus $'000	Accumulated profits $'000	Total $'000
Group					
Balance at July 1, 2015	10,251	(112)	46	24,247	34,432
Total comprehensive income for the year					
Profit for the year	–	–	–	1,534	1,534
Other comprehensive loss income (loss) for the year	–	19	(22)	–	(3)
Total	–	19	(22)	1,534	1,531
Dividends, representing transaction with owners, recognised directly in equity (Note 29)	–	–	–	(3,074)	(3,074)
Balance at June 30, 2016	10,251	(93)	24	22,707	32,889
Total comprehensive income for the year					
Profit for the year	–	–	–	1,377	1,377
Other comprehensive income (loss) for the year	–	16	41	–	57
Total	–	16	41	1,377	1,434
Dividends, representing transaction with owners, recognised directly in equity (Note 29)	–	–	–	(1,537)	(1,537)
Balance at June 30, 2017	10,251	(77)	65	22,547	32,786

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY (cont'd)

YEAR ENDED JUNE 30, 2017

	Share capital $'000	Fair value adjustment surplus $'000	Accumulated profits $'000	Total $'000
Company				
Balance at July 1, 2015	10,251	46	22,970	33,267
Total comprehensive income for the year				
Profit for the year	–	–	1,361	1,361
Other comprehensive loss for the year	–	(22)	–	(22)
Total	–	(22)	1,361	1,339
Dividends, representing transaction with owners, recognised directly in equity (Note 29)	–	–	(3,074)	(3,074)
Balance at June 30, 2016	10,251	24	21,257	31,532
Total comprehensive income for the year				
Profit for the year	–	–	859	859
Other comprehensive income for the year	–	41	–	41
Total	–	41	859	900
Dividends, representing transaction with owners, recognised directly in equity (Note 29)	–	–	(1,537)	(1,537)
Balance at June 30, 2017	10,251	65	20,579	30,895

See accompanying notes to financial statements.

NOEL

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Group	
	2017	2016
	$'000	$'000
Operating activities		
Profit before income tax	**1,377**	1,818
Adjustments for:		
Loss on disposal of available-for-sale investment	**22**	–
(Reversal) Impairment loss on other investment	**(20)**	15
Impairment loss on plant and equipment	**26**	–
Depreciation of plant and equipment	**576**	614
Plant and equipment written off	**–**	16
Dividend income	**(82)**	(58)
Interest income	**(113)**	(100)
Fair value loss of investment properties	**50**	1,478
Loss on deemed disposal of an associate	**27**	–
Allowance for doubtful debts – trade receivables, net	**18**	106
Allowance for inventories	**98**	238
Net foreign exchange losses	**16**	21
Gain on disposal of plant and equipment	**(7)**	(5)
Operating cash flows before movements in working capital	**1,988**	4,143
Trade receivables	**18**	34
Other receivables and prepayments	**(92)**	339
Inventories	**392**	2,303
Amount due from associates and related parties – net	**(46)**	(3)
Trade payables	**(57)**	(696)
Other payables	**(762)**	305
Cash generated from operations	**1,441**	6,425
Interest received	**113**	100
Income tax paid	**(304)**	(21)
Net cash from operating activities	**1,250**	6,504

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS (cont'd)

YEAR ENDED JUNE 30, 2017

	Group	
	2017	2016
	$'000	$'000
Investing activities		
Dividend income	**82**	58
Proceeds on disposal of asset held for sale	**4**	–
Proceeds on disposal of plant and equipment	**13**	12
Proceeds on disposal of available-for-sale investments	**259**	–
Purchase of plant and equipment (Note A)	**(450)**	(430)
Purchase of available-for-sale investments	**(1,093)**	(178)
Deposits	**(103)**	–
Net cash used in investing activities	**(1,288)**	(538)
Financing activities		
Dividend paid	**(1,537)**	(3,074)
Repayment of the hire purchase facility	**(20)**	(20)
Cash used in financing activities	**(1,557)**	(3,094)
Net increase in cash and cash equivalents	**1,595**	2,872
Cash and cash equivalents at beginning of year	**14,893**	12,021
Cash and cash equivalents at end of year (Note 6)	**13,298**	14,893

Note A:

During the year, the group acquired plant and equipment for an aggregate amount of $480,000 of which $30,000 was acquired by means of hire purchase agreement. Cash payment of $450,000 were made to purchase plant and equipment.

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

1 GENERAL

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

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

The principal activities of the subsidiaries and associates are disclosed in Notes 12 and 13 respectively.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended June 30, 2017 were authorised for issue by the Board of Directors on September 29, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50, and Financial Reporting Standards in Singapore ("FRSs").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On July 1, 2016, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

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

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]

1 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
3 Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods is not expected to have a material impact on the consolidated financial statements of the group and the financial statements of the company in the period of their adoption except for the following:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments applies prospectively to annual periods beginning on or after January 1, 2017, with earlier application permitted.

Management does not expect the adoption of the above FRS to have a material impact on the financial statements of the group in the period of initial adoption.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement*, and introduced new requirements for (i) classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, (iii) impairment requirements for financial assets.

Key requirements for FRS 109 that may be relevant to the group and the company:

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

FRS 109 will take effect from financial years beginning on or after January 1, 2018.

Management is still currently evaluating the impact from applying the new FRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2018.

Management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosure made in the group's and the company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the group and the company perform a detailed review. Management does not plan to early adopt the new FRS 115.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 will take effect from financial years beginning on or after January 1, 2019.

As at June 30, 2017, the group has non-cancellable operating lease commitments ranging from 1 to 5 years totalling $2,794,000. FRS 17 does not require the recognition of any right-of-use asset or lease liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 31 to the financial statements. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the company is a lessee. A right-of-use asset will be recognised on statement of financial position, representing the group's right to use the leased asset over the lease term and, recognise a corresponding lease liability representing its obligation to make lease payments. Additional disclosures may be made with respect of right-of-use assets and lease liabilities. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

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

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

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

Changes in the group's ownership interests in existing subsidiaries

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

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

Changes in the group's ownership interests in existing subsidiaries (cont'd)

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

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

Changes in the group's ownership interests in existing subsidiaries (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Available-for-sale financial assets

Certain investments held by the group and company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is included in the profit or loss for the period. Dividends on available-for-sale instruments are recognised in the profit or loss when the group's and company's right to receive payments is established.

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NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

Interest-bearing bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings. All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expired.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are recognised initially at their fair values. Subsequent to initial recognition, the financial guarantee contract liabilities are measured at the higher of: (i) the amount determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 18 *Revenue*.

INVENTORIES – Inventories are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Cost comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

		Years
Computers	–	3 to 8
Leasehold improvements	–	3 to 20
Furniture and fittings	–	2.5 to 8
Motor vehicles	–	5 to 7
Equipment	–	2 to 8

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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

ASSETS HELD FOR SALE – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

NOTES TO
FINANCIAL STATEMENTS
JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Any gain or loss on the disposal of an investment property is recognised in the profit or loss in the period of disposal.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

ASSOCIATES – An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from the disposal of a part interest in the associate is included in the determination of the gain and loss on disposal of the associate. In addition, the group accounts of all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets and liabilities, the group reclassifies the gain or loss from the equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use equity method when an investment in an associate becomes an investment in joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When a group entity transacts with its associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

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

The group as lessee

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

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

PROVISIONS – Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Onerous contracts

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

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods (cont'd)

- it is probable that the economic benefits associated with the transaction will flow to the entity; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Interest income

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

Dividend income

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax are recognised as an expense or income in profit or loss.

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

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the group's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Allowance for trade and other receivables

The allowance policy for doubtful debts of the group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assigning the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customer of the group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amount of the trade and other receivables at the end of the reporting period are disclosed in Notes 7, 8 and 9 to the financial statements.

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

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

(b) Allowance for inventories

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

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

(c) Impairment of investment in subsidiaries and associate

The company assesses at each reporting date whether there is an indication that the investment in subsidiaries and associate may be impaired. Should there be any indicator of impairment, the company will recognised the impairment loss up to the attributable share of net asset values.

The carrying amount of the investment in subsidiaries and associate at the end of the reporting period is disclosed in Notes 12 and 13 to the financial statements.

(d) Valuation of the investment properties

As described in Note 2 to the financial statements, investment properties are stated at fair value based on management's estimation, which is based on valuations performed by independent professional valuer with reference to recent transactions of similar properties in the vicinity. In determining the fair value, the valuer has determined the fair values with reference to recent transactions of similar properties in the vicinity. In relying on the valuation reports of the professional valuer, management has exercised judgement in arriving at a value which is reflective of the current market conditions.

The carrying amount of the investment properties based on their fair values at the end of the reporting period is disclosed in Note 17 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables				
(including cash and cash equivalents)	**14,941**	16,379	**11,678**	13,733
Available-for-sale financial assets	**2,245**	1,392	**2,228**	1,392
	17,186	17,771	**13,906**	15,125
Financial liabilities				
Payables at amortised cost	**2,808**	3,629	**3,049**	3,747

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

The group and company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The group's major financial instruments include trade receivables, deposits, available for sale financial assets, and trade and other payables. Details of these financial instruments are disclosed in respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner. The group does not hold or issue derivative financial instruments for speculative purposes.

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

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

(i) Foreign exchange risk management

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

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets only. Interest-bearing financial assets are mainly cash and balances with banks and other financial institutions (Note 6), trade receivables (Note 7) and finance lease (Note 20) which are all short term in nature. Therefore, any future variations in interest rates will not have significant impact on the results of the group.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group manages this risk by selection of creditworthy customers and counterparties and by monitoring compliance of debtors and counterparties with their payment obligations. Cash deposits are placed with financial institutions of good credit standing.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the end of the reporting period are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The group follows up on the payment status of each customer through the finance department, which actively monitors customer's payments relative to credit period extended to them and highlight matters requiring follow up action by management.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

(iv) Liquidity risk management

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

Liquidity and interest risk analysis

Non-derivative financial liabilities

The group's and company's non-derivative financial liabilities are payables at amortised cost, which are non-interest bearing and finance leases, as disclosed in Note 4(a). The contractual maturity for these non-derivative financial liabilities are repayable on demand and less than one year, except for the non-current portion of accrued restoration costs which is disclosed separately in Note 19.

The maximum amount that the company could be forced to settle under the financial guarantee contract, financial support and interest-free loan as disclosed in Note 30 to the financial statements, if the full amount is claimed by the counterparty to the guarantee and commitment, is $3,534,000 (2016: $3,616,000). The earliest period that the guarantee and commitment could be called is within 1 year (2016: 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under these arrangements.

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

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

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2017						
Non-interest bearing	–	2,653	145	–	–	2,798
Finance lease liability (fixed rate)	5.47	11	–	–	(1)	10
Total		2,664	145	–	(1)	2,808
2016						
Non-interest bearing	–	3,490	139	–	–	3,629
Company						
2017						
Non-interest bearing	–	2,936	113	–	–	3,049
2016						
Non-interest bearing	–	3,640	107	–	–	3,747

Non-derivative financial assets

The following tables detail the weighted average effective interest rates and the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2017						
Non-interest bearing	–	4,237	–	500	–	4,737
Fixed interest rate instruments	1.54	10,885	–	1,755	(191)	12,449
Total		15,122	–	2,255	(191)	17,186
2016						
Non-interest bearing	–	3,679	–	190	–	3,869
Fixed interest rate instruments	1.58	12,915	–	1,223	(236)	13,902
Total		16,594	–	1,413	(236)	17,771
Company						
2017						
Non-interest bearing	–	2,758	–	500	–	3,258
Fixed interest rate instruments	1.67	9,069	–	1,757	(178)	10,648
Total		11,827	–	2,257	(178)	13,906
2016						
Non-interest bearing	–	2,233	–	190	–	2,423
Fixed interest rate instruments	1.70	11,698	–	1,223	(219)	12,702
Total		13,931	–	1,413	(219)	15,125

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FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

(v) Derivative financial instruments

The group does not contract for derivative financial instruments.

(vi) Fair values of financial assets and financial liabilities

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

The group classifies fair value measurement using fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The following presents the assets measured at fair value (Level 1).

	2017 $'000	2016 $'000
Group		
Available-for-sale investments	**2,245**	1,392

	2017 $'000	2016 $'000
Company		
Available-for-sale investments	**2,228**	1,392

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

(d) Capital management policies and objectives

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

The capital structure of the group consists of equity attributable to owners of the company, comprising issued capital and accumulated profits.

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

5 RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

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

	Group	
	2017	**2016**
	$'000	**$'000**
Short-term benefits	**1,239**	1,510
Post-employment benefits	**80**	71
Advisory fee	**42**	42
Total	**1,361**	1,623

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and bank balances	**2,577**	2,193	**1,416**	1,334
Fixed deposits	**10,721**	12,700	**8,920**	11,500
Total	**13,298**	14,893	**10,336**	12,834

Fixed deposits of the group and the company bear effective interest at an average rate of 1.07% (2016: 1.3%) and 1.09% (2016: 1.4%) per annum respectively. The fixed deposits of the group and company are for an average tenure of 113 days (2016: 110 days) and 113 days (2016: 119 days) respectively. The fixed deposits are redeemable on demand and the penalty for early redemption is insignificant.

7 TRADE RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Outside parties	**1,505**	1,614	**738**	812
Less: Allowance for doubtful debts	**(286)**	(359)	**(198)**	(191)
Net	**1,219**	1,255	**540**	621

The average credit period is 45 days (2016: 45 days). Interest rate of 1% (2016: 1%) per month is charged on the overdue balance.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at June 30:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not past due and not impaired	**809**	737	**408**	358
Past due but not impaired (i)	**410**	518	**132**	263
Impaired receivables – collectively assessed (ii)	**286**	359	**198**	191
Less: Allowance for doubtful debts	**(286)**	(359)	**(198)**	(191)
	–	–	**–**	–
Total trade receivables, net	**1,219**	1,255	**540**	621

A majority of the group's and company's trade receivables that are neither past due nor impaired are creditworthy counterparties with good track record of credit history.

Included in the group's and company's trade receivable balances are debtors with a carrying amount of $410,000 and $132,000 (2016: $518,000 and $263,000) respectively which are past due at the reporting date for which the group and company have not provided as there have not been a significant change in credit quality and the amounts are still considered recoverable. The group and company do not hold any collateral over these balances.

(i) Aging of receivables that are past due the average credit period but not impaired:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
> 45 days to 3 months	**194**	215	**85**	118
> 3 months to 6 months	**202**	229	**45**	81
> 6 months to 12 months	**14**	74	**2**	64
Total	**410**	518	**132**	263

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

7 TRADE RECEIVABLES (cont'd)

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

Movement in the allowance for doubtful debts:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of the year	**359**	261	**191**	114
Charge to profit or loss	**102**	145	**7**	100
Amounts recovered during the year	**(84)**	(39)	**–**	(23)
Written against provision	**(88)**	–	**–**	–
Exchange difference	**(3)**	(8)	**–**	–
Balance at end of the year	**286**	359	**198**	191

8 RELATED COMPANIES, ASSOCIATE AND RELATED PARTIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
AMOUNTS DUE FROM				
Subsidiaries:				
Trade	**–**	–	**125**	205
Non-trade	**–**	–	**767**	429
	–	–	**892**	634
Less: Allowance for doubtful debts	**–**	–	**(470)**	(542)
Net	**–**	–	**422**	92
Movement in allowance for doubtful debts – Subsidiaries:				
Balance at beginning of year	**–**	–	**542**	632
Credit to profit or loss	**–**	–	**(72)**	(90)
Balance at end of year	**–**	–	**470**	542

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

8 RELATED COMPANIES, ASSOCIATE AND RELATED PARTIES (cont'd)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
AMOUNTS DUE TO				
Subsidiaries:				
Trade	–	–	58	58
Non-trade	–	–	1,010	991
Associate:				
Trade	–	46	–	–
Total – Due to	–	46	1,068	1,049

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

9 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deposits	363	184	334	145
Prepayments	72	70	51	43
Other receivables	61	47	46	41
Total	496	301	431	229
Current receivables	393	301	328	229
Non-current receivables	103	–	103	–
Total	496	301	431	229

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

Non-current receivables comprise deposits made for the purchase of fixed assets.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

10 INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Liquor	**1,591**	1,832	**1,158**	1,206
Gifts and accessories	**894**	1,143	**463**	591
Total	**2,485**	2,975	**1,621**	1,797

This is stated after allowance for obsolescence as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of year	**256**	117	**131**	54
Charge to profit or loss	**98**	238	**9**	131
Written-off against inventories	**(156)**	(99)	**(14)**	(54)
Balance at end of year	**198**	256	**126**	131

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

11 ASSETS CLASSIFIED AS HELD FOR SALE

In prior year, Noel Gifts Malaysia Sdn Bhd had ceased its operations and vacated their rented office building. The assets held for sale represents the net book value of furniture and fittings left behind for the landlord in lieu of the outstanding amount due to them. The furniture and fittings are expected to be sold within twelve months and hence have been classified as assets held for sale and are presented separately in the statement of financial position. There were no liabilities related to the assets classified as held for sale.

The proceeds on disposal are expected to exceed the net carry amount of the plant and equipment and, accordingly, no impairment loss has been recognised on the classification of these buildings as held for sale.

There were no assets classified as held for sale in the current year.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

12 SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Unquoted equity shares, at cost	**4,561**	4,561
Less: Allowance for impairment	**(1,472)**	(1,449)
Net	**3,089**	3,112
Movement in the allowance for impairment:		
Balance at beginning of the year	**1,449**	1,470
Charge/(Credit) to profit or loss	**23**	(21)
Balance at end of the year	**1,472**	1,449

An impairment loss of $23,000 (2016: reversal of impairment of $21,000) was recognised during the year in respect of the company's investments in its subsidiaries based on the fair value less cost to sell which is estimated based on the net tangible asset of the subsidiaries. Any impairment charged (reversal) is eliminated on consolidation.

Significant transactions with subsidiaries:

	Company	
	2017	2016
	$'000	$'000
Sales of goods	**(260)**	(91)
Management fee	**(380)**	(291)
SAP maintenance fee	**(55)**	(55)
Purchases of goods	**290**	235

NOEL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

12 SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

Subsidiaries	Effective equity interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operations
	2017 %	2016 %	2017 $'000	2016 $'000	
Humming Flowers & Gifts Pte Ltd[(1)]	**100**	100	**2,000**	2,000	Selling of hampers, flowers and gifts/Singapore
Noel Hampers & Gifts (Johore) Sdn. Bhd.[(2)]	**90**	90	**537**	537	Selling of hampers, flowers and gifts/Malaysia
Noel Gifts Malaysia Sdn. Bhd.[(2)] [formally known as Noel Hampers & Gifts (Penang) Sdn. Bhd.]	**100**	100	**833**	833	Inactive/Malaysia
Noel Property Development Pte Ltd[(3)]	**100**	100	**1,003**	1,003	Property investment and development (currently dormant)/ Singapore
Noel Gifts (Chengdu) Co. Pte Ltd[(3)]	**100**	100	**188**	188	Selling of hampers, flowers and gifts (inactive)/ People's Republic of China
Total			**4,561**	4,561	
Held by Humming Flowers & Gifts Pte Ltd					
Direct Farm Pte Ltd[(2)]	**100**	100	**50**	50	Inactive/Singapore

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

12 SUBSIDIARIES (cont'd)

Notes on auditors:

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by other firms of auditors.
(3) Unaudited management accounts were used for consolidation as the subsidiary is not material to the group.

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

13 ASSOCIATE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	**–**	244	**–**	244
Less: Allowance for impairment	**–**	–	**–**	(244)
Net	**–**	244	**–**	–
Share of post-acquisition loss, net of dividend received	**–**	(217)	**–**	–
Carrying amount	**–**	27	**–**	–
Movement in the allowance for impairment:				
Balance at beginning of the year	**–**	–	**244**	244
Written-off	**–**	–	**(244)**	–
Balance at end of the year	**–**	–	**–**	244

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

13 ASSOCIATE (cont'd)

The details of the associate are as follows:

Associate	Effective equity interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operations
	2017 %	2016 %	2017 $'000	2016 $'000	
Noel Hampers & Gifts (K.L.) Sdn. Bhd.[1]	–	40	–	244	Selling of hampers, flowers and gifts/Malaysia

Note on auditors:

(1) In prior year, the unaudited management accounts were used for equity accounting purpose as the associate is not significant to the group.

The above associate is accounted for using the equity method in the consolidated financial statements.

Impairment loss had been recognised in the company's profit or loss to provide for the associate, which had been incurring losses from their operations.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

13 ASSOCIATE (cont'd)

Summarised financial information of the associate is set out below. The summarised financial information below represents amounts shown in the associate's unaudited financial statements prepared in accordance with FRS:

	Noel Hampers & Gifts (K.L) Sdn. Bhd.	
	2017	**2016**
	$'000	**$'000**
Current assets	–	290
Non-current assets	–	25
Current liabilities	–	(246)
Non-current liabilities	–	(1)
Revenue	–	–
Profit for the year, representing total comprehensive income for the year	–	–
Group's share of associate's profit for the year	–	–
Net assets of the associate	–	68
Carrying amount of the group's interest in the associate	–	27

During the year, the associate was successfully liquidated. The effect of deemed loss on disposal of $27,000 was recognised in the profit or loss.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

14 CLUB MEMBERSHIP

	Group and Company	
	2017	2016
	$'000	$'000
Golf club membership, at cost	**208**	208
Less: Impairment loss	**(43)**	(63)
Net	**165**	145

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

	Group and Company	
	2017	2016
	$'000	$'000
Movement in impairment loss:		
Balance at beginning of year	**63**	48
(Reversal) Allowance for impairment	**(20)**	15
Balance at end of year	**43**	63

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Quoted equity investments	**1,464**	1,161	**1,464**	1,161
Quoted debt securities	**764**	231	**764**	231
Unquoted equity investment	**17**	–	**–**	–
Total	**2,245**	1,392	**2,228**	1,392

The investments offer the company the opportunity for return through dividends and capital gains. A fair value gain of $22,000 (2016: fair value loss of $22,000) was recorded in the other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

16 PLANT AND EQUIPMENT

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Group						
Cost:						
At July 1, 2015	2,027	648	315	1,246	584	4,820
Additions	193	99	36	57	45	430
Disposals	(70)	–	(11)	(72)	(10)	(163)
Written-off	(26)	(30)	(23)	–	(3)	(82)
Transfer to asset held for sale	–	(9)	(6)	–	–	(15)
Translation difference	(4)	(4)	(5)	(8)	(3)	(24)
At June 30, 2016	2,120	704	306	1,223	613	4,966
Additions	129	27	30	289	5	480
Disposals	–	(19)	–	(112)	–	(131)
Written-off	(56)	–	(12)	–	(30)	(98)
Translation difference	(1)	–	(1)	(1)	(1)	(4)
At June 30, 2017	2,192	712	323	1,399	587	5,213
Accumulated depreciation:						
At July 1, 2015	1,612	235	141	451	319	2,758
Depreciation for the year	242	101	57	139	75	614
Disposals	(70)	–	(11)	(65)	(10)	(156)
Written-off	(21)	(20)	(22)	–	(3)	(66)
Transfer to asset held for sale	–	(6)	(4)	–	(1)	(11)
Translation difference	(9)	(2)	(4)	(5)	(3)	(23)
At June 30, 2016	1,754	308	157	520	377	3,116
Depreciation for the year	164	133	55	145	79	576
Disposals	–	(19)	–	(107)	–	(126)
Written-off	(56)	–	(12)	–	(30)	(98)
Translation difference	–	–	(1)	(1)	(1)	(3)
At June 30, 2017	1,862	422	199	557	425	3,465
Accumulated impairment:						
At June 30, 2016	–	–	–	–	–	–
Impairment for the year	–	26	–	–	–	26
At June 30, 2017	–	26	–	–	–	26
Carrying amount:						
At June 30, 2017	330	264	124	842	162	1,722
At June 30, 2016	366	396	149	703	236	1,850

The carrying amount of the group's plant and equipment includes an amount of $81,000 (2016: nil) secured in respect of assets held under finance lease.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

16 PLANT AND EQUIPMENT (cont'd)

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Company						
Cost:						
At July 1, 2015	1,821	384	168	802	274	3,449
Additions	121	99	27	–	27	274
Disposal	(70)	–	–	–	(10)	(80)
At June 30, 2016	1,872	483	195	802	291	3,643
Additions	93	28	19	23	4	167
Disposal	–	(20)	–	–	–	(20)
At June 30, 2017	1,965	491	214	825	295	3,790
Accumulated depreciation:						
At July 1, 2015	1,443	153	57	201	130	1,984
Depreciation for the year	209	62	34	91	35	431
Disposal	(70)	–	–	–	(10)	(80)
At June 30, 2016	1,582	215	91	292	155	2,335
Depreciation for the year	140	105	42	96	33	416
Disposal	–	(20)	–	–	–	(20)
At June 30, 2017	1,722	300	133	388	188	2,731
Accumulated impairment:						
At June 30, 2016	–	–	–	–	–	–
Impairment for the year	–	26	–	–	–	26
At June 30, 2017	–	26	–	–	–	26
Carrying amount:						
At June 30, 2017	243	165	81	437	107	1,033
At June 30, 2016	290	268	104	510	136	1,308

There were no company pledged assets and securities as at June 30, 2017 and 2016.

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

17 INVESTMENT PROPERTIES

	Group and Company	
	2017	2016
	$'000	$'000
At beginning of the year	**14,347**	15,825
Loss from fair value adjustments	**(50)**	(1,478)
At end of the year	**14,297**	14,347
Comprises:		
– Freehold land and building	**12,648**	12,648
– Leasehold property	**1,649**	1,699
Total at fair value	**14,297**	14,347

The property rental income earned by the group from its investment properties, freehold land and building of which are leased out under operating leases, amounted to $498,000 (2016: $533,000) (Note 23). Direct operating expenses arising on the freehold land and building in the year amounted to $178,000 (2016: $171,000).

The fair values of the group's and company's investment properties at June 30, 2017 and 2016 are arrived at on the basis of the valuation review carried out by independent external professionals, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are determined based on market comparable approach that reflects recent transaction prices for similar properties in the vicinity.

The fair value of the group and company's investment properties as at June 30, 2017 is classified under Level 3 of the fair value hierarchy.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

17 INVESTMENT PROPERTIES (cont'd)

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

Type	Valuation techniques	Unobservable inputs	Range
Freehold land and building	Direct comparison method	Transacted price of comparable properties	$514 to $568 psf (2016: $514 to $568 psf)
Leasehold property	Direct comparison method	Transacted price of comparable properties	$1,289 to $1,425 psf (2016: $1,328 to $1,468 psf)

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

18 TRADE PAYABLES

The average credit period on purchases of goods is 45 days (2016: 45 days). No interest is charged on the trade payables.

19 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Accrual of operating expenses	**1,796**	2,658	**1,151**	2,020
Accrued operating lease incentives	**110**	144	**77**	101
Remuneration payable to directors	**85**	91	**91**	91
Tenancy deposits	**90**	96	**90**	95
Provision for onerous lease	**41**	–	**41**	–
Sundry payables	**227**	122	**144**	43
Total	**2,349**	3,111	**1,594**	2,350
Current payables	**2,128**	2,862	**1,427**	2,166
Non-current payables	**221**	249	**167**	184
	2,349	3,111	**1,594**	2,350

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

19 OTHER PAYABLES (cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Accrued restoration costs	**145**	139	**113**	107
Accrued operating lease incentives	**76**	110	**54**	77
	221	249	**167**	184

Accrued restoration costs relates to the estimated costs to be incurred to restore the current leased premise to its original condition at the end of the tenure of the lease in 2018-2020. Accrued operating lease incentives relates to the aggregate benefit of operating lease incentive that is recognised over the lease term. The amounts relating to the accrued restoration costs and accrued operating lease incentives have not been discounted for the purpose of measuring accrued restoration costs, because the effect is not material.

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NOTES TO FINANCIAL STATEMENTS

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20 FINANCE LEASE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amounts payable under finance lease:				
Within 1 year	**10**	–	**10**	–
Less: Future finance charges	**–**	–		
Present value of lease obligations	**10**	–		

The fair values of the company's finance lease obligations approximate their carrying amount.

The effective interest rates of the above lease is 5.47% (2016: Nil%) per annum.

21 DEFERRED TAX LIABILITY

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of year	**152**	191	**125**	138
(Credit) Charge to profit or loss (Note 27)	**23**	(39)	**(21)**	(13)
Balance at end of year	**175**	152	**104**	125

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

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JUNE 30, 2017

22 SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year and end of year	**102,476,024**	102,476,024	**10,251**	10,251

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

23 REVENUE

	Group	
	2017	2016
	$'000	$'000
Sale of goods	**23,687**	34,925
Rental income	**498**	533
Total	**24,185**	35,458

24 OTHER OPERATING INCOME

	Group	
	2017	2016
	$'000	$'000
Government grants	**262**	410
Dividend income from available-for-sale-investments	**82**	58
Interest income	**113**	100
Gain on disposal of plant and equipment	**7**	5
Others	**42**	108
Total	**506**	681

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

25 FINANCE COSTS

	Group	
	2017	**2016**
	$'000	**$'000**
Bank charges	**1**	3

26 PROFIT BEFORE INCOME TAX

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

	Group	
	2017	**2016**
	$'000	**$'000**
Employee benefit expense (including directors' remuneration)	**7,774**	8,713
Cost of defined contribution plans included in employee benefit expense	**755**	878
Cost of inventories included in cost of sales	**16,692**	16,886
Auditors' remuneration:		
Auditor of the company	**65**	65
Other auditors	**2**	6
Non-audit fees paid to:		
Auditors of the company	**19**	11
Other auditors	**5**	1
Directors' remuneration:		
Director of the company	**508**	669
Other directors	**61**	248
Directors' fees	**86**	92
Net foreign exchange (gains) losses	**(39)**	49
Depreciation of plant and equipment	**576**	614
Allowance for doubtful debts – trade receivables, net	**18**	106
Allowance for inventories	**98**	238
Gain on disposal of plant and equipment	**(7)**	(5)
Fair value loss of investment properties	**50**	1,478
(Reversal of) Impairment loss on other investment	**(20)**	15

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

27 INCOME TAX EXPENSE

	Group	
	2017 $'000	2016 $'000
Current tax:		
Current year	**39**	339
Overprovision in prior years	**(62)**	(16)
Deferred tax (Note 21)		
Current year	**21**	(31)
Under (Overprovision) in prior years	**2**	(8)
Income tax expense	**–**	284

Domestic income tax of the company is calculated at 17% (2016: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2017 $'000	2016 $'000
Profit before income tax	**1,377**	1,818
Income tax expense at statutory tax rate of 17% (2016: 17%)	**234**	309
Tax effect of (income) expenses that are not (taxable) deductible in determining taxable profit	**(42)**	303
Effect of different tax rate of subsidiaries operating in other jurisdictions	**3**	(13)
Tax effect of exempt income	**(52)**	(42)
Effect of unused tax losses and other timing differences not recognised as deferred tax assets	**18**	8
Utilisation of tax losses and other timing differences previously not recognised	**(7)**	(13)
Overprovision in prior years	**(60)**	(16)
Tax incentive	**(81)**	(243)
Others	**(13)**	(9)
Income tax expense	**–**	284

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

27 INCOME TAX EXPENSE (cont'd)

The group has tax losses carry forward available for offsetting against future taxable income as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Amount at beginning of year	**460**	569
Currency translation difference	**(18)**	(35)
Adjustment to prior year	**(2)**	(31)
Amount utilised in current year	**(30)**	(43)
Amount at end of year	**410**	460
Deferred tax benefit on above not recorded at 24% (2016: 24%)	**98**	110

The group has other temporary differences available for offsetting against future taxable income as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Amount at beginning of year	**239**	126
Currency translation difference	**(4)**	(8)
Adjustment to prior year	**–**	(2)
Amount arising during the year	**–**	154
Amount utilised in current year	**(154)**	(31)
Amount at end of year	**81**	239
Deferred tax benefit on above not recorded at 24% (2016: 24%)	**19**	57

Deferred tax benefits vary from the Singapore statutory tax rate as it includes deferred tax on overseas operation.

The realisation of the future income tax benefits from tax losses carryforward and other temporary differences is available for offsetting against future taxable income subject to the conditions imposed by law including the retention of majority shareholders as defined.

No deferred tax asset has been recognised in respect of unutilised tax losses and other timing differences due to unpredictability of future profit streams.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

28 EARNINGS PER SHARE

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

	2017	2016
Earnings for the purposes of basic earnings per share ($'000)	**1,377**	1,534
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**102,476**	102,476
Earnings per share (cents) – Basic	**1.34**	1.50

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

29 DIVIDENDS

In November 2015, a first and final one-tier tax exempt dividend of 0.6 cent per share totaling $615,000 and a special dividend of 2.4 cent per share totaling $2,459,000 were paid to shareholders in respect of the year ended June 30, 2015.

In November 2016, a first and final one-tier tax exempt dividend of 0.6 cents per share totaling $615,000 and a special dividend of 0.9 cents per share totaling $922,000 were paid to shareholders in respect of the year ended June 30, 2016.

In the financial year ended June 30, 2017, the directors have proposed a first and final one-tier tax-exempt dividend of 0.3 cents per share totaling $307,000 and a special dividend of 0.7 cents per share totalling $717,000. These dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and have not been provided for.

30 CONTINGENT LIABILITIES

The company has provided a corporate guarantee amounting to $3,000,000 (2016: $3,000,000) in favour of a financial institution for securing banking facilities granted to its wholly-owned subsidiary, Humming Flowers & Gifts Pte Ltd.

In 2016, the company has provided a corporate guarantee amounting to $70,000 in favour of a financial institution for securing banking facility granted to its subsidiary, Noel Hampers & Gifts (Johore) Sdn Bhd.

The financial effects of FRS 39 relating to the financial guarantee contracts issued by the company are not material to the financial statements of the company and these are not recognised. The management do not expect material losses under these guarantees.

31 OPERATING LEASE COMMITMENTS

a) Lessee's lease commitments

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments under operating leases included in profit or loss	**1,400**	1,304	**707**	761

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**899**	963	**849**	703
In the second to fifth year inclusive	**1,895**	2,775	**1,406**	1,955
Total	**2,794**	3,738	**2,255**	2,658

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

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FINANCIAL STATEMENTS

JUNE 30, 2017

31 OPERATING LEASE COMMITMENTS (cont'd)

b) Lessor's lease commitment

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

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Within one year	**455**	428
In the second to fifth year inclusive	**415**	156
Total	**870**	584

32 SEGMENT INFORMATION

(a) Operating segments

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Gifts $'000	Properties $'000	Group $'000
June 30, 2017			
SEGMENT REVENUE AND RESULTS			
Revenue	23,687	498	24,185
Result:			
Segment result	980	166	1,146
Other operating income	323	–	323
Impairment of plant & equipment	(26)	–	(26)
Fair value loss of investment properties	–	(50)	(50)
Finance cost	(1)	–	(1)
Unallocated other operating income			183
Unallocated other expense			(198)
Profit before income tax			1,377
Income tax			–
Profit for the year			1,377
Other information:			
Capital expenditure on plant and equipment and investment properties	446	4	450
Depreciation	567	9	576
STATEMENT OF NET ASSETS			
Assets:			
Segment assets	5,922	14,479	20,401
Unallocated assets			15,526
Total assets			35,927
Liabilities:			
Segment liabilities	2,784	134	2,918
Income tax payable			48
Deferred tax liability			175
Total liabilities			3,141

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

32 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Gifts $'000	Properties $'000	Group $'000
June 30, 2016			
SEGMENT REVENUE AND RESULTS			
Revenue	34,925	533	35,458
Result:			
Segment result	2,544	205	2,749
Other operating income	516	–	516
Fair value loss of investment properties	–	(1,478)	(1,478)
Finance cost	(3)	–	(3)
Unallocated other operating income			164
Unallocated other expense			(130)
Profit before income tax			1,818
Income tax			(284)
Profit for the year			1,534
Other information:			
Capital expenditure on plant and equipment and investment properties	427	3	430
Depreciation	608	6	614
STATEMENT OF NET ASSETS			
Assets:			
Segment assets	6,368	14,508	20,876
Investment in associates	27	–	27
Unallocated assets			16,286
Total assets			37,189
Liabilities:			
Segment liabilities	3,555	218	3,773
Income tax payable			375
Deferred tax liability			152
Total liabilities			4,300

NOTES TO
FINANCIAL STATEMENTS

JUNE 30, 2017

32 SEGMENT INFORMATION (cont'd)

(b) Geographical segments

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

	Revenue from external customers		Non-current assets	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**23,757**	34,709	**16,248**	17,700
Malaysia	**428**	749	**39**	61
Total	**24,185**	35,458	**16,287**	17,761

33 INTERNATIONAL FINANCIAL REPORTING STANDARDS CONVERGENCE IN 2018/2019

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 30 June 2019, with retrospective application to the comparative financial year ending 30 June 2018 and the opening statement of financial position as at 1 July 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. Particularly, management is evaluating the option to reset the translation reserve to zero as at date of transition, and if elected, may result in material adjustments on transition to the new framework.

The preliminary assessment above may be subject to change arising from the detailed analysis.

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 2012 ("the Code 2012") so as to ensure greater transparency and protection of the shareholders' interests. This statement outlines the main corporate governance policies and practices adopted by the Company.

Board Matters

Principle 1: Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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") to assist with the execution of its specific responsibilities. Each Committee has its own written terms of reference which clearly set out its objectives, duties, powers and responsibilities which has been amended to be in line with the Code 2012, 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.

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.

Matters Requiring Board Approval

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

- approval of half yearly or full year results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and/or proposal of final dividends;
- approval of corporate strategy(ies);

CORPORATE GOVERNANCE REPORT

- 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 duties, to act in good faith, provide insights and consider at all times, for the interests of the Company as a whole.

The Board conducts regular scheduled meetings on a half yearly basis and ad-hoc meetings as warranted by particular circumstances. In the interim between the meeting held, important matters concerning the Group may be put to the Board by way of circulating resolutions for approval. The Management can get acquainted with the Directors for guidance or exchange of business and governance practices outside of the meetings.

The number of Board Meetings held in the financial year ended 30 June 2017 and the record of the attendance at those meetings were read as follows:

	Board		**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	2	2	2	2	1	1	2	2
Mr Freddie Heng Kim Chuan	2	2	2	2	1	1	2	2
Mr Koh Soo Keong*	2	2	2	2	1	1	2	2
Ms Wong Phui Hong	2	2	2	2	1	1	2	2
Mr Foo Der Rong**	2	0	2	0	1	0	2	0
Mr Aric Loh Siang Khee**	2	0	2	0	1	0	2	0

Notes:
* Resigned as an Independent Director on 1 August 2017
** Appointed as an Independent Director on 1 August 2017

CORPORATE GOVERNANCE REPORT

Upon appointment as a new Director, the new Director will receive a formal letter of appointment or service agreement from the Company and the letter or agreement will indicate the relevant information on his/her duties and responsibilities as a Director. The new Director will be briefed by the Board to familiarize them with the Group's operations and strategic directions. All Directors will be provided with regular updates on the latest governance and listing practices.

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

There should be a strong and independent element in the Board, which will be able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of five qualified members, three of whom are Independent Directors, one Non-Executive Director and one Executive Director. The Board has reviewed its composition and is satisfied that such composition is appropriate, given the background, qualifications and experience of each Director. In view of any change to the scope of the business activities, the Board will invite more suitable candidates to join the Board as well as to rotate the members at the right time. Key information on the Directors is set out on page 6 to 7 of the Annual Report 2017.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the roles of Chairman of the Board and the Chief Executive Officer for managing the Company's business. No individual should represent a considerable concentration of power in the Company.

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.

CORPORATE GOVERNANCE REPORT

With the resignation of Mr Koh Soo Keong as the Lead Independent and Non-Executive Director, the Board has yet to decide on his replacement.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment or re-appointment of the Directors to the Board.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The Nominating Committee ("NC") comprises of four Directors, three of whom, including the Chairman, are Independent Directors who are not directly associated with any substantial shareholders of the Company. The NC Chairman is Mr Foo Der Rong and the members are Mr Aric Loh Siang Khee, Mr Freddie Heng Kim Chuan and Mr Wong Siu Hong Alfred.

The principal functions of the NC are to:

a) make recommendations to the Board on all board appointments;

b) develop a process to assess the effectiveness of the Board and contribution by each Director;

c) on an annual basis, determine whether a Director is independent;

d) formulate guidelines to ensure a Director having multiple board representations has sufficient time and attention devoted to the affairs of each Company; and

e) recommend the re-nomination and re-election of Director.

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. New Directors will be appointed by the Board after the NC has reviewed and recommended their appointments to the Board.

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

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

Name of Director	Academic & professional qualifications	Board committee as 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 degrees with distinction	Chairman/ Member of Remuneration & Nominating Committee	Executive Director	17 Aug 1983	25 Oct 2016	n/a	n/a
Ms Wong Phui Hong	Master of Business Administration degrees with distinction	Member of Audit Committee	Non-Executive	17 Aug 1983	2 Oct 2015	n/a	n/a
Mr Heng Kim Chuan Freddie	Bachelor of Science (Economics) Degree	Member of Audit Committee, Nominating & Remuneration Committee	Non-Executive/ Independent	3 Feb 1993	25 Oct 2016	– Synertec Corporation Ltd – TMC Life Sciences Bhd	n/a

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Name of Director	Academic & professional qualifications	Board committee as 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 Foo Der Rong	Bachelor of Commerce Degree	Chairman: Nominating & Remuneration Committee/ Member of Audit Committee	Non-Executive/ Independent	1 Aug 2017	n/a	– Pavillon Holdings Ltd – Matex International Ltd	– Intraco Ltd
Mr Aric Loh Siang Khee	Bachelor of Accountancy (Hons)	Chairman of Audit Committee/ Member of Nominating & Remuneration Committee	Non-Executive/ Independent	1 Aug 2017	n/a	– Tee International Ltd	– Europtronic Group Ltd – Koda Ltd

The Company does not have any Alternate Director.

The independence of each Director is reviewed annually by the NC. The NC has adopted the Code's recommendation of what constitutes an Independent Director in its review. The NC is of the view that the Independent Directors, namely Mr Freddie Heng Kim Chuan, Mr Foo Der Rong and Mr Aric Loh Siang Khee are independent of the Management.

The NC has assessed the independence of the Independent Director, Mr Heng Kim Chuan Freddie after considering the recommendations as set out in the Code. Notwithstanding that Mr Heng has served the Board since year 1993, the Board is fully satisfied that he has demonstrated complete independence, robustness of character and judgement as a Board member. Despite the 9 years' time frame, Mr Heng has continued to be and is deemed to be independent and has the requisite qualifications, experience and integrity as as Independent Director. The Board believes that Mr Heng who has many years of experience in business and financial field is able to serve the present needs of the Group.

For FY2017, each Director has completed the board performance evaluation form and also the Director's assessment checklist. The NC confirmed that the Board as a whole and its Board Committee are effective and that each Director has contributed to the Board.

CORPORATE
GOVERNANCE REPORT

The Company Secretary has collated and submitted the results to the Chairman of the NC in the form of a report.

There was one meeting held during the financial year ended 30 June 2017 which were attended by all the members.

The Company's Constitution requires one-third of the Directors to retire and subject themselves to re-election by the shareholders at every Annual General Meeting ("AGM"). A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommends that Ms Wong Phui Hong, Mr Foo Der Rong and and Mr Aric Loh Siang Khee be and are re-elected at the forthcoming AGM.

Principle 6: Access to Information

In order to fulfill their responsibilities, the Directors should be provided with complete, adequate and timely information prior to the Board meetings and also on an on-going basis so as to enable them to make better decisions to discharge their duties and responsibilities.

The Board has independent and full access to the Senior management team and the Company Secretary. In order to ensure that the Board is able to fulfill its responsibilities prior to the Board meetings, the Management provides the Board with information containing relevant background or explanatory information required to support the decision-making process. The Directors are entitled, either individually or as a group, to seek independent professional advices at the expense of the Company, in order to facilitate their duties.

The Board is provided with the contact details of the Company Secretary. The role of the Company Secretary, the appointment and removal of who is a matter for the Board as a whole, is as follows:

(a) ensure that the Board procedures are observed and that the Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Company Act (Chapter 50) of Singapore (the "Act") and the Listing Rules, are complied with;

(b) assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhance long-term shareholder value;

(c) assist the Chairman to ensure that good information are flowing within the Board and its committees and the key management personnel;

(d) facilitate orientation and assist with professional development as and when required; and

(e) attend and prepare minutes for all Board meetings.

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GOVERNANCE REPORT

Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of Directors. No Director should be involved in deciding his or her own remuneration.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide a good stewardship of the Company, and (b) key management personnel to manage the Company successfully. However, any Companies should avoid paying more than necessary for this purpose.

The RC comprises of four Directors, three of whom, including the Chairman, are Independent Directors. The RC Chairman is Mr Foo Der Rong and the other members are Mr Aric Loh Siang Khee, Mr Freddie Heng Kim Chuan and Mr Wong Siu Hong Alfred.

Although the Code provides that the RC should comprise entirely of Non-Executive Directors, the Board is of the view that the Managing Director has objective and independent value adding opinions that will be helpful to the RC's deliberation and decision making purposes.

The principal functions of the RC are to:

(a) recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for the Executive Director; and

(b) review remuneration for senior executives and the fees for the Non-Executive Directors annually.

In setting the remuneration packages, the RC takes into account the performance of the Group, as well as each Director and the key executives, 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 Independent Directors do not have any service contracts with the Company. The Company has entered into a 3 years' service-agreement commencing from FY2016 with the Executive Director, namely Mr Wong Siu Hong Alfred. 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.

There was one physical meeting held during the financial year ended 30 June 2017 which were attended by all members.

CORPORATE
GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

Every Company should provide a clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should also provide disclosure in relation to its remuneration policies to enable the investors to understand the link between remuneration paid to the Directors and key management personnel and their performance.

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 of the Company for the financial year ended 30 June 2017 is set out below.

Name of Director	Directors' Fee	Salary	Profit-sharing Incentive	Benefit-in-kind	Total
Between S$500,000 to S$750,000					
Wong Siu Hong Alfred	–	75%	19%	6%	100%
Below S$250,000					
Freddie Heng Kim Chuan	100%	–	–	–	100%
Koh Soo Keong	100%	–	–	–	100%
Wong Phui Hong	100%	–	–	–	100%

The total remuneration in aggregate paid to the top five key management personnel (who are not Directors or the CEO of the Company) in the Company and its subsidiaries for the financial year ended 30 June 2017 was S$705,000. In the interest of maintaining confidentiality, good morale and a strong team spirit within the Group, the Company is not disclosing the remuneration of the top 5 key management personnel, who are the General Managers and the Branch Manager of the Group as the Company believed that such disclosure may results in prejudices to its business interest given the highly competitive environment the Company is operating in.

Key information on the management team is set out on page 8 to 9 of the Annual Report 2017.

CORPORATE
GOVERNANCE REPORT

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds S$50,000 for the financial year ended 30 June 2017 are as follows:

Employee	Family Relationship
Between $50,000 to $100,000	
Wong Lai Kuan, Kim	Daughter of Wong Siu Hong Alfred (Managing Director)
Wong Ho Hon, Keith	Son of Wong Siu Hong Alfred (Managing Director)

The members of the RC do not have specialized knowledge in the field of executive compensation. However, they have gained sufficient experience in this area by managing the business and/or the human resource matters of the Group and the companies outside the Group. If any of the RC members require any independent professional advice, such professional fees would be borne by the Company. Moreover, they may also liaise with the management and may consult other employees and seek additional information, if required.

Accountability and Audit

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to undertake in achieving its strategic objectives.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

CORPORATE GOVERNANCE REPORT

Principle 13: Internal Audit

The Company should establish an effective internal audit function that is adequately resourced and independent of the audit activities.

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 Audit Committee ("AC") comprises of three Non-Executive and Independent Directors and a Non-Executive Director. The AC Chairman is Mr Aric Loh Siang Khee and the AC members are Mr Freddie Heng Kim Chuan, Mr Foo Der Rong and Ms Wong Phui Hong. There is no former partner or Director from the Company's existing auditing firm or auditing corporation that is a member of the AC for the past 12 months.

The AC, regulated by a set of written terms of reference, comprises of four members, the majority of whom, including its Chairman, are independent of the management.

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

(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) recommends to the Board the appointment and re-appointment of auditors and their fees for the shareholders' approval and reviews the scope and results of the audit and its cost-effectiveness;

(c) reviews the independence and objectivity of the external auditors, at least annually; and

(d) reviews any interested person transactions as defined in the Listing Manual.

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.

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.

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CORPORATE
GOVERNANCE REPORT

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 two meetings held during the financial year ended 30 June 2017 and have also met up with the external auditors in the absence of the management team in August 2017.

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.

The AC has reviewed the adequacy and effectiveness of the Company's risk assessment, and the Management makes sure that there are adequate internal controls in the Company. The AC is satisfied and expects that the risk assessment process must be a continuing process.

Based on the work performed by the external auditors, the Management control in place and a written assurance from the Managing Director, General Managers and the Finance Manager, including back-to-back assurances received from the respective departments, that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances are in accordance with the relevant standards, and (b) an effective risk management and internal control system have been put in place, the AC and the Board are of the opinion that the Group's internal controls, addressing the financial, operational, compliance risks, information technology controls, and risk management systems are adequate, where the Group considers relevant and material to its operations, to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding its assets and the shareholders' investments.

The Group does comply with Rule 712, 715, and 716 of the SGX-ST Listing Manual in relation to its auditors. The AC recommended Deloitte & Touche LLP to the Board for re-appointment as external auditors of the Company.

The AC has undertaken a review of all non-audit services provided by the external auditors and is satisfied that they would not affect the independence of the external auditors. For the financial year ended 30 June 2017, 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 84 of the Annual Report.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders

Principle 14: Shareholders' Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with the shareholders.

Principle 16: Conduct of Shareholders' Meetings

Companies should encourage greater shareholder participation at the general meetings of the shareholders, and allow the shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company communicates with its shareholders through the Annual Report, AGM and Extraordinary General Meetings, the shareholders' circulars and SGXNET announcements through the website of SGX. The Company do not practice any selective disclosure and will release all price-sensitive information through SGXNET.

Notices of the meetings will be advertised in the newspapers in Singapore and announced via the SGXNET.

The Board believes in encouraging the participation of the shareholders at any general meetings.

At general meetings, the shareholders will be given opportunities to express their views and ask any questions regarding the Group and its businesses. If the shareholders are unable to attend the meetings, the Constitution of the Company allows the shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder though the proxy form which will be send in advance.

The Company ensures that separate resolutions are proposed at general meetings on each distinct issue. The Company requires all Directors (including the Chairman of the Board and the respective Chairmen of the Board Committees) to be present at all general meetings of the shareholders, unless due to exigencies. The external auditors will also be present to assist the Directors in addressing any queries that the shareholders may have.

CORPORATE
GOVERNANCE REPORT

All resolutions tabled at general meetings will be passed through a process of voting by poll which the procedures are clearly explained by the scrutineers at such general meetings. The voting results showing the number of votes cast for and against each resolution and respective percentages will be announced via SGXNET after the conclusion of the general meeting.

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.

Whistle Blowing Policy

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

Interested Person Transaction

The only interested person transaction during the year that relates to the management fee of less than $100,000 paid to Ms Wong Phui Hong, as an advisor of the Group.

Save as disclosed above, the Group does not have any interested person transaction in the financial year ended 30 June 2017 that is disclosable under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

Material Contracts

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

Dealings in Securities

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

CORPORATE GOVERNANCE REPORT

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

Risk management policies

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

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STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 99	10	0.96%	212	0.00%
100 – 1,000	107	10.23%	69,995	0.07%
1,001 – 10,000	607	58.03%	2,592,880	2.53%
10,001 – 1,000,000	307	29.35%	16,472,488	16.07%
1,000,001 and above	15	1.43%	83,340,449	81.33%
	1,046	100.00%	102,476,024	100.00%

Issued share capital	:	$10,251,457.65
Number of shares	:	102,476,024
Class of shares	:	ordinary shares
Voting rights	:	one vote per share

Based on information available to the Company as at 15 September 2017, approximately 25.51% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF
SHAREHOLDINGS

The percentage of the total holding of the twenty largest shareholders is approximately 85.37% and their names and numbers of shares held are:

TOP TWENTY SHAREHOLDERS AS AT 15 SEPTEMBER 2017

S/No.	Name	No. of Shares	Percentage
1	WONG SIU HONG ALFRED	26,263,377	25.63%
2	ROYAL INST OF CONSTRUCTION ECONOMISTS PTE LTD	10,082,000	9.84%
3	LIM JULIAN	8,000,000	7.81%
4	WONG PHUI HONG	6,831,372	6.67%
5	ROYAL WORLD TRUST PTE LTD	5,091,000	4.97%
6	WONG HO HON KEITH	5,000,000	4.88%
7	WONG LAI KUAN KIM	5,000,000	4.88%
8	TAN BIAN KIAN	4,500,000	4.39%
9	WONG KOON HONG	3,679,700	3.59%
10	TAN DENG ZHENG (CHEN DENGZHENG)	2,000,000	1.95%
11	TAN DENG ZHI (CHEN DENGZHI)	2,000,000	1.95%
12	TAN GEOK BEE	1,849,500	1.80%
13	LIM YEW LIAN	1,705,250	1.66%
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,336,000	1.30%
15	WANG TONG PENG @WANG TONG PANG	863,000	0.84%
16	YAP BOH SIM	800,000	0.78%
17	DBS NOMINEES PTE LTD	728,300	0.71%
18	TEO JOO KIM	600,000	0.59%
19	PHILLIP SECURITIES PTE LTD	599,250	0.58%
20	RAFFLES NOMINEES (PTE) LTD	562,250	0.55%
		87,490,999	85.37%

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STATISTICS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares Direct Int	No of Shares Deemed Int
Alfred Wong Siu Hong	27,537,627	18,000,000[1]
Lim Julian	8,000,000	27,537,627[2]
Wong Phui Hong	6,831,372	8,500,000[3]
Tan Bian Kian	4,500,000	6,831,372[4]
Wong Koon Hong	3,620,000	1,705,250[5]
Lim Yew Lian	1,705,250	3,620,000[6]
Royal Institute Of Construction Economists Pte Ltd	9,956,000	–

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.

PORTFOLIO HELD BY
PROPERTY DIVISION

Held By	Existing Use	Location	Storeys/ Unit no.	Area (sq ft)	Tenure	Unexpired term of lease
Noel Gifts International Ltd	Light Industrial	50 Playfair Road Singapore 367995	#03-01	3,477	Freehold strata titles	–
			#05-01	3,477		
			#06-01	3,477		
			#06-02	1,399		
			#06-03	1,970		
			#06-04	1,464		
			#07-01	3,466		
			#07-02	1,227		
			#07-03	1,970		
			#07-04	1,464		
				23,391		
Noel Gifts International Ltd	Residential	33 Rochester Drive Singapore 138638	#28-04	1,216	Leasehold	88

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Noel Gifts International Ltd. ("the Company") will be held at The Conference Room, 21 Ubi Road 1 #03-01 Singapore 408724 on Friday, 27 October 2017 at 9.00 a.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 30 June 2017 together with the Auditors' Report thereon. (Resolution 1)

2. To declare a first and final dividend of 0.3 cent (one-tier tax) and a special dividend of 0.7 cent (one-tier tax) per ordinary share for the year ended 30 June 2017 (2016: 1.5 cent). (Resolution 2)

3. To re-elect the following Directors retiring pursuant to the Company's Constitution:–

   (i) Ms Wong Phui Hong – Regulation 87 (Resolution 3)

   (ii) Mr Aric Loh Siang Khee – Regulation 94 (Resolution 4)

   (iii) Mr Foo Der Rong – Regulation 94 (Regulation 5)

4. To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

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$85,000/- for the year ended 30 June 2017 (2016: S$91,000/-). (Resolution 7)

NOTICE OF
ANNUAL GENERAL MEETING

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

7. Authority to allot and issue shares

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:–

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per cent. (50%) of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20 per cent. (20%) of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, 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 this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

      c. any subsequent consolidation or subdivision of shares;

NOTICE OF
ANNUAL GENERAL MEETING

(iii) in exercising the authority 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 for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] (Resolution 8)

8. Renewal of Share Buy-Back Mandate

"That:–

(i) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:–

a. market purchase(s) on the SGX-ST ("Market Purchase"); and/or

b. off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("Off-Market Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy-Back Mandate");

NOTICE OF
ANNUAL GENERAL MEETING

(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 Average Closing Price,

where:

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

NOTICE OF
ANNUAL GENERAL MEETING

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

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

(iv) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution." [See Explanatory Note (ii)] (Resolution 9)

Notice of Books Closure and Dividend Payment Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Noel Gifts International Ltd. (the "Company") will be closed for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Intertrust Singapore Corporate Services Pte Ltd, 77 Robinson Road, #13-00 Robinson 77, Singapore 068896 up to 5.00 p.m. on 6 November 2017 will be registered to determine shareholders' entitlements to the said dividends.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 6 November 2017 will be entitled to the proposed dividends.

Payment of the dividends, if approved by the members at the Annual General Meeting to be held on 27 October 2017 will be made on 14 November 2017..

By Order of the Board
Ms Wong Phui Hong
Company Secretary
Singapore, 11 October 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01 Singapore 408724 not less than forty-eight (48) hours before the time for holding the meeting.

4. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

    (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

    (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Note to item no 3:

The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Ms Wong Phui Hong, Mr Aric Loh Siang Khee and Mr Foo Der Rong as Directors of the Company.

Note to Resolution 3

Ms Wong Phui Hong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will not be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Note to Resolution 4

Mr Aric Loh Siang Khee will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Note to Resolution 5

Mr Foo Der Rong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise). The number of shares which the Directors may issue under this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company. For issue of shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares to be issued shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated in accordance with Rule 806(3) of the SGX-ST Listing Manual as set-out in sub-paragraph (ii) of this Ordinary Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting to purchase or acquire up to 10% of the total number of issued ordinary shares excluding treasury shares 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 2017 are set out in Appendix A and are for illustration only.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

NOEL GIFTS INTERNATIONAL LTD

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

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents.

PROXY FORM

*I/We, ______________________________ (Name)

of ______________________________ (Address) being a member/members of the abovenamed Company, hereby appoint:–

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy(ies) to vote for me/us and on my/our behalf at the AGM of the Company to be held on Friday, 27 October 2017 at 9.00 a.m. at The Conference Room, 21 Ubi Road 1 #03-01 Singapore 408724 and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions	No. of Votes For	No. of Votes Against
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 30 June 2017		
2.	Declaration of first & final dividend and a special dividend		
3.	Re-election of Ms Wong Phui Hong		
4.	Re-election of Mr Aric Loh Siang Khee		
5.	Re-election of Mr Foo Der Rong		
6.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and fixing their remuneration		
7.	Approval of Directors' fees amounting to S$85,000/-		
8.	Authority to allot and issue new shares		
9.	Renewal of Share Buy-Back Mandate		

Dated this __________ day of ______________ 2017.

Total number of Shares in	No. of Shares held
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register maintained by CDP 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 maintained by CDP and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company who is not 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 on his behalf. Such proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01 Singapore 408724 not less than forty-eight hours (48) hours before the time fixed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. 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 Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or 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 appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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Company Reg. No. 198303940Z

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