KODA

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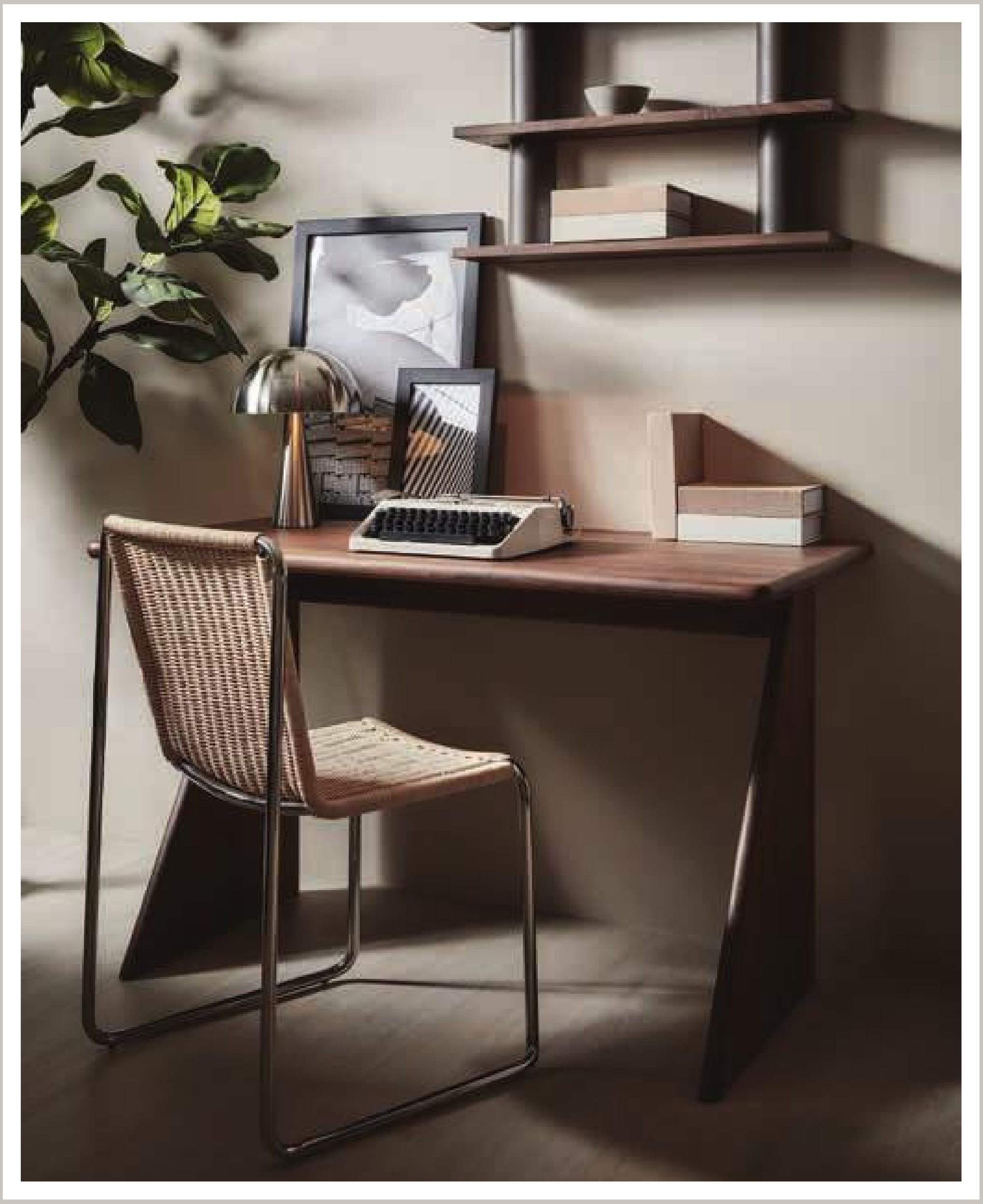

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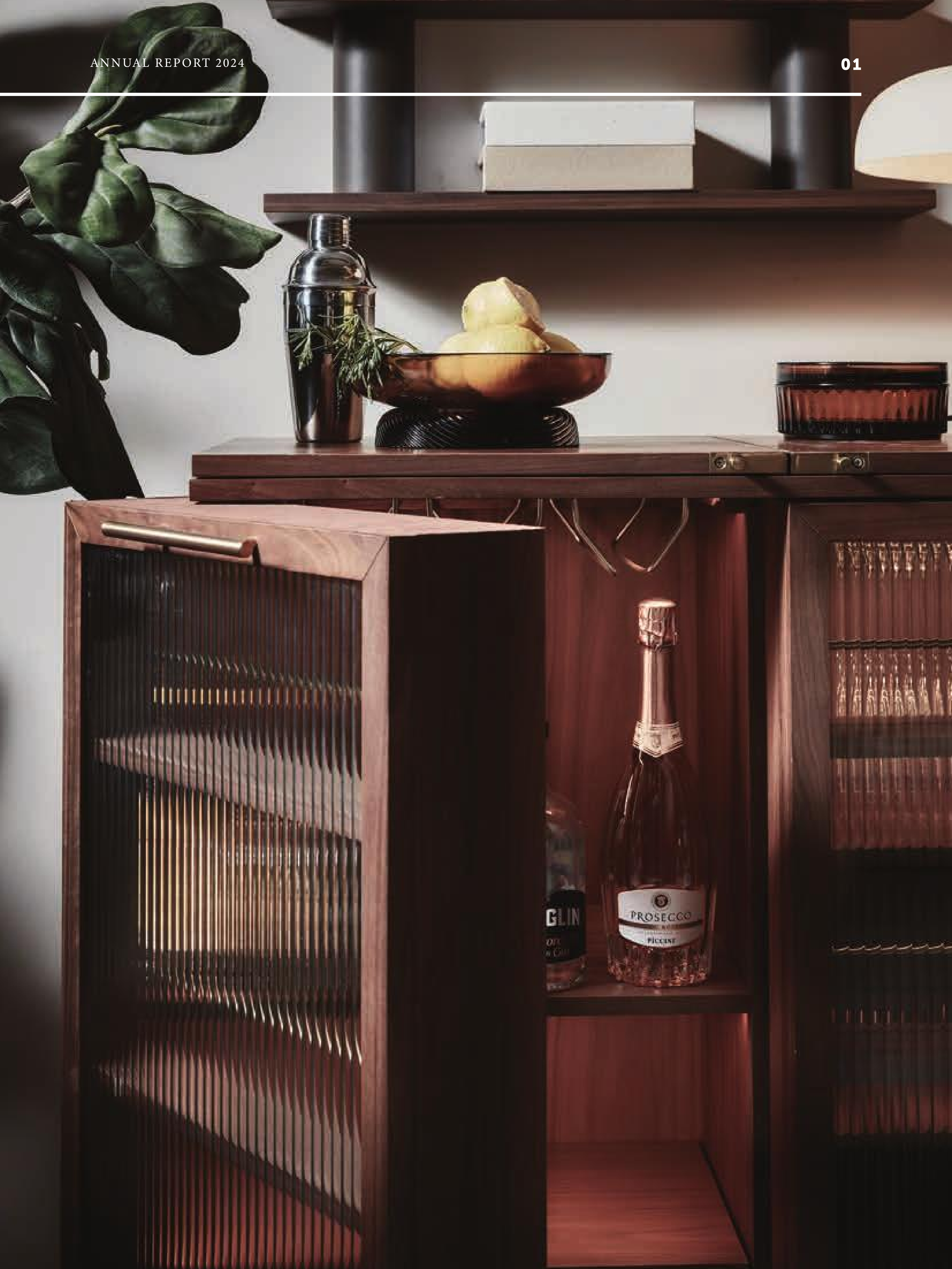
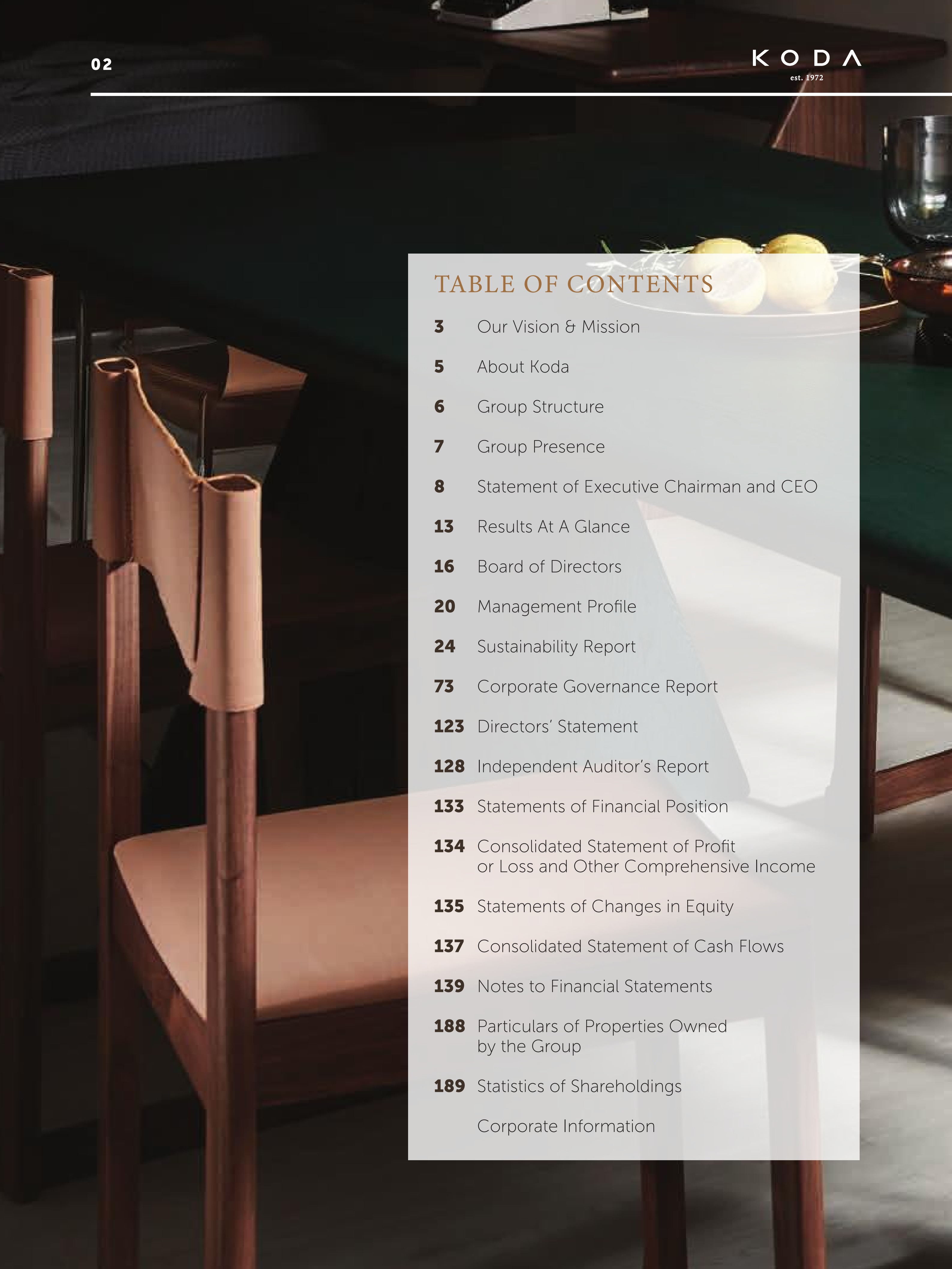

PROSECCO



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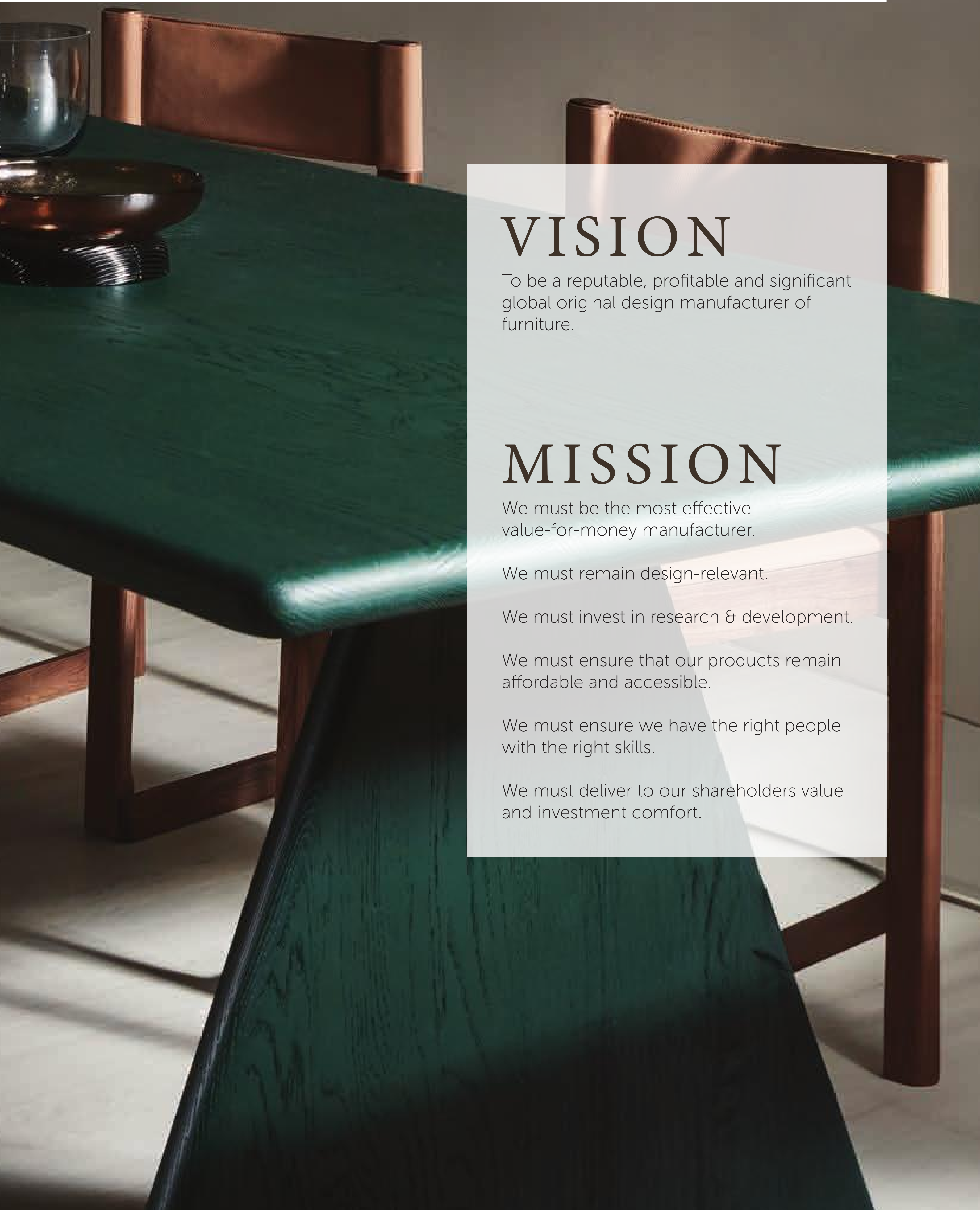


VISION

To be a reputable, profitable and significant global original design manufacturer of furniture.

MISSION

We must be the most effective value-for-money manufacturer.

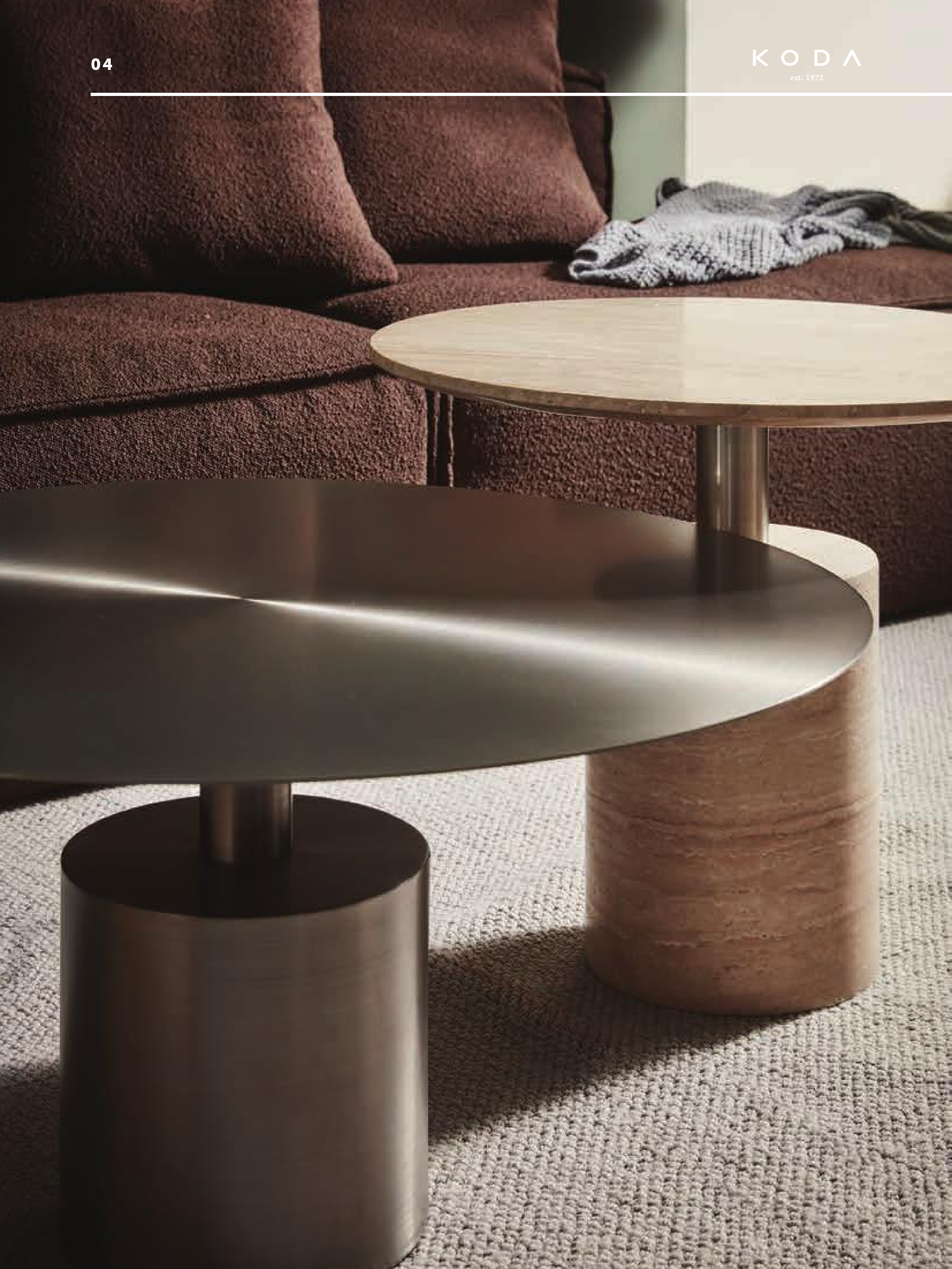
We must remain design-relevant.

We must invest in research & development.

We must ensure that our products remain affordable and accessible.

We must ensure we have the right people with the right skills.

We must deliver to our shareholders value and investment comfort.

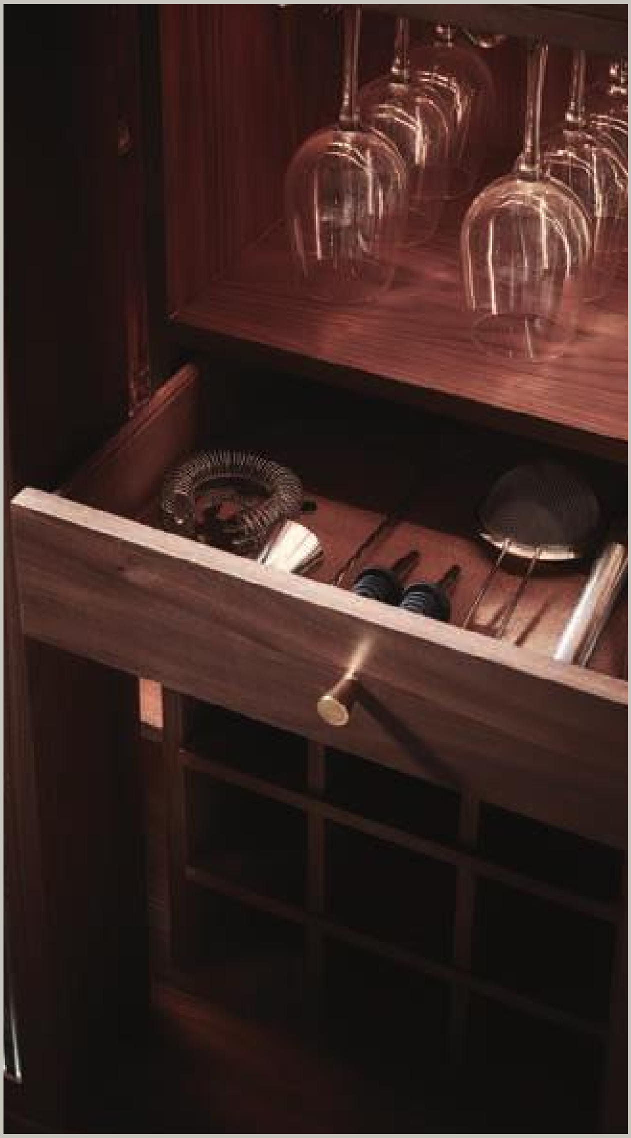


ABOUT KODA

From our humble beginnings in 1972, Koda has turned into a leading Original Design Manufacturer of furniture. Led by a management team with decades of specialised experience in furniture production, Koda has made significant investments in Vietnam, Malaysia and China. Koda has been recognised by Forbes Asia as part of "Asia's 200 Best Under a Billion" list of companies in 2006 and was profiled by CSIL Milano in its Top World Furniture Manufacturers Report 2006 as one of the top 200 major furniture manufacturers worldwide. In April 2021, Koda was recognised as one of the High-Growth Companies Asia-Pacific 2021 by Nikkei Asia, The Financial Times and Statista. Notably, in August 2022, Koda has again been named as one of the best under a billion by Forbes Asia.

Koda puts our customers first in all we do, with a focus on delivering exceptional customer experiences. Koda is proud of the company's history of serving customers, delivering value to shareholders, and environmental stewardship. We strive to continue that tradition through our endeavour to provide the best quality in our products, and in everything we do. High-quality design, good taste, excellent value and clear functionality are now synonymous with the Koda brand. We distil, through the meticulous processes of drawing and making, a multitude of ideas, references and varied international cultures into simple, elegant furniture profiles that remain beautiful and eye-catching for years to come.

Koda has established its reputation as a style leader in the industry, investing heavily and consistently in teams of talent that fosters quality research, design and development. Koda constantly reinvents its operations for greater cost efficiency and to create convenience for its retail and commercial clients, most of which have fast-changing expectations generated by the ever-shifting pace of the consumer market. To stay ahead of changing trends, Koda has embarked upon a series of initiatives designed to embrace new marketing and branding programmes to better compete in today's volatile business environment and drive future growth.



This includes developing its own digitally savvy retail brand to expand awareness of its quality and premium furniture offerings using environmentally responsible materials, with the intent to reap profitable sales growth. Koda believes that charting this course now is prudent, exciting, and necessary to provide the company with its own unique space amidst the disruptive forces that define the manufacturing and retail sectors today.

GROUP STRUCTURE

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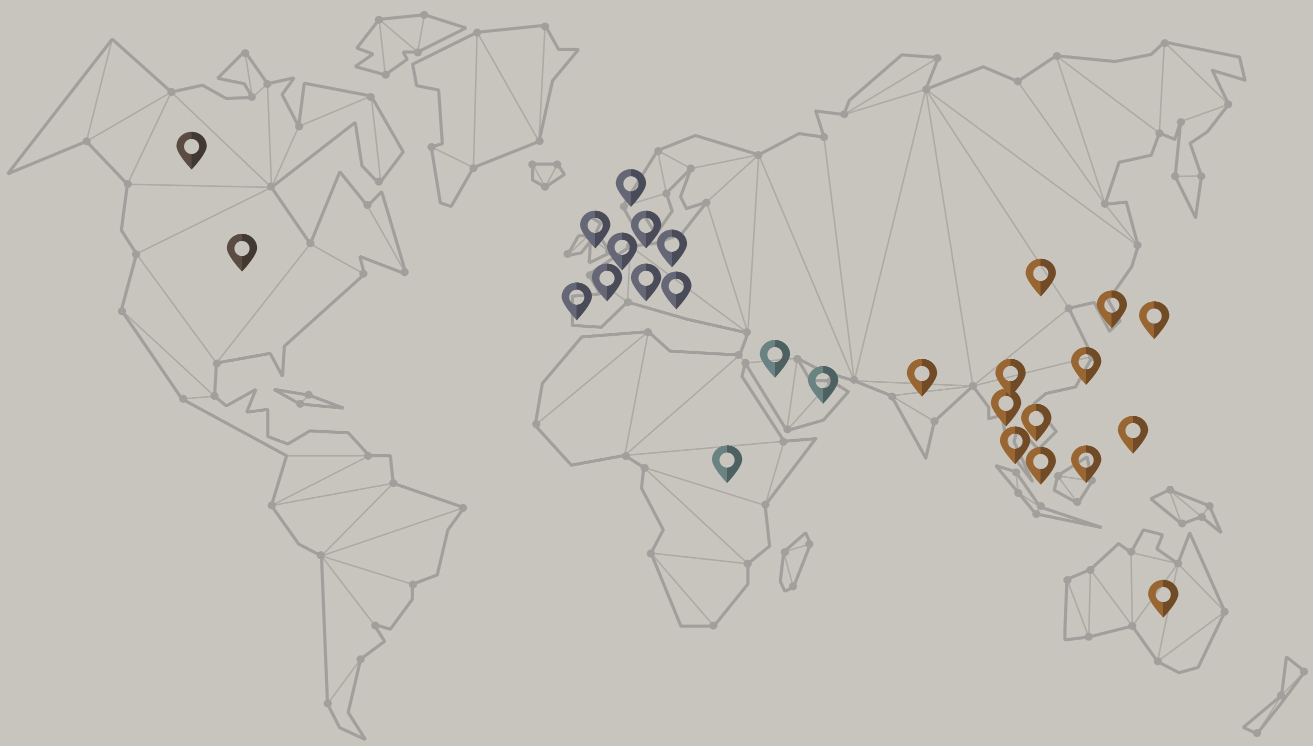
- **100%** KODA WOODCRAFT SDN BHD MALAYSIA
- **100%** JATAT FURNITURE INDUSTRIES SDN BHD MALAYSIA
- **100%** KODA INTERNATIONAL COMPANY LTD VIETNAM
- **100%** KODA INDOCHINE COMPANY LTD VIETNAM
- **100%** KODA SAIGON COMPANY LTD VIETNAM
- **100%** COMMUNE LIFESTYLE PTE LTD SINGAPORE
  - **100%** COMMUNE LIFESTYLE SDN BHD MALAYSIA
  - **100%** COMMUNE (DONGGUAN) TRADING CO LTD CHINA
    - **80%** COMMUNE (CHONGQING) TRADING CO LTD CHINA
    - **100%** COMMUNE (SHANGHAI) TRADING CO. LTD CHINA

GROUP PRESENCE



REGIONS AND COUNTRIES WE SELL TO:

EUROPE

FRANCE
GERMANY
GREECE
LUXEMBOURG
NETHERLANDS
POLAND
PORTUGAL
SPAIN
UNITED KINGDOM

ASIA-PACIFIC

AUSTRALIA
CAMBODIA
CHINA
HONG KONG
INDIA
JAPAN
KOREA
MALAYSIA
PHILIPPINES
SINGAPORE
TAIWAN
THAILAND
VIETNAM

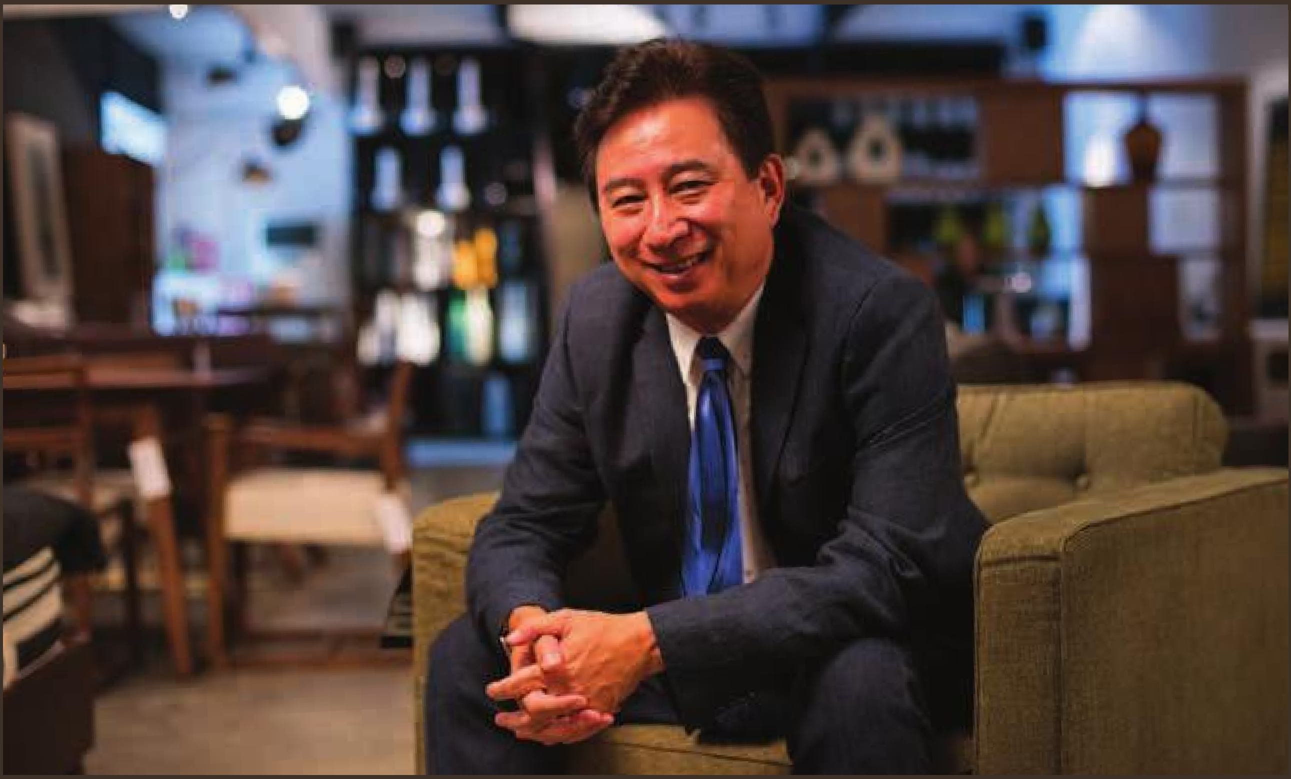
NORTH AMERICA

CANADA
U.S.A.

OTHERS

SOUTH AFRICA
UNITED ARAB EMIRATES

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO



DEAR STAKEHOLDERS,

We had previously warned that there were numerous reasons to expect much slower consumer spending for our export markets as excess saving rates were low, discretionary purchases were weak and retail inventories could remain high while most businesses were still struggling amidst lingering adverse macroeconomic conditions. Additionally, the extended real estate slump and recent deflationary pressure concerns in China suggest that more needs to be done locally to revive domestic consumption.

OVERVIEW

Despite this extremely challenging operating environment, we shipped much larger volumes to new customers in the US market during the financial year ended June 30, 2024 ("FY2024") given our focused strategies, which also helped to improve our overall production efficiency ratio and sustained our gross margins. Whilst demands for the US market have improved, competition has become more intense which requires us to keep investing in marketing, including trade fairs, customer visits and co-advertising programmes. Meanwhile, the limited visibility of improvement in China's situation has further dragged recovery in its consumer-driven economy which partly explains why our sales to Asia-Pacific and other regions were so much lower than that of the previous year.

In view of this, overall revenue increased just marginally to US$45.6 million for FY2024 and selling expenses rose accordingly. We incurred higher non-operating expenses during the year due to loss of assets on the occurrence of unwanted incidents. In addition, administrative expenses increased as well given certain non-cash accounting effects and provisions, which were recorded in accordance with the required financial reporting standards. As a result, we incurred a Net Loss of US$4.5 million for FY2024. You may refer to Results at a Glance for further details.

While the financial results for the last two financial years were disappointing, our liquidity and capital positions as at June 30, 2024 remained robust given our strong retained earnings and healthy cash at bank of US$40.4 million and US$11.2 million, respectively.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

FINANCIAL PERFORMANCE

Summarised Profit & Loss Account For the Year Ended June 30,

US$'000	2024	2023	2022	2021	2020
			(Reclassified)		
Revenue	**45,597**	43,781	79,339	82,643	60,353
Gross profit	**12,824**	11,954	24,555	27,141	18,071
(Loss) Profit before income tax	**(4,166)**	(1,969)	6,861	11,098	4,625
Income tax expense	**(430)**	(931)	(1,393)	(1,991)	(500)
(Loss) Profit for the year	**(4,596)**	(2,900)	5,468	9,107	4,125
(Loss) Profit attributable to:					
Owners of the Company ("Net (Loss) Profit")	**(4,522)**	(2,834)	5,673	9,098	4,336
Non-controlling interest	**(74)**	(66)	(205)	9	(211)
(Loss) Profit for the year	**(4,596)**	**(2,900)**	**5,468**	**9,107**	**4,125**
Key financial ratio:					
Gross profit margin (%)	**28.1**	27.3	30.9	32.8	29.9
Net (loss) profit margin (%)	**(9.9)**	(6.5)	7.2	11.0	7.2
(Loss) Earnings per share (US$ cents*)	**(5.44)**	(3.41)	6.84	11.00	5.25
Revenue from (US$'000)	**2024**	**%**	**2023**	**%**	**Change**
Asia-Pacific	**12,547**	27.5	16,765	38.3	(4,218)
North America	**27,884**	61.2	21,576	49.3	6,308
Europe	**4,422**	9.7	4,178	9.5	244
Others	**744**	1.6	1,262	2.9	(518)
Total revenue	**45,597**	**100.0**	**43,781**	**100.0**	**(1,816)**

* Computed based on weighted average number of shares during the financial year.

FINANCIAL PERFORMANCE

During FY2024, we reported:

- higher revenues due mainly to substantially higher export sales to our new customers in the US market (particularly for 2H2024), which was however offset by significantly lower sales to Asia-Pacific and other regions as discretionary consumer spending remained cautious amidst inflationary pressure and deepening debt crisis in China's real estate sector, which continued to weigh heavily on business recovery and market sentiment;
- higher gross profit on the back of higher revenue and gross margin;
- lower other income due to lower government grant income and in the absence of fire insurance compensation recorded in the current year;
- higher selling and distribution expenses primarily driven by increased sales and agent commissions; and trade fair expenses aligned with higher revenues, partially offset by lower depreciation of right-of-use assets;
- higher administrative expenses due mainly to higher travel expenses and software licensing fees. There were overprovision of prior years' variable bonuses in FY2023 but none in FY2024;
- higher other expenses due mainly to loss of assets – the Group recorded (i) a non-operating loss of US$0.2 million arising from the misappropriation of fund (as previously announced), (ii) a write-off of US$0.42 million arose from the fire incident in Vietnam upon confirmation of the final fire insurance settlement amount, offset by lower foreign exchange loss;
- higher finance costs due to higher interest expenses (on higher loans and rates); and
- Lower income tax expenses due to lower taxable profit for our operations.

Given the above, the Group incurred a loss attributable to the Owners of the Company ("Net Loss") of US$4.5 million in FY2024 as compared to US$2.8 million in FY2023.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

FINANCIAL POSITION

Summarised Balance Sheet As At June 30,

US$'000	2024	2023	2022	2021	2020
Property, plant and equipment	**24,312**	24,527	25,416	15,467	13,618
Other non-current assets	**13,343**	13,950	15,507	13,141	10,023
Total non-current assets	**37,655**	38,207	40,923	28,608	23,641
Current assets	**35,562**	36,034	47,049	45,872	34,025
Current liabilities	**(17,002)**	(12,141)	(20,090)	(21,091)	(12,171)
Net-current assets	**18,560**	23,893	26,759	24,781	21,854
Non-current liabilities	**(11,999)**	(13,165)	(15,071)	(4,148)	(4,958)
Equity attributable to owners of the Company ("Shareholders' Equity")	**44,441**	**49,082**	**52,871**	**49,306**	**40,606**
Non-controlling interests	**(225)**	(147)	(260)	(65)	(69)
Total equity	**44,216**	**48,935**	**52,611**	**49,241**	**40,537**
Key financial ratios:					
Net assets value per share (US cents)*	**53.4**	59.0	63.6	59.6	49.1
Inventory turnover – average (days)	**137**	141	132	129	98
Trade receivable turnover (days)	**65**	23	25	20	22
Quick ratio (times)	**1.4**	2.0	1.3	1.2	1.9
Current ratio (times)	**2.1**	3.0	2.3	2.2	2.8
Gearing (times)	**0.36**	0.33	0.38	0.13	0.17
Return on equity (%)	**(10.2)**	(5.8)	10.7	18.5	10.7

* Net asset value ("NAV") per share is computed based on number of ordinary shares in issue as at year end.

FINANCIAL POSITION

Despite current year Net Loss, our financial position remained healthy. As at June 30, 2024:

- Assets-to-liabilities ratio was 2.52 times. This means every dollar of liability was backed by US$2.52 worth of assets; and
- Gearing, including lease liabilities, was 0.36 times. Excluding lease liabilities, our gearing would have been 0.26 times. This means we borrowed only US$0.26 for every dollar of net asset we own.

ASSETS

Current assets decreased by US$0.5 million to US$35.6 million. Significant changes were:

- Cash and cash equivalents of US$11.2 million – fell by US$4.1 million due mainly to net cash used in operations, investing activities (i.e purchase of property, plant and equipment) and financing activities (i.e loan repayment);
- Trade receivables of US$8.1 million – increased by US$5.4 million due mainly to significantly higher sales in 2H2024 with longer credit terms for export customers in the US;
- Other receivables of US$4.0 million – fell by US$1.7 million due mainly to the receipt of fire insurance compensation and the write-off of the non-recoverable portion.

Non-current assets (including reclassification on completion of a factory upgrading project), fell by US$0.6 million to US$37.7 million largely attributed to depreciation charges, lower right-of-use assets additions, de-recognition of several expired or terminated leases throughout the year, and the impairment of right-of-use assets.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

CASH FLOWS

Summarised Cash Flows Statement For The Year Ended June 30,

US$'000	2024	2023	2022	2021	2020
Operating cash flow before movements in working capital	**527**	2,790	13,123	14,900	7,925
Net cash (used in) from operating activities	**(797)**	7,698	5,455	7.526	8,456
Net cash used in investing activities	**(1,664)**	(1,351)	(13,213)	(7,026)	(5,017)
Net cash (used in) from financing activities	**(1,522)**	(5,267)	7,447	(2,434)	(344)
Net (decrease)/increase in cash and cash equivalents	**(3,983)**	1,080	(221)	(1,934)	3,095
Cash and cash equivalents at beginning of year	**15,326**	14,301	14,673	16,426	13,394
Effects of exchange rate change on balance of cash held in foreign currencies	**(150)**	(55)	(151)	181	(63)
Cash and cash equivalents at end of year	**11,193**	15,326	14,301	14,673	16,426

LIABILITIES

Current liabilities increased by US$4.9 million to US$17.0 million. Significant changes were:

- Trade payables rose by US$2.5 million to US$4.9 million, driven by increased purchases and slower payments to vendors.
- Other payables increased by US$1.4 million to US$7.3 million mainly due to accrual of commissions and service fees, including agent sales commission on the back of higher export sales as well as deferred revenue for retail price markdown.
- Bills payable and bank loan (current portion) rose by US$1.3 million primarily due to trade financing and drawdown of other short-term bank loans.

Non-current liabilities fell by US$1.2 million to US$12.0 million due mainly to repayment of bank loans.

SHAREHOLDERS' EQUITY

Shareholders' Equity fell by US$4.6 million to US$44.4 million as at June 30, 2024 due mainly to Net Loss of US$4.5 million for FY2024.

CASH FLOWS

Net cash used in operating activities was US$0.8 million, after accounting for operating cash inflows of US$0.5 million, working capital outflows of US$0.6 million and net of payments for income tax and interest of US$0.7 million.

Net cash used in investing activities was US$1.7 million due to purchase of machinery and equipment for our factories in Vietnam.

Net cash used in financing activities was US$1.5 million due mainly to repayments of bank loans and lease liabilities.

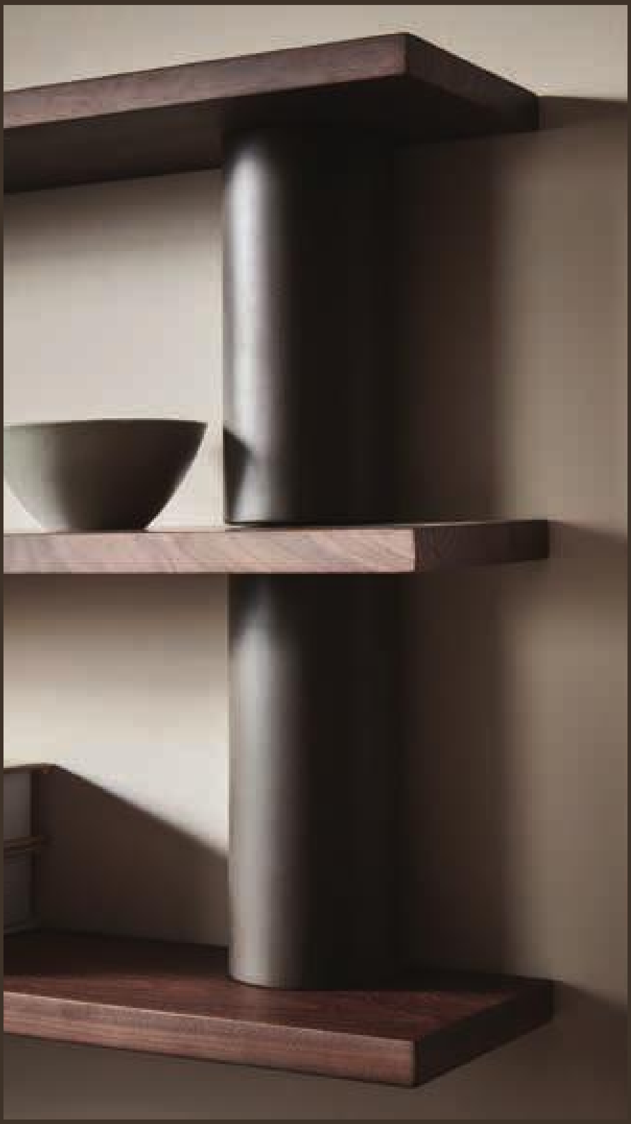
Given the above, net cash and cash equivalents fell by US$4.0 million to US$11.2 million as at June 30, 2024.

OUTLOOK

As previously disclosed, there were hopeful signs of demand enquiries from our export clients, which seemed to suggest that the furniture retailers could be on the verge of clearing their excess inventories progressively. Whilst our sales to the US and Europe improved during 2H2024, demand remains uncertain.

We believe that the ongoing geopolitical tensions and global inflationary pressures have caused the pace of inventory replenishment cycles for our export markets to remain highly unpredictable. We further observed that China has continued to set a very modest growth target in FY2024 while dealing with its deepening real estate crisis and industrial overcapacity issues amidst sluggish domestic demand and cautious discretionary spending.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO



Against this backdrop, we need to manage our working capital cycle more cautiously as we work towards improving supply chain and optimising factory utilisation. We will continue to review and adjust our strategies such that we could adapt to a slower and more cautious pace of business recovery ahead.

APPRECIATION

That being said, the past two financial years have tested our resilience and adaptability. We believe we are on track to integrate recovery strategies in our key business processes as we continue to navigate periods of elevated economic uncertainty and market volatility.

I would like to thank our bankers, business partners, shareholders and our dedicated management team and staff for your ongoing support, particularly during these challenging times.

I look forward to speaking with you at the AGM.

JAMES KOH JYH GANG
Executive Chairman and CEO

RESULTS AT A GLANCE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended June 30,

	2024 US$'000	2023 US$'000	Change US$'000	Change %
REVENUE	**45,597**	**43,781**	**1,816**	**4.1**
Cost of sales	(32,773)	(31,827)	(946)	3.0
GROSS PROFIT	**12,824**	**11,954**	**870**	**7.3**
Other income	1,172	2,543	(1,371)	(53.9)
Selling and distribution costs	(7,261)	(6,634)	(627)	9.5
Administrative expenses	(9,390)	(8,701)	(689)	7.9
Other expenses	(916)	(687)	(229)	33.3
Finance costs	(595)	(444)	(151)	34.0
LOSS BEFORE INCOME TAX	**(4,166)**	**(1,969)**	**(2,197)**	**111.6**
Income tax expense	(430)	(931)	501	(53.8)
LOSS FOR THE YEAR	**(4,596)**	**(2,900)**	**(1,696)**	**58.5**
LOSS ATTRIBUTABLE TO:				
Owners of the Company	(4,522)	(2,834)	(1,688)	59.6
Non-controlling interests	(74)	(66)	(8)	12.1
LOSS FOR THE YEAR	**(4,596)**	**(2,900)**	**(1,696)**	**58.5**

REVENUE
Rose by US$1.8 million due mainly to substantially higher export sales to our new customers in the US market particularly in 2H2024, offset by significantly lower sales to Asia-Pacific and other regions (mainly due to weak discretionary consumer spending amidst inflationary pressure and the deepening debt and real estate crisis in China.

GROSS PROFIT
Rose by US$0.9 million on the back of higher revenues and margin. Higher margin as a result of improved economies of scale and production utilisation rates.

OTHER INCOME
Fell by US$1.4 million due mainly to lower government grant income and in the absence of fire insurance compensation, which was recorded at US$0.9 million in FY2023.

SELLING AND DISTRIBUTION COSTS
Rose by US$0.6 million due mainly to higher sales and agent commissions in line with increased revenue (particularly in 2H2024), and higher trade fair expenses, offset by lower right-of-use assets depreciation.

ADMINISTRATIVE EXPENSES
Rose by US$0.7 million due mainly to the non-cash accounting effects for overprovision of prior years' variable bonus in FY2023. Excluding that, these rose by US$0.2 million mainly due to higher travelling expenses and software licensing fees.

OTHER EXPENSES
Rose by US$0.2 million due mainly to loss of assets (US$0.2 million from the previously disclosed misappropriation of assets incident, and other receivable write off of US$0.42 million from the fire incident in Vietnam), offset by lower foreign exchange loss.

FINANCE COSTS
Rose by US$0.2 million due mainly to higher interest expenses on bank loans and lease liabilities.

INCOME TAX EXPENSE
Fell by US$0.5 million due mainly to lower taxable profit for our operations.

NET LOSS
Given the above, the Group incurred a net loss of US$4.6 million in FY2024.

RESULTS AT A GLANCE

STATEMENTS OF FINANCIAL POSITION

As at June 30,

	GROUP			
	2024 US$'000	**2023** US$'000	**Change** US$'000	**Change** %
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	11,193	15,326	(4,133)	(27.0)
Trade receivables	8,104	2,751	5,353	194.6
Other receivables	3,979	5,639	(1,660)	(29.4)
Inventories	12,286	12,318	(32)	(0.3)
TOTAL CURRENT ASSETS	**35,562**	**36,034**	**(472)**	**(1.3)**
NON-CURRENT ASSETS				
Bank balances earmarked for credit facility	479	479	–	–
Club memberships	45	46	(1)	(2.2)
Property, plant and equipment	24,312	24,257	55	0.2
Right-of-use assets	12,733	13,216	(483)	(3.7)
Other receivables	86	209	(123)	(58.9)
TOTAL NON-CURRENT ASSETS	**37,655**	**38,207**	**(552)**	**(1.4)**
TOTAL ASSETS	**73,217**	**74,241**	**(1,024)**	**(1.4)**

CURRENT ASSETS

CASH AND CASH EQUIVALENTS
Fell by US$4.1 million due mainly to net cash used in operations, investing activities (i.e purchase of plant and equipment) and financing activities (i.e loans repayment).

TRADE RECEIVABLES
Rose by US$5.4 million due mainly to significantly higher sales in the second half-year of 2024 with longer credit terms for export customers in the US.

OTHER RECEIVABLES
Fell by US$1.7 million due mainly to the absence of the fire insurance compensation, which was recorded at US$0.9 million in FY2023.

NON-CURRENT ASSETS

RIGHT-OF-USE ASSETS
Fell by US$0.5 million due mainly to:
(i) depreciation charge and lower additions;
(ii) de-recognition of several expired or terminated leases;
(iii) impairment of right-of-use assets.

OTHER RECEIVABLES
Fell by US$0.1 million due mainly to decrease in advance payment to vendors for repairs and maintenance of factory facilities.

RESULTS AT A GLANCE

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at June 30,

	GROUP			
	2024 US$'000	2023 US$'000	Change US$'000	Change %
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bills payables	319	–	319	NM
Trade payables	4,862	2,385	2,477	103.9
Other payables	7,349	5,977	1,372	23.0
Lease liabilities	1,186	1,322	(136)	(10.3)
Current portion of bank loans	2,836	1,830	1,006	55.0
Income tax payable	450	627	(177)	(28.2)
TOTAL CURRENT LIABILITIES	**17,002**	**12,141**	**4,861**	**40.0**
NON-CURRENT LIABILITIES				
Other payables	71	83	(12)	(14.5)
Deferred tax liabilities	167	143	24	16.8
Lease liabilities	3,329	3,228	101	3.1
Non-current portion of bank loans	8,432	9,711	(1,279)	(13.2)
TOTAL NON-CURRENT LIABILITIES	**11,999**	**13,165**	**(1,166)**	**(8.9)**
CAPITAL AND RESERVES				
Share capital	4,919	4,919	–	–
Treasury shares	(50)	(50)	–	–
Capital reserve	(159)	(159)	–	–
Other reserves	211	211	–	–
Translation reserve	(858)	(739)	(119)	16.1
Accumulated profits	40,378	44,900	(4,522)	(10.1)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**44,441**	**49,082**	**(4,641)**	**(9.5)**
Non-controlling interests	(225)	(147)	(78)	53.1
TOTAL EQUITY	**44,216**	**48,935**	**(4,719)**	**(9.6)**
TOTAL LIABILITIES AND EQUITY	**73,217**	**74,241**	**(1,024)**	**(1.4)**

NM: Not meaningful

CURRENT AND NON-CURRENT LIABILITIES

BILL PAYABLES AND BANK LOANS (CURRENT PORTION)

Rose by US$1.3 million due mainly to trade financing and drawdown of other short-term bank loans.

TRADE PAYABLES

Rose by US$2.5 million on the back of higher purchases and slower payments to vendors.

OTHER PAYABLES

Rose by US$1.4 million due mainly to accrual of commissions and service fees, including agent sales commission on the back of higher export sales as well as deferred revenue for retail price markdown.

BANK LOANS (NON-CURRENT PORTION)

Fell by US$1.3 million due mainly to repayment of bank loans.

CAPITAL AND RESERVES

TRANSLATION RESERVE

Rose by US$0.1 million due mainly to stronger US$ against other non-US$ denominated currencies in translating our subsidiaries' assets.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Fell by US$4.6 million due mainly to the Net Loss for FY2024.

KODA
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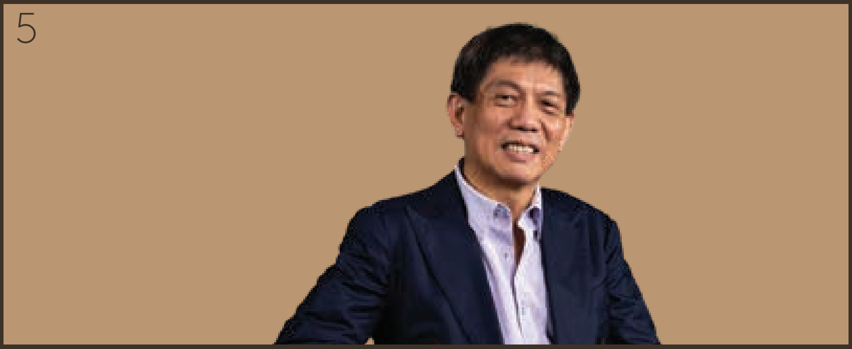
BOARD OF DIRECTORS

1


2


3


4


5


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BOARD OF DIRECTORS

1 MR. JAMES KOH JYH GANG ("JAMES")
Executive Chairman and CEO

James spearheads the Group's operations and growth strategies. He has initiated a range of industry-wide projects in Singapore, Vietnam and China, and has drawn on that experience to formulate our business development strategies, strengthen supply chain management, broach new design concepts and manage our international marketing efforts. In addition, he also contributes technical knowledge by advising our Research & Development ("R&D") and production teams on product development and processes.

James served as the President of the Singapore Furniture Industries Council ("SFIC") for two terms, during which he advised the SFIC on matters relating to the development of Singapore's furniture industry. During his illustrious tenures as President, James initiated several successful projects including but not limited to the International Furniture Fair Singapore ("IFFS") and the Singapore Furniture Industry Park in Kunshan, China. He was also appointed the Chairman of IFFS Pte Ltd and the International Furniture Centre Steering Committee, where he established the IFFS as a world-class trade show and positioned Singapore as a premier furniture hub for the global market.

James is a Presidential Advisor of SFIC and is also a member of the multi-agency, three-year Local Enterprise Association Development ("LEAD") programme, which partners industry associations to enhance industry and enterprise competitiveness.

James was appointed to the Board in 1980 and holds a Diploma in Management Studies from the Singapore Institute of Management. He was last re-elected to the Board at the 2023 AGM.

2 MR. ERNIE KOH JYH ENG ("ERNIE")
Executive Director, Sales & Marketing

Ernie is currently the Executive Director of Sales & Marketing for Koda Ltd. He has significant experience in international marketing and corporate branding. He is at the helm of the Group's marketing initiatives, particularly in customer relationship management, client base diversification, trade fairs participation, new product launches and marketing talent recruitment. Ernie is also instrumental in identifying the latest design trends and dealing with changing consumer preferences. Ernie has been with Koda for more than 25 years. During his tenure, he has rapidly expanded Koda's market share, reaching out to more than 120 customers across more than 40 countries throughout the globe.

Ernie is also actively involved in the business and creative communities. He was elected as a President of the Singapore Furniture Industries Council ("SFIC") in 2012 and served from 2012 to 2016. He is a Chairman of International Furniture Fair Singapore Pte Ltd and the SFIC Finance Advisory Committee. He is also a Chairman of the Local Enterprise and Association Development (LEAD) Programme for SFIC, a multi-agency program that aims to partner industry associations to enhance industry and enterprise competitiveness. Ernie was appointed as a Co-Chairman of the Independent Experts Panel for Furniture Industry by Spring Singapore in 2013. He sat on the Advisory Board in the School of Design at Singapore Polytechnic from 2015 to 2019. He was also elected to the 61st Board of Singapore Chinese Chamber of Commerce and Industry (SCCCI) in 2022 (2022 – 2025). He was elected as current president of the Singapore Retailers Association (2022 – 2024). He is also a Council member of the Singapore Business Federation's ("SBF") (2022 – 2024). He is also a Vice Chairman of the SBF Small and Medium Enterprise Committee (SMEC), a member of DesignS (a network of nine design-centric institutes and associations in Singapore) as well as a Distinguished Member of the Presidential Advisory Commission of Design Business Chamber Singapore. He currently sits in the Industry Advisory Group for School of Spatial & Product Design (2021 – 2023) at Lasalle College of Arts (Singapore). He is often invited to present papers in various international conferences globally.

Ernie was appointed to the Board in 2001 and holds a Bachelor of Science in Marketing from the University of Oregon (USA) and an MBA in International Marketing from the San Francisco State University (USA). He was last re-elected to the Board at the 2023 AGM.

BOARD OF DIRECTORS

3 MDM. KOH SHWU LEE ("SHWU LEE")
Executive Director, Finance, Administration and Operations

Shwu Lee is responsible for the Group's administrative and operational supports, including overseeing daily operations and cash flow planning. She also oversees and manages the Group's key operational functions in subcontracting supply chain, supplier payment, human resources, credit control and budgetary control.

Shwu Lee has been with the Group for more than 30 years and she is also the appointed administrative director for the Group's key subsidiaries in Malaysia and Vietnam, where she is responsible for developing and implementing operating policies and procedures to enhance workplace efficiency.

Shwu Lee was appointed to the Board in 2001 and holds a BA from the National University of Singapore. She was last re-elected to the Board at the 2022 AGM.

4 MR. TAN CHOON SENG ("CHOON SENG")
Lead Independent Director

Choon Seng was appointed on November 18, 2016 as an Independent Director of Koda, and is currently serves as the Lead Independent Director, Chairman of the Audit Committee and member of the Remuneration Committee and Nominating and Governance Committee.

Choon Seng is a board member of Soup Holdings Limited and was elected Non-Executive Chairman on April 25, 2024. He is also the Chairman of the Remuneration Committee. He has served as an Independent Director and Chairman of the Audit Committee for the past four years. He was previously a board member of the Singapore Institute of Management and a member of the Board of Trustees for the Singapore University of Social Sciences. He was also the Chairman of the University's Investment and Endowment Fund.

Prior to this, Choon Seng was the Group Chief Executive Officer and a Non-independent and Executive Director of WBL Corporation Ltd. He was also previously Vice President (Customer Solutions Group) and Managing Director of Hewlett-Packard Southeast Asia, a post he held from June 2002 when Hewlett-Packard acquired Compaq. He also served as the Vice President and Managing Director for the ASEAN region of Compaq Computer Asia Pte Ltd between June 1999 to June 2002. He joined Compaq in 1996 as Chief Financial Officer for its Asia-Pacific operations. Prior to joining Compaq, he spent 20 years in various multinational organisations in the audit and tax, oil services and information technology industries, where he held several senior leadership positions in operations, sales, strategy and business development.

Choon Seng holds an Accountancy degree from the National University of Singapore and is a non-practising Fellow Chartered Accountant of Singapore. He was last re-elected to the Board at the 2023 AGM.

5 MR. CHAN WAH TIONG ("WAH TIONG")
Independent Director

Wah Tiong was appointed as an Independent Director of Koda in 2001. He currently serves as a member of the Audit Committee, Remuneration Committee and Nominating and Governance Committee.

Wah Tiong retired from his role as Chief Executive Officer (Nursing Home Cluster) of St. Andrew's Nursing Home (SANH) on July 16, 2024. He was appointed as a project consultant at St. Andrew's Mission Hospital on July 17, 2024 and as Executive Director of St. Andrew's Nursing Home (Queenstown).

Wah Tiong brings extensive financial and accounting experience to the Group. He previously served as an external auditor, financial analyst, accountant, finance director and financial controller of several local and multinational companies operating in the manufacturing, trading and construction industries, as well as in the non-profit sectors.

Wah Tiong is a Chartered Accountant with the Institute of Singapore Chartered Accountants, he holds a Bachelor of Accountancy and a Graduate Diploma in Social Work from the National University of Singapore. He was last re-elected to the Board at the 2021 AGM.

BOARD OF DIRECTORS

6 MR. YING SIEW HON, FRANCIS ("FRANCIS")
Independent Director

Francis was appointed on November 18, 2016 as an Independent Director of Koda. He currently serves as the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating and Governance Committee.

Francis has considerable experience in investment and corporate banking, as well as in the securities industry. He held senior managerial positions in UOB Bank Group before moving to DBS Securities Group, where he was a Director of Business Development.

Francis has worked for a private group of companies since 2000. He was a Director of Kaicoh Pte. Ltd., a holding company which owns various companies in the metal stamping and assembly, machine manufacturing and fabrication, laser and lighting businesses. He sat on the boards of these subsidiaries located in Singapore, Malaysia, Thailand and Germany. He oversaw the operations of some of these subsidiaries as Managing Director and was involved in various merger and acquisition transactions.

Francis is a Fellow of the Association of Chartered Certified Accountants (United Kingdom). He was last re-elected to the Board at the 2022 AGM.

7 MR. PHUA BOON HUAT ("BOON HUAT")
Independent Director

Boon Huat was appointed on November 1, 2021 as an Independent Director of Koda. He currently serves as the Chairman of the Nominating and Governance Committee and member of the Audit Committee and Remuneration Committee.

Boon Huat is the Co-Founder and Director of P9 Capital Pte Ltd, a single family office ("SFO") where he is actively managing the investment and operational activities of the SFO. He was previously the Director for Europe at HTL International Holdings Pte Ltd, where he was responsible for managing the overall commercial activities in the European markets. He also previously held positions in the HTL group, managing strategic functions such as foreign exchange hedging and freight negotiation. He is also currently the President of the Singapore Furniture Industries Council. Boon Huat holds a Bachelor of Economics (Honours) Degree from the University of Newcastle, Australia and a Master of Business Administration Degree from the University of Adelaide, Australia. He is an Ordinary Member of the Singapore Institute of Directors. He was last re-elected to the Board at the 2022 AGM.

MANAGEMENT PROFILE

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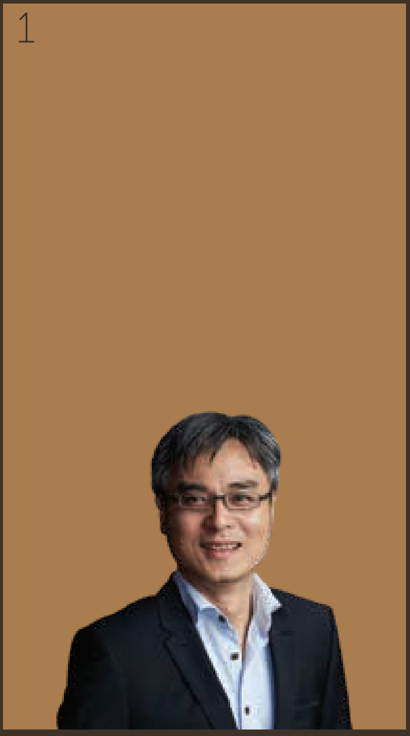

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MANAGEMENT PROFILE

1 TEH WING KWAN ("TEH")
Advisor

Teh has been the appointed Advisor of Koda Ltd since October 2013. He is a sophisticated investor and specialises in corporate restructuring, corporate finance, and merger & acquisition. Teh is the appointed Chairman for Livingstone Health Holdings Limited (listed on the SGX Catalist and formerly known as Citicode Ltd), and the appointed Chairman for China Vanadium Titano-Magnetite Mining Company Ltd (listed on the HKEX Mainboard) where he led the team to completion of a RMB1.3 billion restructuring exercise in 2019. Teh is also the lead investor in a public company listed on the SGX Catalist and other privately held assets.

Teh was the controlling shareholder; and Executive Chairman and Chief Executive Officer ("CEO") of Citicode Ltd (previously listed on the SGX Mainboard) from July 2018 to February 2021 where he initiated and completed the reverse takeover exercise of a multi-disciplinary healthcare services group, Livingstone Health Ltd. Teh was also the Group CEO and Managing Director of Sapphire Corporation Limited ("Sapphire") (listed on the SGX Mainboard) from October 2013 to December 2017. Under his leadership, Sapphire underwent a major corporate restructuring exercise, which he transformed Sapphire by acquiring one of the largest privately-owned urban rail transit engineering groups in China. He led Sapphire to be the first company listed outside Hong Kong to receive The Listed Enterprise Excellence Awards 2016 from the Hong Kong-based Capital Weekly.

In July 2024, Teh was appointed as Lead Independent Director of Sapphire. He served as a non-executive director of other public companies listed on the HKEX, SGX Catalist and ASX as well.

Teh is a Fellow of The Association of Chartered Certified Accountants (United Kingdom), a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, a Chartered Accountant of the Malaysian Institute of Accountants, a Senior Accredited Director of the Singapore Institute of Directors and a member of the Hong Kong Securities and Investment Institute. He was nominated for the 2015 and 2016 Asia Pacific Entrepreneurship Awards (Singapore) under the Industrial and Commercial Products Industry as well as the 2017 and 2018 Outstanding Leaders in Asia Corporate Excellence & Sustainability Awards under the Leadership Category.

2 MR KAVIN SEOW ("KAVIN")
Group Operations Director (Manufacturing)

Kavin joined the Group on 2 October 2023 as Group Operations Director (Manufacturing) of Koda Ltd. An Industrial Engineer by profession, he is responsible for the overall manufacturing operations of the Group in Vietnam and Malaysia, including overseeing various key operational functions such as purchasing, manufacturing processes, factory capacity planning, labor deployment, quality control, logistics planning and inventory management.

Kavin was the Senior Director of Touch Community Services Singapore ("TCS") from May 2004 to September 2023. Prior to joining TCS, he was the Vice President (Operations) of Koda Ltd from 1989 to 2001 and Executive Director of Koda Ltd from 2001 to 2004, during which he was responsible for overseeing and managing the key operational functions for the Group's manufacturing facilities in Malaysia. Kavin was also a Senior Product Engineer for AT&T Consumer Products Ltd (Singapore) from 1986 to 1989.

Kavin holds a Bachelor of Science in Industrial Engineering from University of Oklahoma.

3 YANG EE
Group Chief Financial Officer

Yang Ee is responsible for overseeing the Group's financial reporting, financial management, corporate governance, and key corporate matters, while engaging with stakeholders. With over 33 years of expertise in audit, accounting, and taxation, including audit experience at Ernst & Young, he brings extensive knowledge in corporate and operational finance, budgeting, SGX reporting, internal controls, and treasury across diverse industries, including manufacturing, luxury goods distribution, and event management.

Before joining our Group, Yang Ee served as Group Financial Controller at Blu Kouzina Pte Ltd. He also brings valuable experience from his role at Eurosports Global Limited, where he was employed starting in September 2015. His earlier roles include seven

MANAGEMENT PROFILE

years as Group Financial Controller at Lumina Looque International Pte Ltd. From March 2006 to March 2008, he was the Assistant Corporate Advisory Director and Group Financial Controller at Nippecraft Limited. Mr. Yang holds a Bachelor of Accountancy from the National University of Singapore and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

4 TAN KIAN PENG DARREN ("DARREN")

Group Financial Controller

Darren is responsible for the Group's accounts and finance functions, specifically financial reporting and analysis, budgetary and internal controls, performance measurement and work processes. His professional experience includes but is not limited to audit, taxation, corporate finance and accounting. He was promoted to Group Financial Controller and appointed as an Executive Officer in 2014.

Darren is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and a Chartered Accountant with the Malaysian Institute of Accountants.

5 JOSHUA KOH ZHU XIAN ("JOSHUA")

Chief Executive Officer, Commune Lifestyle Pte. Ltd.

Joshua is responsible for overseeing the operations of the retail and distribution business (Commune), its business development and provides overall strategy for the brand.

Joshua was the Group's Chief Financial Officer before being promoted as the Chief Executive Officer of Commune Lifestyle Pte. Ltd. He began his career as a financial analyst at Bloomberg LLP and joined the Group in 2008. He was also responsible for implementing the Group's internal control policies and procedures. In 2010, he also took on an active operational role overseeing our Vietnam operations.

Joshua was appointed as an Executive Officer and continues to serve as a member of the Executive Committee. He holds a Bachelor of Commerce in Accounting & Finance from the University of Western Australia and an MBA from INSEAD (France/Singapore).

6 GAN SHEE WEN ("SHEE WEN")

Vice President, Group Sales and Marketing; and Chief Operating Officer, Commune Lifestyle Pte. Ltd.

Shee Wen is responsible for the sales and marketing functions of the Asia Pacific markets. His key duties are to build and maintain close ties with clients and develop products for their specific markets. This involves design research, idea generation and technical development, culminating in the development of marketable products for Koda's international client base.

As a Chief Operating Officer of Commune, Shee Wen heads the operations, sales and marketing functions. He is responsible for the development and improvement of the systems that create and deliver Commune's products and securing the functionality of business plans and procedures that drive extensive and sustainable growth for Commune. Shee Wen also leads the expansion activities, maintains corporate marketing relationships, sales partnerships, and manages dealer recruitment internationally for Commune.

Shee Wen joined Koda in 2005 as a Marketing Executive and has through the years demonstrated his ability to strategise and execute marketing plans to capture new markets and stay ahead of competitors.

In recognition of his contributions to the industry, Shee Wen received the Gold award in the Outstanding Individual category of the Singapore Furniture Industry Awards 2013. He holds a Bachelor of Science in Business (Honours) from The University of London.

MANAGEMENT PROFILE

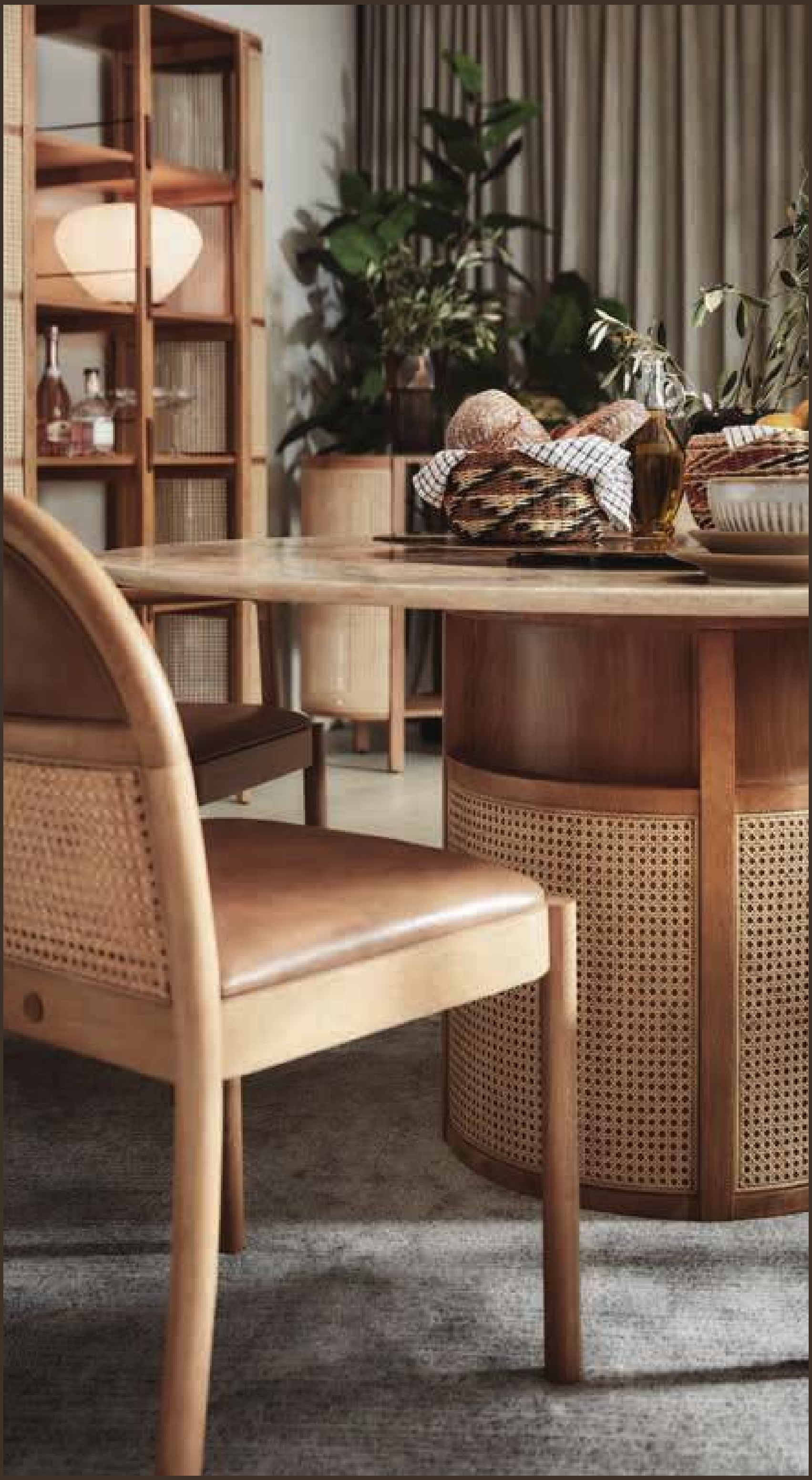
7 JULIAN KOH ZHU LIAN ("JULIAN")

Head of Design of Koda Ltd and Commune Lifestyle Pte. Ltd.

Julian is responsible for the Group's design and innovation. He leads the design team and oversees the Group's designing and branding, as well as sample and product development. He is also the creative mind behind the Group's local and overseas exhibitions.

Julian is the creative force behind Commune Lifestyle Pte. Ltd., curating sensory environments in retail spaces and unique shopping experiences for consumers, centred on the concept of bringing people together.

He holds a Diploma in Product Industrial Design from Temasek Polytechnic and a Bachelor in Industrial Design from Swinburne University of Technology, Australia.



SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

1 About the Report

1.1 Board's Statement

We are delighted to present the Sustainability Report for Koda Ltd (the "**Koda**" or "**Company**" and its subsidiaries, the "**Group**") for the financial year ended June 30, 2024 ("**FY2024**"). This report which has been reviewed and endorsed by the Board of Directors (the "**Board**"), showcases our progress over the past year and emphasises our commitment to working with our valued stakeholders to build a sustainable business founded on resilience, adaptation, and innovation.

At Koda, the Board is deeply committed to promoting sustainable growth and crafting effective sustainability strategies. In developing these strategies, the Board carefully considers the sustainability issues, risks, opportunities, and stakeholder expectations. They also identify the key Environmental, Social, and Governance ("**ESG**") factors essential for our sustainability reporting. Moreover, the Board diligently oversees the management and monitoring of these critical ESG factors through regular evaluations of our Group's sustainability performance. Our management team is also tasked to establish sustainability policies, processes, practices, and targets, ensuring the implementation of our sustainability strategies and tracking progress.

Notably, Koda has participated in United Overseas Bank ("**UOB**") Green and Sustainable Deposits solution, a strategic step that aligns our financial practices with our commitment to sustainability. This initiative allows us to place our deposits of US$1.2 million in a solution that directly supports projects with positive environmental and social impacts. This includes renewable energy development, sustainable infrastructure, and green building projects. All projects financed under UOB's sustainable finance frameworks are aligned with the United Nations Sustainable Development Goals ("**UN SDGs**"). By choosing this sustainable deposit option, we contribute to the broader agenda of driving sustainable economic growth and environmental stewardship. This participation reflects our dedication to responsible investing and reinforces our credibility as a company that prioritises sustainability in all facets of our operations.

Lastly, we would like to extend our heartfelt gratitude to all stakeholders for their continued support. The Board remains dedicated to enhancing our sustainability practices around core ESG aspects. Recognising sustainability as an ongoing journey, we will continually improve our internal processes to build a sustainable business.

Sincerely,

Board of Directors

SUSTAINABILITY REPORT

1.2 Corporate Profile

In this annual sustainability report, Koda Ltd and its subsidiaries seek to highlight the ESG factors integrated into our management, policies, and operations. This report aims to assure our key stakeholders and foster stronger relationships by pragmatically addressing their interests. It demonstrates the Group's commitment to transparency in sustainability reporting, providing comprehensive information about our sustainability strategy, key concerns, relevant metrics, and targets.

1.2.1 Values and Mission

We believe that building a sustainable business is essential for our ongoing success in the manufacturing and retail sectors. We are committed to taking full responsibility for our impact on the environment, our customers, our employees, and our community, alongside our financial performance.

Our employees uphold core values that shape and guide every aspect of our business. We recognise that cooperation, communication, and trust are crucial for effective collaboration. Additionally, we prioritise care and concern through respect, patience, empathy, and consideration, both within our team and in the communities where we operate.

1.2.2 Governance

1.2.2.1 Board Diversity

At Koda, the Board is carefully assembled to ensure a diverse range of expertise across multiple sectors. Dedicated to promoting inclusivity, the Nominating Committee reviews candidates' backgrounds, considering aspects such as gender, age, and ethnicity, to create a well-rounded, competent, and diverse leadership team that aligns with the company's sustainability objectives. The Nominating Committee also assists the Board by evaluating the independence of Directors and assessing the performance of the Board, its committees, and each individual director. This includes recommending appropriate evaluation methods and criteria.

The board diversity of Koda is shown below.

Board Diversity	Unit	FY2024	FY2023
Directorship Concentration			
Board of Director Positions	Number of Headcount	7	7
Type of Directorships			
Executive Directorship	Number of Headcount	3	3
Independent Non-Executive Directorship	Number of Headcount	4	4
Percentage (%)			
Executive Directorship	Proportion	42.9%	42.9%
Independent Non-Executive Directorship	Proportion	57.1%	57.1%

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Board Diversity	Unit	FY2024	FY2023
Gender Diversity			
Male	Number of Headcount	6	6
Female	Number of Headcount	1	1
Percentage (%)			
Male	Proportion	85.7%	85.7%
Female	Proportion	14.3%	14.3%
Age Diversity			
< 30	Number of Persons	–	–
30 to 50	Number of Persons	1	1
> 50	Number of Persons	6	6
Percentage (%)			
< 30	Proportion	–	–
30 to 50	Proportion	14.3%	14.3%
> 50	Proportion	85.7%	85.7%

1.2.2.2 Corporate Sustainability Committee

Under the oversight of the Board, the Corporate Sustainability Committee ("**CSC**"), led by our Executive Director and comprising other executive directors and senior executives, assists the Board in corporate sustainability matters. The CSC, designated by Group Management, is responsible for overseeing and coordinating the sustainability process, ensuring the Group has the necessary policies, standards, systems, and personnel to comply with international standards and agreements in the ESG areas.

To ensure the CSC functions efficiently and effectively, the Corporate Sustainability Work Group ("**CSWG**") manages day-to-day activities in support of the CSC. The CSWG, led by our Corporate Sustainability Champion (the "**Champion**"), actively promotes awareness through education and training. The Champion collaborates with various departments to identify and manage ESG aspects. This working group ensures continuous data accuracy for sustainability reporting, embedding sustainability initiatives throughout the company's frameworks and values.

SUSTAINABILITY REPORT

Board	• Oversee ESG matters, strategies and performance. • Set & approve the directions of sustainability targets and strategies.
Corporate Sustainability Committee (CSC)	• Implement, monitor, manage & coordinates the sustainable development strategy of the Group. • Oversees sustainability reporting, stakeholder engagement and communication. • Manages performance management for ESG Factors and Corporate Social Responsibilities ("**CSR**") Program. • Provides corporate governance oversight. • Establish adequate and effective internal controls over corporate sustainability.
Corporate Sustainability Work Group (CSWG)	• Ensure a close link and increased awareness within the organisation through adequate action programs and proper communication within the Group on sustainability matters. • Prepare and handle of all sustainability related Group corporate policies and regulations. • Implements the agreed positions and regulations within their areas of responsibility. • Review and endorse all global corporate positions and documents on sustainability related matters. • Identify gaps and propose adequate steps to address them.
Department (Employee Working Group)	• Report the department's sustainability performance to the CSWG. • Implement sustainability initiatives and offer feedback for improvements.

1.2.3 Awards and Accolades

Awards

Year	Award	Organisation
FY2022	Koda Ltd was named one of the Top 200 Under One Billion Companies in August 2022	Forbes Asia

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Associations

Company	Trade Associations	Expiry Date
Koda Ltd	Singapore Furniture Industries Council	June 30, 2026
	Singapore Business Federation	December 31, 2024
	Singapore Chinese Chamber of Commerce and Industry	December 31, 2028
	Singapore Manufacturing Federation	December 31, 2024
Commune Lifestyle Pte Ltd	Singapore Retailers Association	September 30, 2025
	Franchising and Licensing Association (Singapore)	December 31, 2024
	Singapore Furniture Industries Council	June 30, 2026
Koda Woodcraft Sdn Bhd	Malaysia Timber Industry Board	September 30, 2025
	Johor Bahru Chinese Chamber of Commerce and Industry	Life Member
	Malaysia Furniture Council	December 31, 2025
Jatat Furniture Industries Sdn Bhd	Malaysia Timber Industry Board	September 30, 2027
Koda Saigon Company Ltd	Handicraft and Wood Industry Association (“**HAWA**”)	December 31, 2024
Commune (Dongguan) Trading Co. Ltd	Dongguan City Association of Enterprises with Foreign Investment	December 31, 2025
Commune (Chongqing) Trading Co Ltd	SingCham Sichuan Centre	June 11, 2025

2 Sustainability at Koda

2.1 Scope

This annual report covers our sustainability performance for the financial year 2024 (“**FY2024**”), spanning from July 1, 2023 to June 30, 2024. The content focuses on our strategies, initiatives, policies, and activities related to our material ESG topics. The material issues and disclosures in this report have been selected based on their significance within the Group’s scope, the sustainability context, and stakeholder expectations. This approach ensures consistent tracking of our key performance indicators over time. As such, the report provides an overview of our approach, goals, targets, and performance evaluation for our most critical sustainability areas.

The details included in this report are under the direct control of the Group, encompassing the Singapore headquarters, local supply chain, and any overseas activities.

The information in this report has been verified, reviewed, and explained for changes from one year to the next, and it is presented in a way that allows for meaningful comparison.

SUSTAINABILITY REPORT

2.2 Boundary

Based on the pertinent material features of operations that are revealed in this report, it covers our core businesses within our material operating boundaries in Singapore, Malaysia, Vietnam, and China. Our corporate governance and sustainability strategies are governed by the rules and regulations established at the Group level.

Below is a list of the entities included in the scope of the study.

Country	Entity
Singapore	Koda Ltd
	Commune Lifestyle Pte Ltd
Malaysia	Koda Woodcraft Sdn Bhd
	Jatat Furniture Industries Sdn Bhd
	Commune Lifestyle Sdn Bhd
Vietnam	Koda Saigon Company Ltd
China	Commune (Dongguan) Trading Co Ltd
	Commune (Shanghai) Trading Co Ltd
	Commune (Chongqing) Trading Co Ltd

Two entities in Vietnam, Koda International Company Ltd and Koda Indochine Company Ltd, have been excluded from the scope of the study due to their minimal activities and limited contribution to the Group's overall operations.

2.3 Approach and Methodology

This report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards. The GRI Standards were selected as it is one of the well-established international sustainability reporting standards that provide strong guidance for the disclosure of governance approach and environmental, social, and economic performance. The GRI Standards will also enable the Group to publicly disclose its most significant impacts and mitigation measures. Additionally, the widespread use of GRI Standards will enhance the comparability of the Group's disclosures with industry peers.

This report also takes into account the key elements of the report's content as outlined in the Singapore Exchange's ("**SGX**") "Comply or Explain" guidelines. These guidelines encompass six primary components: Material ESG factors, Climate-Related Disclosures aligned with the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations, Policies, Practices, and Performance, ESG Targets, Sustainability Reporting Framework, and the Board Statement. We have presented our report to the best of our knowledge and in good faith.

Internal data monitoring and verification have been utilised to ensure the accuracy of this report. The report has been internally reviewed by the Board and no external assurance was sought for this reporting year. We may consider external independent assurance for future sustainability reports.

SUSTAINABILITY REPORT

2.4 Alignment with International Initiatives

2.4.1 Sustainable Development Goals

The General Assembly, established in 1945 under the Charter of the United Nations ("**UN**"), holds a pivotal role as the United Nations' principal deliberative, policymaking, and representative entity. It brings together all 193 UN members to offer a singular forum for multilateral discussion of the full range of global issues covered by the Charter. Furthermore, it also plays a crucial part in the standard-setting and codification of international law processes.

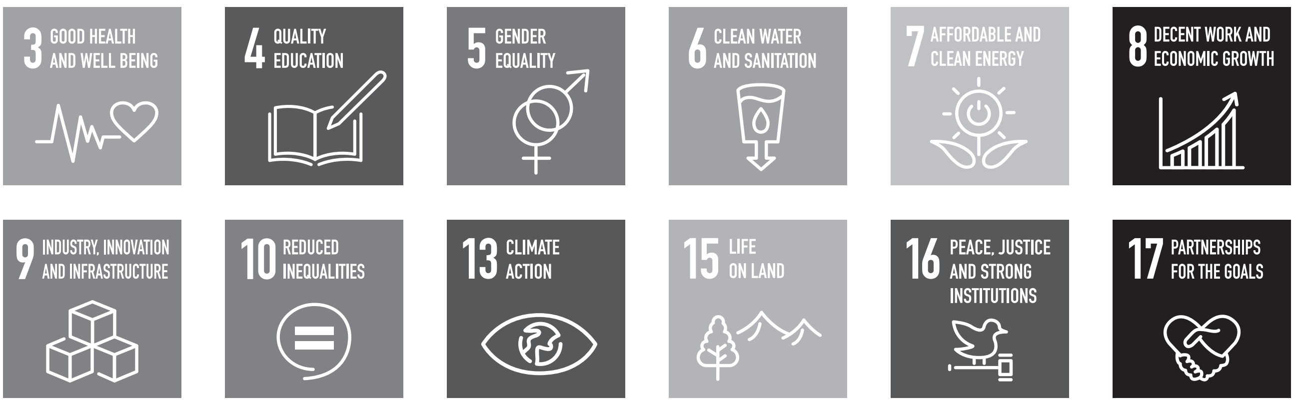
The United Nations General Assembly adopted the 17 Sustainable Development Goals ("**SDGs**") on September 25, 2015, establishing a new sustainable development agenda with the aim of eradicating poverty, protecting the environment, and ensuring prosperity for all. Each goal is accompanied by specific objectives to be achieved over the next 15 years. While the SDGs primarily target governments, they also present a valuable opportunity for businesses to contribute to a more sustainable society. At Koda, the SDGs serve as a guiding framework for our environmental initiatives. As we advance our sustainability efforts, we continue to assess our alignment with the SDGs and, where necessary, realign our internal objectives and sustainability strategies to more effectively address these global targets.

SDGs	Relevant Targets to Our Businesses (Source: http://sustainabledevelopment.un.org)	Our Participation
8 DECENT WORK AND ECONOMIC GROWTH	8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment.	We are committed to enhancing employee satisfaction and retention while simultaneously reducing the lost-time injury rate.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4: By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.	Our environmental goals include minimising packaging waste, engaging with suppliers to reinforce the importance of social compliance and demonstrate our commitment through concrete actions.
13 CLIMATE ACTION	13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	We have internally established procedures and environmental policies aimed at reducing fuel and electricity consumption. Our approach to mitigating climate change risk includes staff training and the implementation of energy-efficient measures.
15 LIFE ON LAND	15.1: By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	We aim to increase the use of Forest Stewardship Council ("**FSC**[1]") certified and other sustainably sourced timbers in our products, ensuring they come from environmentally responsible sources. Additionally, our initiatives, such as adopting water-based finishing lines, recycling packaging materials, and installation of solar panels will contribute to the reduction of global warming and fostering of positive engagement within rural communities.

1 FSC is a global certification system for forests and forest products where it ensures that products come from responsibly managed forests that provide environmental, social, and economic benefits.

SUSTAINABILITY REPORT

The below SDGs are relevant to our business, our various policies at group level. Such goals are also embedded in various initiatives carried out across the organisation.



2.4.2 United Nations Global Compact

The United Nations Global Compact ("**UNGC**") is a United Nations initiative that promotes the adoption of sustainable and socially responsible practices by businesses across the globe, encouraging them to report on their progress. The UNGC provides a principle-based framework through its ten principles, which focus on human rights, labour standards, environmental protection, and anti-corruption efforts. Below, we outline how our report aligns with these ten principles of the UNGC.

Principle		Report Section
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	4.2.1, 6.2
Principle 2	Make sure that they are not complicit in human rights abuses.	4.2.1, 6.2
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.2.1
Principle 4	Elimination of all forms of forced and compulsory labour.	4.1, 4.2.1
Principle 5	Effective abolition of child labour.	4.1, 4.2.1
Principle 6	Elimination of discrimination in respect of employment and occupation.	4.2.1, 7.1

SUSTAINABILITY REPORT

Principle		Report Section
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	3.1
Principle 8	Undertake initiatives to promote greater environmental responsibility.	3.1
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	3.1
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	7.1, 7.2

2.5 Sustainability Management Framework

We have taken the initiative to establish our sustainability management framework. As the foundation for our stakeholder mapping and materiality evaluation, we conducted an analysis of our business and operation models. Within our sustainability context, we identified six key stakeholder groups, and their corresponding material challenges are outlined in the Materiality section of this report.

2.6 Stakeholder Engagement

Koda recognises the significance of stakeholder engagement in ensuring that our sustainability practices align with the concerns and expectations of those affected by or interested in our activities. We actively seek feedback from relevant stakeholders through discussions, collaboration, and research. This engagement fosters collaboration and mutual understanding among diverse groups, provides valuable insights, and enhances the accuracy and relevance of our reporting. It also keeps us informed about evolving trends, developments, and expectations, allowing us to remain adaptable and relevant to our stakeholders, and to make informed decisions, build trust, and develop sustainable solutions that benefit both the environment and society. This approach underscores Koda's commitment to accountability and ethical practices. Furthermore, we understand that by adapting our management strategies to the changing business and operating environment, we are able to continuously evaluate our impacts, set appropriate sustainability objectives, and respond effectively to meet stakeholder expectations.

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2.7 Materiality

2.7.1 Materiality Assessment Process

At Koda, we prioritise aligning our material topics with business objectives. We conduct periodical materiality assessment exercises and internal reviews to identify, evaluate, and emphasise on the most relevant ESG issues affecting Koda's business and stakeholders. In FY2023, we conducted a sustainability survey with external stakeholders, particularly focusing on our customers and suppliers. Participation included 4 key customers and 5 key suppliers, who provide us with valuable insights on their perspectives by indicating the importance they place on various sustainable development topics.

Additionally, qualitative research methods are also employed to provide a comprehensive overview, informing our strategic decision-making and reporting approach. This process ensures that our sustainability report gives precedence to significant areas, enhancing its relevance and usefulness for our decision-makers.

S/N	Identified Stakeholder	Relationship with Stakeholders	Means of Engagement
1	Employees (Directors, Senior Management & Staff)	Koda aspires to be an organisation where every employee experiences fulfilment and ongoing growth through his/her professional responsibilities. To cultivate this organisational culture, we are actively promoting and facilitating two-way communication.	■ Topics and matters related to sustainability were discussed during the board meetings ■ Periodic briefing about the latest happenings in the sustainability field ■ Performance reviews ■ Trainings and courses ■ Workplace health and safety activities ■ Whistle-blowing mechanism ■ Policies and procedures
2	Customers	Koda aims to understand customer needs early in the product planning, development, and design phases through regular communication. By addressing customer issues and responding to their needs, we seek to build long-term trusting relationships with our customers.	■ Website and social media channels ■ Face to face interactions ■ Emails and phone conversations ■ Feedback channels ■ Marketing and advertising campaigns
3	Suppliers	Koda prioritises communication that fosters mutually trusting relationships with our suppliers, enabling both parties to thrive and succeed together. We build trust by engaging them sincerely and fairly, while adhering to legal and regulatory standards and upholding social ethics.	■ Meetings, emails and phone conversations ■ Vendor briefings ■ Purchase agreements ■ Performance reviews

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S/N	Identified Stakeholder	Relationship with Stakeholders	Means of Engagement
4	Government & Regulators	Koda prioritises transparent and open communication to ensure that our business practices align with government expectations and regulatory requirements. Koda seeks to contribute positively to regulatory frameworks and support environmental policy objectives, ultimately enhance our ability to operate sustainably and responsibly within the regulatory environment.	■ Meetings, emails and phone conversations ■ Industry networking functions ■ Annual and sustainability reports
5	Future Generation	Koda is committed to build a positive and sustainable relationship with future generations. We recognise that our actions today will shape the world that future generations will inherit. To ensure that we contribute to a better future, Koda is dedicated to implementing environmentally and socially responsible practices across all aspects of our operations.	■ Website and social media channels ■ Annual and sustainability reports ■ Community involvement activities
6	Community	Koda endeavours to establish strong, trusting relationships with the local community through various forms of communication. This involves gaining their understanding of Koda's business and initiatives by actively participating in activities aimed at addressing material issues.	

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2.7.2 Material Topics

A list of material ESG factors were determined by taking reference from the regulatory requirements, global and industry trends, stakeholder's expectations and materiality assessment exercise. The aim is to ensure that the topics addressed in the report reflect the most critical areas for the company's sustainable development.

Rating Scale: Highly Important, Generally Important, Moderately Important

S/N	Material Topics	The Importance of Listed Material Topics	Management Approach
1	Environmental Sustainability: ■ Carbon Footprint Reduction ■ Energy Consumption and Management ■ Waste Management ■ Water Conservation and Management ■ Process Sustainability	Environmental sustainability helps preserve natural resources, reduce negative impacts on the planet, and aid in establishing long-term ecological balance. It also enhances Koda's reputation and can lead to cost savings through efficient resource use and waste reduction.	Environmental Management System ("**EMS**"), Environmental policy and guidelines, Waste Recycling/Management, Internal Awareness and Education, Solar Panel installation, Energy and Water Saving Signage
2	Employee Care: ■ Employment Practices ■ Diversity and Inclusion ■ Employee Welfare ■ Safety and Health at Workplace ■ Employee Rights	Employee care can boost morale and productivity, leading to a more engaged and motivated workforce. It reduces Koda's turnover and attracts top talent, saving costs related to hiring and training new employees. Additionally, a supportive work environment fosters loyalty and a positive company culture, enhancing Koda's overall business performance.	Code of Conduct, Fair Employment Practices, Training and Career Development, Flexible Work Policy, Pension Scheme, WHS Framework, Performance Appraisal review, Staff Feedback Process, Staff Exit Interviews, RISE Programme, Vision Spring Programme
3	Prioritising Customer Needs: ■ Customer Feedback and Satisfaction ■ Product Quality and Safety ■ Data Safety and Privacy	Prioritising Koda's customer need leads to increased customer satisfaction and loyalty, driving repeat business and positive word-of-mouth referrals. By addressing customer feedback and continuously improving product standards, Koda stays competitive.	Customer Relationship Management System, Competitive Benchmarking Survey, Quality Assurance Policy, Data Security for Customer Information Policy, Customer Data Protection Awareness and Education Programme

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S/N	Material Topics	The Importance of Listed Material Topics	Management Approach
4	Supplier Sustainability: ■ Supplier Selection ■ Supplier Review	Supplier sustainability ensures a reliable and ethical supply chain, minimises risks associated with environmental, social, and governance issues. It enhances Koda's reputation and compliance with regulations, helps Koda to meet the expectations of increasingly conscious consumers and investors.	Supplier Selection and Regular Performance Review Process
5	Government and Regulators: ■ Regulatory Compliance Oversight ■ Financial Assistance	Government and regulators play a crucial role in sustainability by setting standards and enforcing policies that drive Koda towards environmentally responsible practices. They provide incentives and support for sustainable innovations, ensure a level playing field and encourage the adoption of green technologies.	Whistle-Blowing Policies and Processes, Compliance Incident Log and Escalation Process
6	Business Continuity Management: ■ Disaster Recovery Plan ■ Strategic Inventory	Business Continuity Management ("**BCM**") ensures that Koda can maintain operations during disruptions, minimising environmental, social, and economic impacts. It supports Koda's resilience by preparing for and mitigating risks related to climate change, natural disasters, and other sustainability challenges. Moreover, effective BCM fosters stakeholder confidence and trust, demonstrating Koda's commitment to sustainable and responsible business practices.	Disaster Recovery Plan, Multiple Supply Source and Strategic inventory management for essential materials

2.8 Feedback

We welcome and value your feedback on the content of this report and encourage you to contact us via email to sustainability@kodaltd.com.

This report is provided in PDF format only and is available for download on the following page of our website: www.kodaonline.com/announcements/sustainability.

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3 Environmental Sustainability

3.1 Our Approach, Performance and Targets

Environmental sustainability is paramount in the furniture-making industry as it ensures the responsible use of natural resources, such as wood, which helps preserve the forest and biodiversity. To meet the growing consumer demand for eco-friendly products, Koda is dedicated to producing environmentally sustainable furniture to strengthen our brand reputation and market competitiveness.

In 2019, Koda participated in a 12-month scale-up program organised by Enterprise Singapore to reassess its sustainability journey. During this program, Koda critically evaluated its business operations and developed a comprehensive plan to guide Koda's future. This plan includes short-, medium-, and long-term strategies to enhance sustainability and attract eco-conscious customers.

Additionally, recognising our obligation to protect the environment for the health and well-being of our future generations, we continuously seek innovative ways to reduce the environmental impact of our products and services while upholding the highest quality standards. Our comprehensive analysis has identified primary areas including carbon emissions, waste production, energy and water consumption as significant environmental impacts across our manufacturing, retail, warehouse, hostel, and office operations. In these identified primary areas, we have implemented procedures and performance metrics to mitigate the environmental effects of our business and operational activities. Details of these initiatives and their impact will be outlined in the sections below.

We measure the intensity of Greenhouse Gas ("**GHG**") emissions, energy consumption, waste generated and water consumption using the following metrics: tCO2e per US$ Million Revenue, MWh per US$ Million Revenue, Tonnes per US$ Million Revenue, Cubic Meters per US$ Million Revenue and Kilograms per US$ Million Revenue, respectively. The intensity values are relative and derived by dividing the absolute value by the revenue.

Our target is to reduce each of these intensity metrics by 10% by FY2030 from the FY2022 level, and it is shown as follows:

Environmental Targets	Unit	FY2022 (Base Year)	FY2024 (Current Year)	FY2030 (Target Year)
GHG Emission – Total	tCO2e/ US$1 Million Revenue	72.44	109.08	65.20
Energy Consumption				
Fuel Consumption – Total	Litre/ US$1 Million Revenue	1,347.50	2,464.46	1,212.75
Electricity Consumption – Total	MWh/ US$1 Million Revenue	95.39	151.09	85.85
Waste Generated				
Waste Generated – Total	Tonnes (t)/ US$1 Million Revenue	15.94	19.87	14.34
Water Consumption				
Water Consumption – Total	Cubic Meters (m^3)/ US$1 Million Revenue	1,116.56	1,716.24	1,004.90

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3.2 Carbon Footprint Reduction

As global environmental challenges intensify and the effects of climate change become more pronounced, industries face growing pressure to minimise their carbon footprint. Notably, at the twenty-first Conference of the Parties ("**COP 21**") session held in Paris, Singapore committed to the Paris Agreement, a legally binding international treaty on climate change. This treaty aims to limit the rise in average global temperature to well below 2 degrees Celsius, and to pursue efforts to limit it to 1.5 degrees Celsius compared to pre-industrial levels. Additionally, the agreement aims to enhance countries' abilities to deal with the impacts of climate change and to align financial flows with a low greenhouse gas emissions and climate-resilient pathway.

In support of Singapore's commitment to the Paris Agreement, Koda aims to reduce energy and fuel consumption and to deploy more renewable energy, demonstrating our collective commitment to global climate action. We understand that reducing our carbon footprint is essential for mitigating climate change by decreasing greenhouse gas emissions, which are key drivers of global warming and environmental degradation.

Our carbon footprint is calculated based on GHG emissions. GHG emissions, on the other hand, are an absolute measure of how much carbon dioxide equivalent ("**CO2e**") is emitted. Koda's GHG emissions are categorised primarily into direct (Scope 1) and indirect (Scope 2). To identify opportunities for reduction, we measure and monitor CO2 emissions, the principal GHG emitted by our operations.

The following is our GHG emission[2] profile:

GHG Emission	Unit	FY2024	FY2023
Total GHG Emission	tCO2e	4,973.53	4,390.18
GHG Scope-wise Emissions			
GHG Scope 1	tCO2e	300.67	264.82
GHG Scope 2	tCO2e	4,672.86	4,125.36
Percentage (%)			
GHG Scope 1	Proportion	6.0%	6.0%
GHG Scope 2	Proportion	94.0%	94.0%
Intensity			
Total GHG Emission	tCO2e/ US$1 Million Revenue	109.08	100.28
GHG Scope-wise Intensity			
GHG Scope 1	tCO2e/ US$1 Million Revenue	6.59	6.05
GHG Scope 2	tCO2e/ US$1 Million Revenue	102.49	94.22

[2] In calculating GHG emissions, GHG protocol Guidance and Reporting Standard has been followed. The emission factors used are taken from GHG Emission factor Hub, World Resource Institute Data Base and IGES emission factor list.

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The Group's absolute GHG emissions have risen compared to the previous year, primarily due to an increase in production activities. This surge has led to higher fuel and electricity consumption, directly contributing to the increase in emissions. As our operations expanded to meet the growing demand, the corresponding rise in energy usage has inevitably resulted in an uptick in our overall GHG emissions. This highlights the ongoing challenge of balancing production growth with environmental sustainability which Koda will aim to improve on.

Enhancing energy efficiency remains a vital aspect of our strategy to reduce our carbon footprint. This approach not only reduces Koda's Scope 2 GHG emissions but also leads to cost savings, better operational performance, and alignment with consumer expectations. Consequently, it bolsters our brand's reputation and supports our long-term sustainability goals.

We are currently improving our data collection processes to expand our reporting scope and include other indirect GHG emissions (Scope 3) in the future. This effort aims to provide a more comprehensive view of the Group's total GHG emissions by accounting for indirect emissions across the entire value chain, beyond just our direct operations.

3.3 Energy Consumption and Management

At Koda, we closely monitor our fuel and electricity consumption related to our vehicles and equipment. We are dedicated to consistently tracking energy usage and emissions across our various sites. This continuous oversight enables us to identify areas for improvement and implement initiatives aimed at enhancing overall operational efficiency.

We have determined that Koda Saigon has the highest fuel consumption, while our manufacturing sites in Koda Malaysia and Koda Saigon exhibit the greatest energy usage. Our Company vehicles run on petrol or diesel, while equipment runs primarily on diesel. In our office, warehouse and store, electricity is used for lighting, air conditioning, and operating equipment.

Total Fuel Consumption:

Fuel Consumption	Unit	FY2024	FY2023
Total Fuel Consumption	Litre	112,371.74	99,985.48
Total Consumption			
Diesel	Litre	105,152.84	84,839.82
Petrol	Litre	7,218.90	15,145.66
Percentage (%)			
Diesel	Proportion	93.6%	84.9%
Petrol	Proportion	6.4%	15.1%
Intensity			
Total Fuel Consumption	Litre/US$1 Million Revenue	2,464.46	2,283.75
Consumption Type			
Diesel	Litre/ US$1 Million Revenue	2,306.14	1,937.81
Petrol	Litre/ US$1 Million Revenue	158.32	345.94

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Total Electricity Consumption:

Electricity Consumption	Unit	FY2024	FY2023
Total Electricity Consumption	MWh	6,889.25	6,173.50
Consumption Type			
Total Consumption			
Electricity	MWh	6,889.25	6,173.50
Percentage (%)			
Electricity	Proportion	100.0%	100.0%
Renewable Type			
Consumption			
Non-Renewable	MWh	6,889.25	6,173.50
Percentage (%)			
Non-Renewable	Proportion	100.0%	100.0%
Intensity			
Total Electricity Consumption	MWh/ US$1 Million Revenue	151.09	141.01
Consumption Type			
Electricity	MWh/ US$1 Million Revenue	151.09	141.01
Renewable Type			
Non-Renewable	MWh/ US$1 Million Revenue	151.09	141.01

The increase in total energy consumption is due to higher production capacity utilisation rate at our factories as compared to last year. As electricity contributes up to 94% of our GHG emissions, several initiatives have been implemented to reduce our energy usage.

Firstly, Koda Saigon will be partnering with a renowned solar service provider to install solar panels on the roofs of our factory plants. These solar panels generate electricity without emitting GHGs during their operational life. Once installed, they will produce energy with no direct emissions, unlike traditional power plants. Additionally, as the solar panels will be installed close to where the electricity is consumed (i.e., on rooftops), energy loss associated with transmission and distribution from central power plants is minimised. This efficiency contributes to overall reductions in GHG emissions.

Secondly, Koda has incorporated quality and compliance software to improve the productivity, accuracy, and quality of our factory production. This software detects defects early in the production process, reducing the need for rework and scrap, thereby saving energy and materials that would otherwise be wasted on defective products. More efficient operations consume less energy, contributing to a reduction in our GHG emissions.

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Lastly, Koda recognises the importance of environmental awareness in reducing energy consumption. Our ongoing educational initiatives aim to increase employees understanding of the impact of their energy use and promotes energy-saving practices, such as turning off lights and air conditioning when not needed, setting thermostats no lower than 23°C, using energy-efficient appliances, and minimising unnecessary consumption. By equipping individuals with knowledge about energy conservation, we encourage informed decisions and the adoption of energy-efficient behaviours, leading to widespread reduction in energy consumption and GHG emissions.

3.4 Waste Management

Koda actively promotes responsible production and resource utilisation through the implementation of effective waste management strategies. The Group focuses on reducing waste generation, recycling materials where possible, and properly disposing of waste materials. We are committed to advancing environmental stewardship across our entire value chain, encompassing both customers and suppliers. In accordance with our environmental policy, we aim to reduce our ecological footprint by reengineering processes and embracing sustainable alternatives whenever possible.

Resource efficiency is one of the fundamental principles we employ from the product design stage. Our furniture is designed with a modular approach where parts can be interchangeable and easily replaceable. This enables our customers to replace only the broken or worn-out parts rather than discarding the entire piece, extending the overall lifespan of the furniture. By facilitating part replacements instead of full replacements, we conserve resources as less raw material is needed for producing new components compared to manufacturing entirely new furniture pieces. This approach reduces the environmental impact associated with resource extraction, processing, and manufacturing.

Additionally, with the implementation of the quality and compliance software which identifies defects in the early production process, immediate corrective actions can be taken to prevent defective products from advancing through the production line, reducing the need for rework and the generation of scrap materials. This not only reduces the number of wasted materials and resources used in producing faulty items but also minimises the environmental impact associated with waste disposal.

At Koda, waste is primarily produced in our manufacturing facilities and comprises both hazardous and non-hazardous materials. Hazardous waste includes items such as solvents, paints, inks, lacquers, contaminated rags, and chemical containers. Non-hazardous waste mainly consists of wood and packaging materials. We manage our waste through certified waste vendor, ensuring that disposal methods adhere to regulatory standards and best practices for environmental compliance. Waste generation is quantified in tonnes, and our waste profile is outlined below.

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Total Waste Generated:

Waste Generated	Unit	FY2024	FY2023
Total Waste Generated	Tonnes	905.88	959.34
Waste Type			
Hazardous	Tonnes	19.71	19.13
Non-Hazardous waste	Tonnes	886.17	940.21
Percentage (%)			
Hazardous	Proportion	2.2%	2.0%
Non-Hazardous waste	Proportion	97.8%	98.0%
Recyclable Type			
Recyclable	Tonnes	474.71	518.73
Non-Recyclable	Tonnes	431.17	440.61
Percentage (%)			
Recyclable	Proportion	52.4%	54.1%
Non-Recyclable	Proportion	47.6%	45.9%
Intensity			
Total Waste Generated	Tonnes/ US$1 Million Revenue	19.87	21.91
Hazardous Type			
Hazardous	Tonnes/ US$1 Million Revenue	0.43	0.44
Non-Hazardous	Tonnes/ US$1 Million Revenue	19.44	21.47
Recyclable			
Recyclable	Tonnes/ US$1 Million Revenue	10.41	11.84
Non-Recyclable	Tonnes/ US$1 Million Revenue	9.46	10.06

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Breakdown of Waste Disposal Methods:

Waste Generated	Unit	FY2024	FY2023
Hazardous Waste			
Sent for Offsite Recycle	Tonnes	4.08	3.36
Other Recovery	Tonnes	1.23	1.37
Other Disposal Methods[3]	Tonnes	14.40	14.40
Percentage (%)			
Recyclable	Proportion	20.7%	17.6%
Other Recovery	Proportion	6.2%	7.2%
Other Disposal Methods	Proportion	73.1%	75.3%
Non-hazardous Waste			
Sent for Offsite Recycle	Tonnes	373.40	424.00
Other Recovery	Tonnes	96.00	90.00
Offsite Landfilling	Tonnes	416.77	426.21
Percentage (%)			
Sent for Offsite Recycle	Proportion	42.1%	45.1%
Other Recovery	Proportion	10.8%	9.6%
Offsite Landfilling	Proportion	47.1%	45.3%

Despite the uptick in our production rates, we've successfully reduced the intensity of waste generated. This improvement is primarily a result of our robust recycling initiatives and proactive measures in identifying defects early on, which have collectively minimised the volume of waste we need to dispose of. Our commitment to sustainable practices ensures that we manage and reduce waste effectively, even as we expand our production capabilities.

At Koda, we recognise that both hazardous and non-hazardous waste can significantly contribute to environmental pollution if not properly managed. Additionally, improper handling of hazardous waste poses serious health risks to workers and potential contamination of local ecosystems. To address these concerns, we have implemented stringent systems to ensure proper segregation and disposal of hazardous waste in compliance with local regulations. For instance, chemical containers are disposed through certified waste management services. For non-hazardous waste, such as wood and sand dust, we continuously improve our cutting and finishing processes to minimise waste generation. Regular cleaning schedules are maintained to ensure the efficiency of our dust collection system and to keep dust generation within permissible limits.

3 This waste shall be disposed through licensed recycling contractors or through final disposal with the sole licensed contractor as regulated by the government.

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3.5 Water Conservation and Management

Koda acknowledges the importance of water conservation and management, as they are essential for the sustainable use of this critical resource, reducing operational costs, and minimising environmental impact. Our primary areas of water usage encompass general cleaning and maintenance of facilities and equipment, cooling systems such as air conditioning and refrigeration units, and furniture manufacturing. Our water supply is entirely sourced from public utilities, with the majority of usage occurring at our production sites in Malaysia and Vietnam. Water consumption is measured in cubic meters (m^3), and our usage profile is detailed below.

Total Water Consumption:

Water Consumption	Unit	FY2024	FY2023
Total Water Consumption	Cubic Meter (m^3)	78,255.30	77,505.30
Intensity			
Total Water Consumption	Cubic Meter/ US$1 Million Revenue	1,716.24	1,770.28

Despite the increased production capacity utilisation rate in our factories compared to the previous year, we have achieved a reduction in our total water consumption intensity in FY2024. This reflects our ongoing efforts to optimise water usage and implement more efficient processes throughout our operations.

One such initiative involves tracking of monthly water usage and regular inspections of our water supply systems to promptly identify and repair any leaks. By maintaining a vigilant approach to system integrity, we can prevent unnecessary water loss and ensure optimal functioning of our infrastructure. Additionally, we have also posted instructional posters throughout our facilities. These posters serve as constant reminders of water-saving practices, offering clear and simple guidelines for employees to follow. They cover various aspects of water conservation, such as turning off taps when not in use, reporting leaks immediately, and using water-efficient equipment and techniques.

At Koda, treating wastewater generated from our paint spraying production process also plays a vital role in our environmental conservation efforts. By implementing an advanced wastewater treatment system, we effectively remove harmful chemicals and pollutants, preventing them from contaminating local water bodies and ecosystems. This not only protects aquatic life and public health but also ensures compliance with stringent environmental regulations, reinforcing our commitment to sustainability.

Together, these initiatives reflect our commitment to sustainable resource management and environmental stewardship. Through continuous monitoring, treatment, and employee education, we strive to significantly reduce our water footprint and enhance the overall sustainability of our operations.

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3.6 Process Sustainability

At Koda, we are dedicated to continuously improve our production and operational processes to minimise negative environmental impacts, conserve energy and natural resources, and promote social and economic benefits.

As a responsible manufacturer, we are committed to utilising timber and materials that are sourced legally. Consequently, we have established a list of up to 20 types of timber which we refrain from using due to challenges in verifying their sources. None of the timbers we utilise are listed endangered and restricted under the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("**CITES**"). We source 100% of our timbers (Oak, Pine, Walnut, Beech, etc.) from low-risk countries with stringent legal timber origins and control systems, including the United States, European Union, and New Zealand. The remaining timber species, such as Rubberwood and Acacia, are procured domestically within Vietnam. These timbers are derived from plantations and orchards that are legally grown and harvested, ensuring compliance with legal standards and that they do not originate from natural forests or reservations.

Notably, Koda Saigon and Koda Woodcraft hold the Forest Stewardship Council ("**FSC**") certification, confirming our commitment to sustainable sourcing of forest products and ecosystem services throughout the entire value chain, from forest to consumer. Our materials are sourced from responsibly managed, FSC-certified forests or FSC-controlled wood, reducing the risk of using materials from unacceptable sources. Displaying the FSC logo signifies to the marketplace that Koda is dedicated to safeguarding the health and resilience of forests globally.

The details of our use of packaging materials[4] are shared below.

Packaging Materials	Unit	FY2024	FY2023
Total Packaging Materials	Tonnes	1,575.57	1,334.87
Non-Renewable Materials	Tonnes	15.15	6.76
Renewable Materials	Tonnes	1,560.42	1,328.11

By using renewable material in our packing, we minimise waste and reduce the environmental impact associated with the production and disposal of conventional packaging. This shift not only supports our commitment to sustainability but also enhances our brand's reputation as a responsible and eco-conscious Group.

Significantly, our 'LUSH' furniture collection incorporates strawboard as a sustainable alternative to wood. This material is derived from plant stems collected after the harvests of wheat and rice. Additionally, the 'LUSH' range incorporates other eco-friendly materials, including eco-foam, a natural-based material derived from plant oil, and recycled polyethylene terephthalate fabric, made from high-quality, 100% post-consumer recycled polymer yarn.

4 Packaging materials refers to carton boxes as this is the most significant packaging materials used.

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3.7 Managing Climate-Related Risks and Opportunities

3.7.1 Governance

3.7.1.1 Board's Oversight of Climate-Related Risks and Opportunities

At Koda, the Board oversees and governs the Group's approach to climate-related risks and opportunities, ensuring that climate considerations are integrated into the Group's strategic direction and long-term planning. Annual review of Koda's sustainability strategy and performance is conducted in relation to climate targets, evaluating management's progress and effectiveness in addressing climate risks and opportunities. The Board also reviews and approves significant policies and strategies related to climate change, ensuring alignment with the Group's values and long-term objectives. This includes major capital expenditures and strategic projects aimed at broader climate change mitigation.

Additionally, the Board assesses Koda's climate-related opportunities by evaluating key market drivers, uncertainties in market development, key clients, and competitors across Koda's target geographies, as well as Koda's historical performance. To deepen its understanding of climate-related opportunities, the Board supports global initiatives on climate advocacy, such as the UN Global Sustainable Development Goals.

3.7.1.2 Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

At Koda, the management team is tasked with the day-to-day execution of strategies and policies pertaining to climate risks and opportunities. This involves integrating climate considerations into operational processes, resource allocation, and strategic planning. Management ensures that climate-related initiatives are effectively implemented and that the Group adheres to established policies, striving to meet set targets. They monitor progress and report on performance relative to climate goals, identifying and discussing any principal and emerging risks with the Board.

Furthermore, the management is dedicated to identifying and implementing alternative business practices to reduce the company's environmental and carbon footprint. They actively engage with stakeholders, including employees, customers, suppliers, and regulators, to communicate Koda's climate strategy and actions. This engagement ensures that all relevant parties are informed and involved in the company's climate efforts.

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3.7.2 Strategy

Risk Description	Category	Impact & Mitigation Actions
Physical Risk		
Extreme weather conditions like floods, intense rainfall, landslides and heat waves.	Acute	Koda is highly sensitive to severe weather conditions, which can significantly disrupt daily operations in several ways. Heavy rainfall, for instance, can lead to the blockage of road and sea transportation routes, making it challenging to transport raw materials to our production sites and finished goods to our customers. Landslides, another potential consequence of intense rainfall, can cause substantial damage to on-site infrastructure and buildings, necessitating costly repairs and halting production activities until the damage is addressed. Additionally, rising temperatures can result in the overheating of equipment, potentially leading to breakdowns and increased maintenance costs. These disruptions can have far-reaching negative impacts on our business. An increase in operational costs is inevitable as we address the damage and delays caused by severe weather events. The blockage of transportation routes and damage to infrastructure can delay both incoming and outgoing logistics, affecting our supply chain and leading to a backlog in production. This can result in delays or returns in sales. Ultimately, these interruptions can lead to a temporary halt in production, causing a direct loss of revenue. Therefore, Koda ensures that disaster recovery plans are developed and regularly updated to address facility damage and facilitate a swift recovery.
Shifts in chronic climate patterns such as sea level rise, rising mean temperatures and a deviation from precipitation patterns.	Chronic	Chronic weather conditions can lead to reduced availability of key raw materials (e.g. wood and metals) and increased price which affect the overall cost structure of Koda's manufacturing and production. Koda may also need to invest in additional measures to mitigate the impacts of chronic weather, such as enhancing infrastructure or securing alternative supply sources at a higher price. These additional costs can drive up the overall price of raw materials. Therefore, Koda strategically sources raw materials from a diverse range of suppliers and geographic locations. This approach reduces the vulnerability of our supply chain to disruptions that may arise from relying on a single source. Furthermore, we maintain a strategic inventory of essential materials to serve as a buffer against short-term supply interruptions. This proactive measure ensures that we can continue operations smoothly and maintain production stability, even in the face of unforeseen disruptions.

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Risk Description	Category	Impact & Mitigation Actions
Transition Risk		
Regulations are increasingly evolving to govern the use of sustainable materials, requiring adherence to specific sustainability certifications and enforcing stricter environmental standards.	Policy & Legal	Compliance with these regulations often necessitates substantial adjustments to existing practices, including adopting new materials, modifying production processes, and investing in certification procedures. Financially, these changes can lead to increased operational costs due to the expense of new technologies, materials, compliance efforts and certification audits. To comply with evolving regulatory requirements, Koda proactively sources and utilises materials that adhere to stringent sustainability criteria. We have secured and consistently uphold key certifications such as the BSCI and FSC, which affirm our dedication to environmentally responsible and ethical practices. These certifications not only ensure that our materials are sourced from sustainable sources and that our labour practices meet high standards, but also reflect our broader commitment to integrating sustainability into every aspect of our operations. By aligning with these standards, Koda not only meets regulatory demands but also reinforces our pledge to uphold the highest environmental and social responsibility.
Rising trend among customers who prefer suppliers and manufacturers who implement sustainable practices, possess sustainable certifications and produce sustainable products.	Market & Reputation	As customer demand for sustainability rises, Koda must adapt its business models to prioritise sustainable practices and source eco-friendly materials. This transition may involve initial financial outlays, such as increased material costs and investments in new processes. Additionally, failing to meet these customer expectations could lead to missed business opportunities and diminished demand for our products, potentially impacting Koda's revenue, market position, and reputation. Consequently, shifting customer behaviours and preferences towards sustainability have significantly influenced our approach to product offerings. In response to this trend, we have strategically re-evaluated various aspects of our operations, including supply chain management and product development. This realignment involves updating our supply chain to prioritise sustainable sourcing, and innovating our product development processes to create offerings that resonate with eco-conscious consumers. By integrating these changes, we ensure that our products not only meet evolving consumer demands but also enhance our competitive edge.

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3.7.2.2 Climate-Related Opportunities and Impact

Opportunity Description	Category	Impact & Actions Taken
Renewable Energy	Energy Source	The majority of Koda's direct GHG emissions originate from energy production. Therefore, transitioning from fossil fuels to renewable energy presents a significant opportunity for reducing our emissions. To achieve our FY2030 targets, we plan to adopt renewable energy sources such as solar panels. A solar feasibility study, along with a cost and return on investment evaluation, has been conducted for our factory in Vietnam to assess the viability and financial implications of this initiative. Investing in solar panels not only improve our energy efficiency but also offers substantial long-term cost savings by reducing our dependency on conventional energy sources, lowering energy bills, and providing a hedge against potential future increases in carbon pricing. The visible investment in renewable energy reflects our proactive approach to reducing carbon emissions and demonstrates our alignment with global efforts to combat climate change, strengthening our brand image among stakeholders who value eco-conscious practices. Moreover, by integrating solar energy into our operations, we ensure compliance with evolving regulations that increasingly mandate lower carbon footprints and encourage the use of clean energy sources.
Use of public-sector incentives and green financing	Markets	Investing in energy transition projects and ESG-related programs presents opportunities for accessing various government incentives, tax credits, subsidies and green loans. These financial benefits can significantly offset the costs associated with adopting sustainable practices. By leveraging these resources, we can enhance our commitment to environmental sustainability while also benefiting from financial support designed to facilitate the transition to low carbon technologies. Overall, it not only supports the transition to more sustainable operations but also opens doors to new markets, partnerships, and business opportunities in the rapidly growing green economy.

3.7.3 Risk Management

Koda acknowledges that climate change poses both risks and opportunities for its operations. To deepen our understanding of climate-related challenges and prospects, we actively monitor the latest trends in climate adaptation and mitigation through engagement with stakeholders. We systematically track identified risks and opportunities, implementing timely measures to address potential threats and leverage emerging opportunities. Additionally, the Group is committed to proactively exploring and capitalising on opportunities to reduce the impacts of climate change, aiming to improve our overall sustainability performance.

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3.7.4 Metrics and Targets

We systematically track, measure, and report our environmental performance, focusing on key metrics such as carbon footprint, energy consumption, water usage, and waste management. By closely monitoring these indicators, we can identify significant climate-related risks and refine our efforts to address them effectively. In addition to disclosing our environmental performance, we have set specific climate-related targets to underscore our commitment to mitigating climate change. By publicly committing to these targets, we aim to not only enhance our environmental stewardship but also drive tangible improvements in our sustainability practices. Detailed information on these metrics and targets is provided in Section 3, titled "Environmental Sustainability." Through these efforts, we hope to reduce our carbon footprint, support global climate goals, and foster greater trust and credibility with our stakeholders.

4 Employee Care

4.1 Our Approach, Performance and Targets

A focus on employee care fosters a positive, inclusive, and engaging workplace culture that attracts top talent and encourages collaboration and innovation. Recognising that people are our greatest asset, we are committed to cultivating an inclusive and equal-opportunity work environment where everyone feels valued and respected.

Our Human Resource ("**HR**") management concepts and policies are based on fair employment practices designed to attract, support, and retain a motivated workforce. These policies encompass essential topics such as compensation, benefits, health and safety, career development, and training. All employees are informed of these policies through our comprehensive Employee Handbook, which is regularly reviewed by the management. By investing in our employees' well-being and growth, we foster a positive and productive workplace where the company can thrive both personally and professionally.

Every employee is also entrusted with the responsibility to instil work habits that are consistent with our core principles and Code of Conduct which provide a clear guideline for behaviour and decision-making, ensuring that all employees understand what is expected of them in terms of ethics and professionalism. The Code of Conduct also ensures legal compliance, improves decision-making, and guide employees through ethical dilemmas. By maintaining high standards of integrity and accountability, the code of conduct builds trust with stakeholders and contributes to the overall success and smooth operation of the organisation.

Koda strictly prohibits any form of discrimination, bullying, or harassment based on race, religion, gender, colour, age, disability, or any other legally protected characteristic. We are committed to operating in an environment that is racially, culturally, and geographically diverse. Accordingly, our HR policies are pragmatically applied throughout the business, considering applicable laws and regulations as well as local cultures, norms, and sensitivity to racial diversity.

The details of our performance targets by FY2030 are shown as follows.

Social Targets	Unit	FY2022 (Base Year)	FY2024 (Current Year)	FY2030 (Target Year)
Turnover				
Employee Turnover	Percentage (%)	32.9%	31.8%	29.6%
Health and Safety Incidents – Number of Cases				
Recordable Injuries	Number of Cases	20	26	18

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Employee turnover stood at 31.8% in FY2024 which is a significant reduction from 53.4% in FY2023. Koda recognises that reducing employee turnover is crucial for maintaining the Group knowledge, productivity, and continuity, while cutting costs associated with hiring and training new staff. High retention rates also indicate substantial job satisfaction, fostering a positive work environment and stronger team collaboration. Ultimately, retaining employees helps sustain a competitive edge and supports Koda's long-term growth and success. Hence, we are continuously working to reduce employee turnover to 29.6% by FY2030, a 10% reduction from FY2022 level.

The number of health and safety incidents was 26 in FY2024 (FY2023: 20). This is due to the increase in number of employees for our factory production. This in turn increases the probability of incident occurrence. We understand that reducing workplace incidents is essential for ensuring the well-being of employees and maintaining a productive work environment. Our target is to reduce recordable injuries to 18 numbers by FY2030, a 10% reduction from the FY2022 level.

4.2 Employment Practices

Our employment practices are designed to foster a work environment where all employees receive equal opportunities based on merit, regardless of race, gender, age, disability, or other protected characteristics. We prioritise two-way communication with our employees to ensure a mutual understanding of expectations, goals, and to address any concerns promptly. This approach builds trust, enhances problem-solving, and supports continuous improvement by incorporating feedback from both parties. Additionally, we regularly evaluate employee performance and growth to align their skills with job requirements effectively. To support their development, we offer extensive training and development programs aimed at enhancing their strengths.

4.2.1 Fair Employment Practices

Our practices include unbiased hiring, fair compensation, merit-based assessments, and non-discriminatory treatment to attract, reward, and retain talent. In Singapore, HR practices at Koda are guided by the Tripartite Alliance for Fair and Progressive Employment Practices, ensuring adherence to fair employment standards. At our Koda Saigon factory, a trade union has been established under the Long An Industrial Zone Trade Union to safeguard employees' legitimate rights and interests.

Additionally, our Human Rights & Labour policy extends to all individuals working within the Group, reinforcing our commitment to equitable and ethical employment practices across our operations. Our commitment encompasses stringent adherence to labour rights, prohibition of discrimination and harassment, safeguarding privacy, and the prevention of forced and child labour. We maintain a zero-tolerance policy towards any form of discrimination and harassment within our organisation. Furthermore, we uphold our employees' rights to freely associate, including their involvement in trade unions and other professional organisations.

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Our profiles for local and foreign employees, union members, collective bargaining, and pension coverage are presented below.

Employee Profile	Unit	FY2024	FY2023
Total Number of Employees (Year End)	Number of Persons	2,006	1,500
Number of Employees (Location-wise)			
Local	Number of Persons	1,566	1,292
Foreign	Number of Persons	440	208
Percentage (%)			
Local	Proportion	78.1%	86.1%
Foreign	Proportion	21.9%	13.9%
Number of Employees (Union Member-wise)			
Union Member	Number of Persons	1,413	1,130
Not Union Member	Number of Persons	593	370
Percentage (%)			
Union Member	Proportion	70.4%	75.3%
Not Union Member	Proportion	29.6%	24.7%
Number of Employees (Collective Bargaining-wise)			
Collective Bargaining	Number of Persons	1,413	1,130
Not Collective Bargaining	Number of Persons	593	370
Percentage (%)			
Collective Bargaining	Proportion	70.4%	75.3%
Not Collective Bargaining	Proportion	29.6%	24.7%

Notably, Koda Saigon and Woodcraft have successfully passed the amfori Business Social Compliance Initiative ("**BSCI**") audit, which is aligned with the labour standards of the International Labour Organisation, key international regulations such as the UN Charter for Human Rights, and relevant national regulations. This achievement underscores Koda's dedication to ethical business practices and social responsibility, contributing to a safer and more equitable work environment for our employees.

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4.2.2 Two-way Communications

Internal communication is increasingly evolving towards a two-way model, significantly impacting employee engagement and performance. At Koda, we actively promote two-way communication to prevent disconnection and enhance employee engagement. We recognise the value of our employees' expertise in their respective areas and consider their feedback crucial for improving the organisation's overall management and operations. When employees comprehend their contributions to the company and feel their voices are heard, they are more motivated to perform at their best. Furthermore, two-way communication ensures that our employees' objectives remain aligned with the company's goals.

Through various established employee engagement processes, such as objective setting, performance reviews, and exit interviews for departing employees, we gather valuable feedback to drive continuous improvement within the organisation. We also conduct regular communication sessions with our managers, tailoring agendas to the specific functional scope of each manager. During our quarterly sessions, high-level topics including strategic business directions, new product launches, new initiatives, and key project reviews are discussed among the management team.

4.2.3 Career Development and Training

Investing in professional growth enables our employees to remain competitive and adaptable to evolving industry demands, which in turn drives innovation and efficiency within the Group. Therefore, we ensure that effective career development and performance management are established through clear, measurable goals that align with the company's strategic objectives. We collaborate with employees to create personalised development plans that identify career aspirations, required skills, and timelines for achieving milestones. Additionally, we continuously review and improve our career development and training processes in response to the changing business and operating environment.

In our career development program, employees identify training needs through discussions with their reporting manager, emphasising those raised in recent performance appraisals. This allows us to identify strengths and areas for improvement, guiding personalised development plans and training opportunities to enhance our employee skills and career growth.

Our performance review profile is shown as follows:

Particulars	Unit	FY2024		FY2023	
Employee Category		**Male**	**Female**	**Male**	**Female**
Senior Management	Number of Persons	5	2	4	–
Percentage (%)	Proportion	62.50%	25.0%	57.1%	–
Manager	Number of Persons	21	12	22	18
Percentage (%)	Proportion	50.0%	28.6%	50.0%	40.9%
Non-Manager	Number of Persons	1,399	523	956	494
Percentage (%)	Proportion	71.6%	26.8%	66.2%	34.2%

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At Koda, we also develop specific training curriculums based on the distinct requirements of our various businesses and functions. Training topics range from soft skills development, such as communication and leadership, to technical programs, including taxation training and hands-on courses like first aid training.

Our training profile is shown as follows:

Training	Unit	FY2024	FY2023
Total Training Hours	Hours	1,438.00	1,481.00
Total Number of Employees (Year End)	Number of Persons	2,006	1,500
Average Training Hours per Employee	Hours/Person	0.72	0.99
Average Training Hours			
Employment Position			
Executive Directors	Hours/Person	–	10.33
Senior Management	Hours/Person	–	17.00
Manager	Hours/Person	0.29	8.50
Non-Manager	Hours/Person	0.73	0.66
Gender			
Male	Hours/Person	0.63	0.99
Female	Hours/Person	0.92	0.99

Additionally, in FY2024, Koda's Sustainability Champion had completed a three-month Career Conversion Programme led by the Singapore Business Federation. The programme is a combination of courses, workshop and on the job training ("**OTJ**"). The OTJ requires the sustainability champion to work with stakeholders to develop implantation plan for the identified sustainability initiatives, conduct feasibility assessment for the identified initiatives as well as monitor, track and analyse the effectiveness of the sustainability project for reporting. Overall, this programme has equipped the Sustainability Champion with knowledge in carbon management, sustainability reporting, and regulatory requirements, which will aid Koda in driving sustainable transformation.

Furthermore, one of our managers participated in Sustainability Summit 2023 hosted by the Singapore Furniture Industries Council. The summit's agenda included building the capacity of Singapore's furniture industry to understand the business risks and opportunities associated with sustainability and to engage with relevant regulations, standards, and certifications. This summit provided a platform for Koda to gain diverse perspectives on sustainability and gather ideas to further our sustainability journey.

The sustainability training profile is shown as follows:

Sustainability Training	Unit	FY2024	FY2023
Total Training Hours	Hours	366.00	16.00
Total Number of Employees who attended training on Sustainability	Number of Persons	2	4

4.3 Diversity and Inclusion

Koda is dedicated to cultivating a diverse and inclusive work environment where every employee is valued and respected. We have implemented a comprehensive diversity policy that encompasses all current and prospective employees of Koda and its subsidiaries, including full-time, part-time, contractual, permanent, and temporary staff. This policy aims to guarantee equal opportunities for advancement and development, regardless of an individual's background. By fostering a culture that appreciates diverse perspectives and experiences, we enhance innovation, improve decision-making, and strengthen our competitive position. We are committed to continuously refining our practices to align with our core values of equity and inclusion.

To ensure the ongoing promotion of equality and diversity, our policy undergoes an annual review. Any breaches of this policy are promptly reported to the management team, and violations may result in disciplinary actions, including dismissal.

All employees under our internal payroll are working on full-time basis. Additionally, we engage external contracted companies as our outsourced vendors, providing personnel such as production workers and security guards who operate within our premises. While we supervise these individuals, they are employed by the contracted companies and are not included in our headcount. We do not employ other types of non-contract workers.

We expect all contracted companies to share our core HR management principles. During our vendor selection process, their HR management practices are considered as a key criterion for selection and performance evaluation. We regularly review our vendors' performance based on these criteria to determine whether to continue their engagement.

Our workforce diversity, employment position and employment status are shown as follows:

Employment Position	Unit	FY2024	FY2023
Total Number of Employees (Year End[5])	Number of Persons	2,006	1,500
Turnover Rate[6]	Percentage (%)	31.8%	53.4%

Koda takes proactive steps to manage employee turnover and retain top talent, resulting in a noticeable decrease in turnover rates for FY2024. Our goal is to consistently offer competitive compensation, growth opportunities, and a supportive work environment to enhance stability, morale, and job satisfaction among our employees.

5 The total number of employees represents the number of employees excluding Independent Directors as at year end (i.e. June 30, 2024).

6 The turnover rate is calculated using the number of resigned employees during the year divided by average headcount of the staff during the entire year.

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Employment Position – Total:

Particulars	Unit	FY2024	FY2023
Number of Employee			
Executive Directors[7]	Number of Persons	3	3
Senior Management	Number of Persons	8	7
Manager	Number of Persons	42	44
Non-Manager	Number of Persons	1,953	1,446
Percentage (%)			
Executive Directors[6]	Proportion	0.1%	0.2%
Senior Management	Proportion	0.4%	0.5%
Manager	Proportion	2.1%	2.9%
Non-Manager	Proportion	97.4%	96.4%

Employment Position [Senior Management]:

Particulars	Unit	FY2024	FY2023
Gender			
Male	Number of Persons	6	7
Female	Number of Persons	2	–
Percentage (%)			
Male	Proportion	75.0%	100.0%
Female	Proportion	25.0%	–
Age Group			
< 30	Number of Persons	–	–
30 to 50	Number of Persons	6	6
> 50	Number of Persons	2	1
Percentage (%)			
< 30	Proportion	–	–
30 to 50	Proportion	75.0%	85.7%
> 50	Proportion	25.0%	14.3%

[7] Refer to Section 1.2.2.1 Board Diversity for details on Board of Directors.

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Employment Position [Manager]:

Particulars	Unit	FY2024	FY2023
Gender			
Male	Number of Persons	23	24
Female	Number of Persons	19	20
Percentage (%)			
Male	Proportion	54.8%	54.6%
Female	Proportion	45.2%	45.4%
Age Group			
< 30	Number of Persons	2	1
30 to 50	Number of Persons	27	34
> 50	Number of Persons	13	9
Percentage (%)			
< 30	Proportion	4.8%	2.3%
30 to 50	Proportion	64.3%	77.3%
> 50	Proportion	30.9%	20.4%

Employment Position [Non-Manager]:

Particulars	Unit	FY2024	FY2023
Gender			
Male	Number of Persons	1,399	954
Female	Number of Persons	554	492
Percentage (%)			
Male	Proportion	71.6%	66.0%
Female	Proportion	28.4%	34.0%
Age Group			
< 30	Number of Persons	675	375
30 to 50	Number of Persons	1,130	937
> 50	Number of Persons	148	134

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Particulars	Unit	FY2024	FY2023
Percentage (%)			
< 30	Proportion	34.5%	26.0%
30 to 50	Proportion	57.9%	64.7%
> 50	Proportion	7.6%	9.3%

Employment Status [New Hires]:

Particulars	Unit	FY2024	FY2023
Gender			
Male	Number of Persons	817	118
Female	Number of Persons	246	30
Percentage (%)			
Male	Proportion	76.9%	79.7%
Female	Proportion	23.1%	20.3%
Age Group			
< 30	Number of Persons	581	68
30 to 50	Number of Persons	460	72
> 50	Number of Persons	22	8
Percentage (%)			
< 30	Proportion	54.7%	46.0%
30 to 50	Proportion	43.3%	48.6%
> 50	Proportion	2.0%	5.4%

Koda understands that promoting equality and diversity in recruitment is essential for creating an inclusive and innovative workplace. In addition to complying with local employment laws, we ensure fair and unbiased hiring practices to attract a diverse array of talents, perspectives, and experiences. By embracing varied backgrounds, we strive to build a dynamic workforce that drives innovation and success through its collective strengths.

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Employment Status [Resigned Employees]:

Particulars	Unit	FY2024	FY2023
Gender			
Male	Number of Persons	374	668
Female	Number of Persons	183	371
Percentage (%)			
Male	Proportion	67.1%	64.3%
Female	Proportion	32.9%	35.7%
Age Group			
< 30	Number of Persons	243	429
30 to 50	Number of Persons	283	567
> 50	Number of Persons	31	43
Percentage (%)			
< 30	Proportion	43.6%	41.3%
30 to 50	Proportion	50.8%	54.6%
> 50	Proportion	5.6%	4.1%

The significant increase in hiring during FY2024, coupled with a notably lower turnover rate in FY2024 compared to FY2023, highlights our Group's strong commitment to creating a positive and supportive work environment. This trend indicates that not only are we attracting new talent, but we are also successfully retaining our existing employees. It reflects our dedication to employee satisfaction, professional development, and a healthy workplace culture, which are essential for long-term success and growth. This positive trajectory showcases our ability to adapt and thrive, making Koda an attractive place for both current and prospective employees.

4.4 Employee Welfare

At Koda, we place a high priority on the well-being of our employees, understanding that their happiness and satisfaction are crucial to our business's success and sustainability. Recognising our employees as our most valuable asset, we are committed to ensuring their overall well-being so they can achieve their full potential. We adhere to various local laws and regulations concerning employee pensions and healthcare across the regions where our Group operates. Furthermore, our employees are protected under the Employment Act and Labour Laws, which specifies essential employment terms and working conditions, including contract requirements, compensation, working hours, overtime, rest days, and annual leave entitlements. In addition to the terms mandated by the Employment Act and Labour Laws, we offer our full-time employees additional perks, such as paternity leave and compassionate leave.

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4.4.1 Vision Spring Programme

As part of our employee welfare initiative, we organised the Vision Spring Programme, a free spectacle distribution drive at the Vietnam factory for all workers. Vision Spring identified workers who needed spectacles and provided them with the appropriate eyewear, boosting the efficiency and quality of their life and work. The programme benefited male and female workers, especially first-time spectacle wearers.

Our Vision Spring Programme status are shown as follows:

Particulars	FY2024
Number of workers screened	861
Number of workers with good vision	414
Number of workers requiring eyeglasses	447
Percentage of workers with corrected vision	52.0%
First-time wearer rate[8]	246
Percentage of workers receiving their 1st pair of glasses	55.0%

As part of the program, nearly 250 spectacles were provided to workers. The fact that 52.0% of the workers now have corrected vision indicates that half of those screened for vision issues received eyeglasses. Before the program, many may not have realised they had vision problems or considered them a normal health condition. The first-time wearer rate at Koda Factory is notably high at 55.0%, primarily due to low awareness about blurred vision. Through this program, we aim to promote the use of eyeglasses to enhance our employees' quality of life, improve productivity, and retain experienced workers.

4.4.2 RISE Programme

This year's RISE programme focused on collecting baseline information on workers' overall conception, knowledge, and practices regarding gender and response to sexual harassment, basic workers' rights and responsibilities, soft skills like communication, self-management, decision-making, time and stress management, worker-management relationship as well as financial management.

The program has led workers to gain a deeper understanding of themselves and fostering harmonious workplace relationships, resulting in friendlier interactions. Enhanced communication among employees has been observed, enabling them to address personal and familial issues more effectively. Additionally, workers have become adept at balancing work and rest, managing stress, and preventing excessive work-related pressure. These improvements have contributed to increased efficiency and a better grasp of their work rights and responsibilities, ultimately boosting overall work performance.

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8 This figure represents the number of workers who received their first pair of eyeglasses out of the total number of workers needing eyeglasses.

4.4.3 HERproject

The HERproject aims to assess female workers on reproductive health knowledge and practices at Koda factory and address the health needs and service gaps in reproductive health care. Training sessions focused on topics like nutrition and exercise at the workplace, personal and menstrual hygiene, family planning, child care, breast cancer and HIV Aids were conducted to increase women's agency, improves gender attitudes and build worker capacity on basic health, sexual and reproductive health and financial literacy. It creates awareness and promotes worker behavioural change for communications and decision making.

HERproject has markedly decreased worker absenteeism. Previously, the factory only conducted annual health checks and communication campaigns, resulting in limited discussions about reproductive and sexual health due to workers' reluctance. In this initiative, the factory empowered employees to participate in training sessions and subsequently disseminate their knowledge to their colleagues. This strategy has proven effective, as numerous workers reported gaining valuable insights through this two-way communication. The project has successfully raised awareness and fostered behavioural changes in communication and decision-making among the workforce.

4.4.4 Work-Life Balance

Koda recognises the vital importance of work-life balance and its significant benefits for both employees and the organisation. By fostering a healthy equilibrium between professional and personal lives, we enhance overall employee well-being, leading to increased job satisfaction and reduced stress levels. This balance not only boosts productivity and creativity but also improves employee retention and morale.

As such, we are committed to adopting practices that support flexible working arrangements and offering programmes to promote mental health, and encourage a healthy lifestyle. Additionally, we celebrate local festival events alongside our staff, fostering a sense of community and cultural appreciation. A highlight of our Koda's social calendar is the annual company dinner, which remains a significant and cherished occasion.

By prioritising work-life balance, we aim to create a supportive and engaging work environment where employees can thrive both personally and professionally, ultimately contributing to the sustained success and growth of our company.

4.5 Safety and Health at Workplace

Koda recognises that an Occupational Health and Safety ("**OHS**") management system is crucial for protecting employees from injuries and illnesses, ensuring compliance with regulations, and enhancing productivity. By maintaining a safe and healthy work environment, we minimise medical costs and disruptions, while improving employee morale and retention. Overall, an effective OHS management system aligns with our sustainability and corporate social responsibility goals, contributing to long-term success.

Koda's working environment is in compliance with the Ministry of Manpower's Workplace Safety and Health Act in Singapore, the Occupational Safety and Health Act ("**OSHA**"), Environmental Quality Act ("**EQA**") and Fire Service Act in Malaysia, the Labour Code, Occupational Safety and Health Regulation, Fire Prevention and Fighting law, and Workplace Safety Law in Vietnam and China. These well-recognised standards provide us with the frameworks to manage risks associated with safety and health in our workplace.

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The Group's safety objectives are to:

- Provide, maintain and ensure the working environment is safe and healthy;
- Minimise or eliminate the hazards and causes of accidents and injuries in the workplace;
- Avoid loss of life, injury to persons and damage to property;
- Instil and maintain a safety culture in all our employees; and
- Investigate all workplace accidents occurrence and maintain relevant records.

To achieve our objectives, Koda is committed to proactively and systematically managing risk and safety by implementing robust workplace safety management practices. We are dedicated to continually enhancing our safety performance. At our factories, we have established a Health and Safety Committee, comprising both worker and management representatives, to oversee the implementation of our Health and Safety policies and ensure their effective enforcement.

To ensure a continual improvement of the OHS management system, periodic risk assessment, internal audit and safety training are conducted to implement the necessary improvement. Our employees' health and safety incidents profile are shown as follows:

Employee Health and Safety	Unit	FY2024	FY2023
Number of Health and Safety Incidents – Cases			
Recordable work-related injuries	Number of Cases	26	20
High-consequence work-related injuries	Number of Cases	–	–
Recordable work-related ill health	Number of Cases	–	–
Fatalities	Number of Cases	–	–
Total number of recordable injuries	Number of Cases	26	20
Percentage (%)			
Recordable work-related injuries	Proportion	100.0%	100.0%
High-consequence work-related injuries	Proportion	–	–
Recordable work-related ill health	Proportion	–	–
Fatalities	Proportion	–	–
Number of Health and Safety Incidents – Persons			
Recordable work-related injuries	Number of Persons	26	20
High-consequence work-related injuries	Number of Persons	–	–
Recordable work-related ill health	Number of Persons	–	–
Fatalities	Number of Persons	–	–
Total number of recordable injuries	Number of Persons	26	20

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Employee Health and Safety	Unit	FY2024	FY2023
Percentage (%)			
Recordable work-related injuries	Proportion	100.0%	100.0%
High-consequence work-related injuries	Proportion	–	–
Recordable work-related ill health	Proportion	–	–
Fatalities	Proportion	–	–

To prevent the recurrence of similar work-related incidents, the Group's departmental managers are dedicated to continually raising awareness among employees about preventive measures and safety procedures, including the use of personal protective equipment and safe machinery practices. We have maintained a record free of high-consequence injuries, fatalities, and work-related illnesses. The Group is committed to sustaining this positive safety record moving forward.

5 Prioritising Customer Needs

5.1 Our Approach, Performance and Targets

Koda has always prioritised customer needs and satisfaction at the core of our Group's strategy. We continuously engage with our customers to understand their evolving preferences and requirements, ensuring that our products and services are tailored to meet their expectations. We emphasise high-quality products, product safety, exceptional customer service, and data security and privacy. Moreover, satisfied customers are more likely to provide valuable feedback, fostering innovation and quality enhancement. This approach builds trust and enhances customer retention. Ultimately, a customer-centric approach not only drives profitability but also establishes a strong, trustworthy brand that stands out in a competitive market.

To expand our reach and provide the best products and services to our clients, we aim to achieve the following:

- To expand our business development efforts to sustainability focused markets;
- To educate our customers on sustainability through marketing materials/collaterals;
- To educate key customers on usage of Forest Stewardship Council ("**FSC**") or Programme for the Endorsement of Forest Certification[9] ("**PEFC**") timber in marketing activities; and
- To explore alternative programmes in marketing activities to customers.

5.2 Customer Feedback and Satisfaction

At Koda, we place immense value on customer feedback, recognising it as a vital component of our growth and success. Customers' opinions and suggestions provide us with invaluable insights that drive our continuous improvement efforts, leading to better and more appealing furniture designs. We actively gather client feedback through various channels, including website, social media platforms, emails, phone conversations and customer service representatives, ensuring that this feedback is integral to our decision-making process.

9 PEFC is an independent third-party certification that ensures materials come from sustainably managed forests, ensuring that the materials used are sourced responsibly.

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By implementing robust feedback mechanisms, we actively listen to our customers and make necessary improvements to enhance their user experience. A positive experience ensures that our furniture meets the functional and aesthetic needs of customers, leading to higher satisfaction and positive reviews. With a well-designed furniture it reduces the likelihood of returns and complaints, saving costs and enhancing customer trust. This unwavering commitment to customer-centricity has not only driven our growth but also solidified our reputation as a reliable and customer-focused organisation.

5.3 Product Quality and Safety

Quality and safety are paramount in Koda as high-quality furniture not only enhances the aesthetic and functional value of spaces but also ensures durability and long-term satisfaction. Prioritising safety in furniture design and manufacturing protects our customers from potential hazards, such as structural failures or harmful materials, thereby reducing the risk of injuries. By focusing on quality and safety, we demonstrate our commitment to customer well-being fostering a positive reputation and encouraging repeat business. Ultimately, this emphasis leads to greater customer confidence and a stronger market position.

Every piece of furniture we manufacture bears the mark of our steadfast dedication to quality. Every Koda product, from conception to completion, is made in accordance with the highest standards. Meticulous checks and balances are performed at every stage of the manufacturing process, from the selection of raw materials to the final inspection of finished products. By implementing rigorous standards, we can identify and rectify any defects or inconsistencies early on, ensuring that only the best materials and craftsmanship are used. This attention to detail not only enhances the durability and aesthetic appeal of Koda's furniture but also ensures safety and reliability for our customers. Notably, high-quality furniture is built to last, reducing the need for frequent replacements. This longevity helps minimise waste and the environmental impact associated with manufacturing and disposing of furniture.

Additionally, Koda has implemented an incoming inspection procedure for labelling to comply with laws and regulations regarding the display and provision of product information. For instance, we ensure that product description labels, warning labels, fragile and directional arrow symbols, tracking labels, and box manufacturer certificates are present on the packaging. Accurate labels provide essential information about the product's usage and potential hazards, helping our customers use the product safely and avoid harm.

There have been no incidents of non-compliance concerning the health and safety impacts of products and services, product and service information and labelling, and marketing communications in FY2024.

Ultimately, proper product information and labelling reflect the company's commitment to quality and safety standards, reassuring customers about the reliability and value of our products. Combined with stringent quality assurance and control procedures, this approach builds customer trust and satisfaction, reinforcing Koda's reputation for excellence.

5.4 Data Safety and Privacy

Koda places a high priority on data privacy, viewing it with the same level of importance as our product service and support. Ensuring the security and confidentiality of our customers data is of utmost importance to us. We have established comprehensive procedures and controls for handling and protecting sensitive and confidential client information, including contracts, customer orders, and service delivery orders. Our information security protocols are designed to maintain a high degree of confidentiality when managing client data.

Furthermore, we are committed to safeguarding personal information and adhere strictly to all applicable national and state laws, as well as our internal policies. This commitment ensures that we uphold the highest standards of data privacy and security, providing our customers with peace of mind. By continuously reviewing and enhancing our data protection measures, we aim to foster trust and confidence in our ability to manage sensitive information responsibly.

SUSTAINABILITY REPORT

6 Supplier Sustainability

6.1 Our Approach, Performance and Targets

At Koda, we prioritise supplier sustainability as it is essential to our ethical business practices, environmental responsibility, and long-term success. Relying on our supply chain for raw materials such as wood and fabric, we meticulously select suppliers who adhere to sustainable practices, ensuring they meet stringent environmental and social standards. Hence, rigorous screening process is implemented to evaluate suppliers based on their use of renewable resources, waste management practices, energy efficiency, and labour conditions. Partnering with sustainable suppliers helps us to mitigate risks related to supply chain disruptions and regulatory non-compliance, while also enhancing our brand reputation and meeting the growing consumer demand for eco-friendly products.

Additionally, Koda recognises that screening suppliers with social criteria is vital for upholding ethical standards and fostering a responsible supply chain. By evaluating suppliers on factors such as labour practices, human rights, workplace safety, and community impact, companies can ensure that their partners align with their values and social responsibility commitments. This proactive approach helps prevent issues like child labour, forced labour, and unsafe working conditions, which can lead to reputational damage and legal repercussions.

To ensure a sustainable and social ethical supply chain, we aim to achieve the following:

- Regularly scan local vendors for locally manufactured materials to reduce scope 3 transportation costs.
- Ensure new suppliers are audited before onboarding and existing suppliers are audited bi-annually.
- Educate our suppliers on sustainability and social responsibility through marketing materials and collaterals.

Ultimately, the commitment to integrating sustainable and social criteria into our supplier screening process enables us to reduce our environmental footprint and supports the well-being of workers and communities throughout the supply chain.

6.2 Supplier Selection

As part of our commitment to sustainability and social responsibility throughout our value chain, we extend responsible business practices to our partners and suppliers. We ensure our supplier selection process involves a careful evaluation of key factors such as pricing competitiveness, product and service quality, financial stability, social compliance and the overall sustainability practices. This comprehensive assessment, which considers all criteria from a balanced perspective, forms the basis of our final decisions regarding supplier selection.

SUSTAINABILITY REPORT

The following is our supplier screening profile:

Supplier Screening	Unit	FY2024	FY2023
Number of New Suppliers			
Total no. of New Suppliers	Number of Suppliers	15	–
Total no. of New Suppliers screened using environmental criteria[10]	Number of Suppliers	10	–
Percentage (%)			
Total no. of New Suppliers screened using environmental criteria	Proportion	66.7%	–
New Suppliers That Satisfy Environmental Criteria			
Satisfied Environmental Criteria	Number of Suppliers	5	–
Not Satisfied Environmental Criteria	Number of Suppliers	5	–
Percentage (%)			
Satisfied Environmental Criteria	Proportion	50.0%	–
Not Satisfied Environmental Criteria	Proportion	50.0%	–

Except for one-off purchase suppliers, all new suppliers undergo screening based on our environmental criteria. For instance, we verify certifications such as OEKO-TEX[11] and International Organisation for Standardisation[12] for fabric suppliers, and Forest Stewardship Council or Programme for the Endorsement of Forest Certification for timber suppliers. Koda understands that meticulous supplier selection is crucial for maintaining sustainable operations. This process ensures compliance, minimises environmental impact, improves quality and efficiency, mitigates risks, enhances our reputation, and satisfies consumer demand.

Additionally at Koda Woodcraft, several social criteria are also taken into consideration, including workers' protection, fair remuneration, decent working hours, and the prevention of discrimination, violence, or harassment. We also prioritise occupational health and safety and strictly prohibit child labour. By evaluating these factors, we ensure that our suppliers uphold the highest standards of social responsibility, contributing to the well-being and fair treatment of their employees. This comprehensive approach not only safeguards the rights and safety of workers but also reinforces our commitment to ethical practices throughout our supply chain.

10 One-off purchase suppliers are excluded from environmental criteria screening.

11 OEKO-TEX certification is a globally recognised standard for ensuring the safety of textiles and leather products. It tests for harmful substances in every component of a product, including threads, buttons, and zippers.

12 ISO certification is a credential that validates a business's adherence to international standards for quality, efficiency, and safety.

SUSTAINABILITY REPORT

6.3 Supplier Review

At Koda, we strive to reduce our environmental impact across the value chain, encompassing both our customers and suppliers. By engaging with sustainable suppliers, we can minimise the overall environmental footprint of our manufacturing processes, thereby contributing to broader environmental objectives like reducing carbon emissions and conserving natural resources.

To ensure alignment with Koda's sustainability goals and support for environmental and social responsibility initiatives, we regularly review our suppliers through a set of guidelines that include a Code of Conduct, Self-assessment, and Supplier Performance Review.

Koda expects its suppliers to have effective environmental policies and to comply with existing environmental protection legislation and regulations. Suppliers are encouraged to adopt a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility, and implement environmentally friendly technologies with sound life-cycle practices.

It is crucial that our suppliers and partners share our values regarding the environment, human rights, labour practices, and corporate ethics. This value alignment is essential for effectively and meaningfully implementing our sustainability agenda. Such alignment fosters mutually beneficial relationships with suppliers and channel partners, enhancing competitiveness for both their and our competitiveness.

7 Government and Regulators

7.1 Our Approach, Performance and Targets

As a publicly traded company on the Mainboard of the Singapore Exchange ("**SGX**"), Koda is dedicated to upholding the highest standards of corruption risk management. The Group is committed to maintaining a high level of compliance with accounting, financial reporting, internal controls and corporate governance, as well as any corresponding legislation. Our corporate governance framework encompasses robust ethics and compliance protocols, articulated through a comprehensive Code of Conduct and specific action guidelines that all officers and employees are required to follow.

Every new employee is thoroughly acquainted with our Code of Conduct, which includes our stringent rules on ethics and compliance. This ensures that from the outset, all personnel are aware of the ethical standards and compliance expectations integral to our operations. By embedding these principles into our corporate culture, we reinforce our commitment to ethical business practices and regulatory adherence.

At Koda, a whistleblowing mechanism is in place to ensure robust corporate governance. It provides employees and stakeholders with a confidential and secure channel to report unethical behaviour, fraud, or violations of Koda's policies and regulations. This mechanism not only helps to detect and address issues early, preventing potential financial losses and reputational damage, but also promotes a culture of transparency and accountability within the organisation. By encouraging whistleblowing, Koda demonstrates our commitment to ethical practices and legal compliance, fostering trust among employees, investors, and the public. Employees are encouraged to report any complaints or findings related to perceived wrongdoing to whistle-blowing@kodaltd.com.

Koda has a zero-tolerance towards workplace discrimination. We are committed to creating an inclusive and respectful environment where every employee is valued and treated equally, regardless of their race, gender, age, religion, sexual orientation, or any other characteristic. We actively encourage the reporting of any discriminatory behaviour, ensuring that all complaints are thoroughly investigated and addressed promptly. By upholding these standards, we foster a workplace culture that promotes diversity, equity, and inclusion, reinforcing our commitment to ethical practices and the well-being of our employees. There were zero incidents of discrimination in FY2024.

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7.2 Regulatory Compliance Oversight

Our whistle-blowing policy is designed to encourage the transparent reporting of potential corporate misconduct or other issues, such as suspected fraud, corruption, or unethical business practices. Employees are assured that any disclosures will be handled appropriately and that they will be protected from retaliation.

In October 2023, the Group identified a fraud incident involving the IT security and payment gateway system at its wholly-owned subsidiary, Commune Lifestyle Pte Ltd ("**CLPL**"). An employee from CLPL's IT department, who had administrative access to the payment gateway system, engaged in deliberate fraudulent activity. This employee made unauthorised modifications to the system, redirecting funds from credit card and contactless payment transactions into the employee's own personal account. The Group recognises the need to enhance it's IT system security and has engaged external consultant to conduct a technical review of the issue. Corrective measures have since been implemented, and additional controls have been established to strengthen the system.

All reports made under the whistle-blowing policy are reviewed by the Audit Committee and the Board of Directors to ensure an unbiased investigation and appropriate follow-up actions. This process reinforces our commitment to maintaining integrity and accountability within the company, fostering a culture of ethical behaviour and compliance. Additionally, no legal actions regarding anti-competitive behaviour and violations of anti-trust monopoly legislation have been reported in FY2024.

7.3 Financial Assistance

In FY2024, Koda received government financial aid to support our ESG initiatives. This support has been instrumental in advancing our strategic initiatives, aligning with our goals for economic resilience and social development. The specifics of this financial support are detailed below:

Financial Support	Unit	FY2024	FY2023
Financial assistance received from government	USD$ ('000)	42	596

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8 GRI Index

GRI Reference		Disclosure	Reference[13]
General Standard Disclosure			
General Disclosures 2021	2-1	Organisation details	*SR Section 1.2, 2.1 & 2.2*
	2-2	Entities included in the organisation's sustainability reporting	*SR Section 2.2*
	2-3	Reporting period, frequency and contact point	*SR Sections 2.1 & 2.8*
	2-4	Restatements of information	*No restatements*
	2-5	External Assurance	*SR Section 2.3*
	2-6	Activities, value chain and other business relationships	*AR About Koda*
	2-7	Employees	*SR Section 4.3*
	2-8	Workers who are not employees	*SR Section 4.3*
	2-9	Governance structure and composition	*SR Section 1.2.2.1* *CGR Principle 2, 3 & 4*
	2-10	Nomination and selection of the highest governance body	*CGR Principle 1, 4 & 5*
	2-11	Chair of the highest governance body	*SR Section 1.2.2.2 & 3.7.1* *CGR Principle 3*
	2-12	Role of the highest governance body in overseeing the management of impacts	*SR Section 1.2.2.2 & 3.7.1* *CGR Principle 3*
	2-13	Delegation of responsibility for managing impacts	*SR Section 1.2.2.2 & 3.7.1*
	2-14	Role of the highest governance body in sustainability reporting	*SR Section 1.2.2.2 & 3.71*
	2-15	Conflicts of Interest	*CGR Principle 1*
	2-16	Communication of critical concerns	*SR Section 1.2.2.2* *CGR Principle 10*
	2-17	Collective knowledge of the highest governance body	*SR Section 4.2.3*
	2-18	Evaluation of the performance of the highest governance body	*CGR Principle 2, 4, 5*
	2-19	Remuneration Policies	*CGR Principle 6, 7 & 8*
	2-20	Process to determine remuneration	*CGR Principle 6, 7 & 8*
	2-21	Annual Total Compensation Ratio	*CGR Principle 8*

13 AR = Annual Report, CGR = Corporate Governance Report, SR = Sustainability Report (i.e., this report).

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GRI Reference		Disclosure	Reference[13]
	2-22	Statement on sustainable development strategy	*SR Section 1.1*
	2-23	Policy Commitments	*SR Section 2 to 7*
	2-24	Embedding policy commitments	*SR Section 2 to 7*
	2-25	Processes to remediate negative impacts	*SR Section 7 CGR Principle 10*
	2-26	Mechanisms for seeking advice and raising concerns	*SR Section 7 CGR Principle 10*
	2-27	Compliance with laws and regulations	*SR Section 7 CGR Principle 10*
	2-28	Membership Associations	*SR Section 1.2.3*
	2-29	Approach to Stakeholder Management	*SR Section 2.6 CGR Principle 12 & 13*
	2-30	Collective Bargaining Agreements	*SR Section 4.2.1*
Material topics 2021	3-1	Process to determine material topics	*SR Section 2.7*
	3-2	List of material topics	*SR Section 2.7*
	3-3	Management of material topics	*SR Section 2.7*
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	*AR Financial Performance*
	201-2	Financial implications and other risks and opportunities due to climate change	*Section 3.7.2*
	201-3	Defined benefit plan obligations and other retirement plans	*AR Note 1 & 30*
	201-4	Financial assistance received from government	*SR Section 7.3*
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	*SR Section 7.2*
Environment			
Material	301-1	Material used by weight or volume	*SR Section 3.6*
Energy	302-1	Energy consumption within the organisation	*SR Section 3.3*
	302-3	Energy intensity	*SR Section 3.3*
	302-4	Reduction of energy consumption	*SR Section 3.3*
Water	303-1	Interaction with water as shared resource	*SR section 3.5*
	303-3	Water withdrawal	*SR section 3.5*

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GRI Reference		Disclosure	Reference[13]
Emissions	305-1	Direct (Scope 1) GHG emissions	*SR Section 3.2*
	305-2	Energy indirect (Scope 2) GHG emissions	*SR Section 3.2*
	305-4	GHG emissions intensity	*SR Section 3.2*
	305-5	Reduction of GHG emissions	*SR Section 3.2*
Waste	306-2	Management of significant waste related impacts	*SR Section 3.4*
	306-3	Waste generated	*SR Section 3.4*
	306-4	Waste diverted from disposal	*SR Section 3.4*
	306-5	Waste directed to disposal	*SR Section 3.4*
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	*SR Section 6*
Social			
Employment	401-1	New employee hires and employee turnover	*SR Section 4.3*
Occupational Health and Safety	403-1	Workers representation in formal joint management worker health and safety committees	*SR Section 4.5*
Training and Education	404-1	Average hours of training per year per employee	*SR Section 4.2.3*
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	*SR Section 1.2.2.1 & 4.3* *CGR Principle 2 & 4*
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	*SR Section 7.1*
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	*SR Section 6*
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	*SR Section 5.3*
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	*SR Section 5.3*
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	*SR Section 5.3*
	417-3	Incidents of non-compliance concerning marketing communications	*SR Section 5.3*
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	*SR Section 5.4*

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or the "**Directors**") and the management (the "**Management**") of Koda Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") are strongly committed to maintaining a high level of corporate governance which is essential to the protection of interests of shareholders of the Company ("**Shareholders**") and enhancing long-term Shareholder value and returns.

Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Rules**") requires an issuer to outline the corporate governance practices adopted by the Company as prescribed by the revised Code of Corporate Governance 2018 (the "**Code**"). Accordingly, the Company has set in place corporate governance practices to provide the structure through which the objectives of protection of Shareholders' interests and enhancement of long-term Shareholder value and returns are met, and by complying with the principles and provisions of the Code.

This report ("**Corporate Governance Report**") describes the Company's corporate governance practices that were in place during the financial year ended June 30, 2024, with specific reference made to the principles and provisions of the Code and the relevant Listing Rules. The Company has adhered to the principles, provisions, guidelines and/or rules as set out in the Code and the Listing Rules, where applicable. Insofar as any principles, provisions, guidelines and/or rules have not been complied with, appropriate explanations have been provided.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

The Board is collectively responsible for providing overall strategy and direction to the Management and the Group. The Board works with Management to achieve the long-term success of the Company and the Group.

The principal functions of the Board are:

(i) protecting the assets of the Company and enhancing the long-term Shareholder value and returns;

(ii) charting the corporate strategy and direction of the Group, including but not limited to approving broad policies, strategies and financial objectives of the Group, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(iii) supervising and monitoring of the Group's Management, including reviewing their performance;

(iv) establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(v) overseeing the processes for evaluating the adequacy of internal controls, management controls, risk management, financial reporting and compliance with the help of the Audit Committee;

(vi) approving annual budgets, proposals for acquisitions, investments and disposals;

(vii) approving nominations of Directors to the Board and appointment of key management personnel;

(viii) reviewing corporate governance practices;

CORPORATE GOVERNANCE REPORT

(ix) setting the Group's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;

(x) identifying the key stakeholder groups of the Company and recognising that their perceptions affect the Company's reputation; and

(xi) considering corporate responsibility issues including sustainability issues.

All Directors act objectively and discharge their duties and responsibilities at all times as fiduciaries to make decisions in the best interests of the Company and hold Management accountable for performance. The Board has put in place a code of conduct and ethics, which sets out a code of conduct and ethical standards for Directors, Management and employees to adhere to. The Board has set an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving the issues of conflict. Provision 1.1

The Directors understand the Company's business as well as their directorship duties, including their roles as executive, non-executive and independent directors. Provision 1.2

The Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. All Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. To keep pace with regulatory changes, the Directors' own initiatives are supplemented from time to time with information and updates, and seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies, and regulations and guidelines from the SGX-ST that affect the Group and/or the Directors in discharging their duties, at the Company's expense. The Directors are also informed of developments relevant to the Group, including changes in laws, regulations and risks that may impact the Group.

In the financial year under review, as prescribed by the SGX-ST, all Directors of the Company have attended the training on the sustainability programme which was jointly organised by the Institute of Singapore Chartered Accountants and SAC Capital Private Limited. The programme for Directors is a prescribed course approved by the Singapore Exchange Regulation that provides an insight to enhance directors' understanding of sustainability reporting and the balancing of financial and non-financial environmental, social and governance ("**ESG**") pressures from its stakeholders and environment. From the programme, the Board and Management is cognizant of the key sustainability trends and the importance of transparency and accountability in furthering the Company's sustainability efforts.

In addition to the above, the Company has arrangements in place for newly appointed Directors with no prior experience as a director of a listed company on the SGX-ST to undergo training in the roles and responsibilities of a director of a listed company on the SGX-ST as prescribed by the SGX-ST. If the Nominating and Governance Committee is of the view that training is not required because the Director has other relevant experience, the basis of the Nominating and Governance Committee's assessment will be disclosed. Listing Rule 210(5)(a)

CORPORATE GOVERNANCE REPORT

For new appointments to the Board, the newly-appointed Director will be given a formal letter setting out his duties and obligations. To orientate him, the newly-appointed Director will be briefed by the Lead Independent Director and the Management, and will also be provided with a Director's folder which shall contain information and materials to allow him to be familiar with the Group's history, core values, businesses and governance practices. All Directors are also invited to visit the Group's overseas factories and/or operations and to meet with the overseas management so as to gain a better understanding of the Group's business operations. Where appropriate, the Company will also provide training to first-time Directors of listed companies in areas such as accounting, legal and industry specific knowledge.

The Board has adopted a set of internal guidelines setting forth matters that require Board approval and these internal guidelines have been clearly communicated to the Management in writing. Provision 1.3

The matters which require the Board's approval include, *inter alia*, the following:

(i) review of the annual budgets and the performance of the Group;

(ii) review of key activities and business strategies;

(iii) approval of the corporate strategy and direction of the Group;

(iv) approval of transactions involving a conflict of interest for a substantial Shareholder or a Director, or interested person transactions;

(v) material acquisitions and disposals of assets;

(vi) acceptance of bank facilities;

(vii) corporate or financial restructuring and share issuances;

(viii) declaration of dividends and other returns to Shareholders;

(ix) appointment of new Directors to the Board; and

(x) appointment and removal of the Company Secretary.

The Board is supported by the Audit Committee, the Nominating and Governance Committee, and the Remuneration Committee (collectively, the "**Board Committees**"), each with specific written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the Board Committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities are described separately under the various sections of each Board Committee below. The Board has delegated authority to the Board Committees without abdicating its responsibility. Provision 1.4

Listing Rule 210(5)(e)

CORPORATE GOVERNANCE REPORT

Executive Committee

In addition to the Board Committee, an Executive Committee had been formed to supervise the management of the business and affairs of the Company and to reduce the administrative time, inconvenience and expenses associated with the convening of Board and Board Committee meetings and circulation of Board and Board Committee resolutions, without compromising the Group's corporate objectives or adversely affecting the day-to-day operations of the Company. The Executive Committee comprises Mr James Koh Jyh Gang, Mr Koh Jyh Eng, Mdm Koh Shwu Lee, Mr Teh Wing Kwan and Mr Koh Zhu Xian Joshua.

The Directors attend and actively participate in Board and Board Committee meetings. The Board meets at least four (4) times a year, and the schedule of all regular Board and Board Committee meetings in a year are planned in advance. Additional ad hoc Board and Board Committee meetings are held at such other times as and when warranted by circumstances relating to matters that are material to the Group. The Company's Constitution provides for Board and Board Committee meetings to be held by means of telephone conference, video conference, audio visual, or by other similar communication equipment. Provision 1.5

The number of meetings held and the attendance of each Director at every Board, Board Committee and Executive Committee meeting during the financial year ended June 30, 2024 are as follows:

Name of Director	Board		Audit Committee		Nominating and Governance Committee		Remuneration Committee		Executive Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
James Koh Jyh Gang	4	4	4^	4^	2^	2^	2^	2^	4	4
Koh Shwu Lee	4	4	4^	4^	2^	2^	2^	2^	4	4
Koh Jyh Eng	4	4	4^	4^	2^	2^	2^	2^	4	4
Tan Choon Seng	4	4	4	4	2	2	2	2	0	0
Chan Wah Tiong	4	4	4	4	2	2	2	2	0	0
Ying Siew Hon, Francis	4	4	4	4	2	2	2	2	0	0
Phua Boon Huat	4	4	4	4	2	2	2	2	0	0

Notes:
^ By invitation

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.

Apart from the formal Board and Board Committee meetings, Directors also speak among themselves on specific subjects. During the year, Directors consulted one another several times with respect to the Group's business plans.

The Management provides the Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Provision 1.6

CORPORATE GOVERNANCE REPORT

The information provided to the Directors includes management reports and all relevant information on material events and transactions, to enable them to be fully cognisant of the decisions and actions of the Management. Detailed Board and Board Committee papers are prepared for each Board and Board Committee meeting. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance of each Board and Board Committee meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be adequately briefed before each Board and Board Committee meeting. In respect of budgets, any material variance between the projections and actual results are also disclosed and explained.

Provision 1.7

The Directors have separate and independent access to the Management and the Company Secretary. In addition, all Directors have unrestricted access to the Group's records and information, and the Independent Non-Executive Directors have access to all levels of key personnel in the Group. Should the Directors, in furtherance of their duties require independent professional advice, the Directors may, only with the consent of the chairman of the Audit Committee, appoint an independent professional adviser to render advice, at the Company's expense.

Pursuant to Regulation 116 of the Company's Constitution, the appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this Corporate Governance Report, the Board comprises seven (7) Directors, four (4) of whom are Independent Non-Executive Directors, namely, Mr Tan Choon Seng (Lead Independent Non-Executive Director), Mr Chan Wah Tiong, Mr Ying Siew Hon, Francis and Mr Phua Boon Huat. There is a strong and independent element on the Board with the Independent Non-Executive Directors making up a majority of the Board. Together, the Directors bring a wide range of business and financial experience relevant to the Group.

Listing Rule 1207(10B)

Name of Directors	Board	Audit Committee	Nominating and Governance Committee	Remuneration Committee	Executive Committee
James Koh Jyh Gang	Executive Chairman and CEO	–	–	–	Chairman
Koh Shwu Lee	Executive Director	–	–	–	Member
Koh Jyh Eng	Executive Director	–	–	–	Member
Tan Choon Seng	Lead Independent Non-Executive Director	Chairman	Member	Member	–
Chan Wah Tiong	Independent Non-Executive Director	Member	Member	Member	–
Ying Siew Hon, Francis	Independent Non-Executive Director	Member	Member	Chairman	–
Phua Boon Huat	Independent Non-Executive Director	Member	Chairman	Member	–

CORPORATE GOVERNANCE REPORT

The Board, taking into account the views of the Nominating and Governance Committee, determines on an annual basis the independence of each Independent Non-Executive Director based on the provisions in the Code, such as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Provision 2.1

In determining the independence of each Independent Non-Executive Director, the Board and the Nominating and Governance Committee also consider Listing Rules 210(5)(d)(i) and (ii). Pursuant to Listing Rules 210(5)(d)(i) and (ii), the Board and the Nominating and Governance Committee consider that a director is not independent under any of the following circumstances: Listing Rule 210(5)(d)

(i) if he is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and

(ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the Remuneration Committee of the Company.

Furthermore, the Board and the Nominating and Governance Committee have considered the new Listing Rule 210(5)(d)(iv) which came into effect on January 11, 2023. Listing Rule 210(5)(d)(iv) provides that a director will not be independent if he or she has been a director of the Company for an aggregate period of more than nine (9) years (whether before or after listing). However, such director may continue to be considered independent until the conclusion of the Company's next annual general meeting. Accordingly, Mr Chan Wah Tiong would be considered independent and can remain as an independent director until the conclusion of the annual general meeting of the Company to be held for the financial year ending on June 30, 2024.

The Nominating and Governance Committee and the Board consider Mr Chan Wah Tiong to be independent as he has continually demonstrated strong independence in character and judgment and contributed effectively by providing impartial and autonomous views, and which, coupled with his familiarity with the business of the Group, has proven himself to be a valuable member of the Board. The Nominating and Governance Committee and the Board are also of the view that the Group will benefit from different perspectives from Directors of different tenures and different skill sets.

The Nominating and Governance Committee has also reviewed and determined that Mr Tan Choon Seng, Mr Ying Siew Hon, Francis and Mr Phua Boon Huat are independent in accordance with Provision 2.1 of the Code and the Listing Rules and are able to exercise independent judgement.

The Nominating and Governance Committee and the Board will continue to search actively for suitable candidates to be appointed to the Board as Independent Non-Executive Directors in order to progressively refresh members of the Board.

CORPORATE GOVERNANCE REPORT

Independent Directors make up a majority of the Board and provide a strong and independent element on the Board. The Independent Directors provide independent judgment on the corporate affairs of the Group as well as diverse and objective perspectives to enable balanced and well-considered decisions to be made. In particular, the Independent Directors constructively challenge and help develop proposals on the Group's strategies, and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

Provision 2.2

Listing Rule 210(5)(c)

Non-executive Directors make up a majority of the Board.

Provision 2.3

Following the retirement of Mr Chan Wah Tiong at the upcoming annual general meeting, the Company's Board will comprise six (6) members, of which three (3) would be Independent and Non-Executive. Therefore, immediately after the upcoming annual general meeting, the number of Independent Directors and Non-Executive Directors would not make up a majority of the Board which would be a deviation from Provision 2.2 and Provision 2.3 of the Code respectively. The Company is in the process of identifying a suitable candidate and will make an announcement once a new Independent Non-Executive Director is appointed.

The Nominating and Governance Committee is responsible for examining the size, composition and diversity of the Board and Board Committees, and believes that the Board and its Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and diversity to oversee the Group's business.

Provision 2.4

The criteria for Board diversity includes, among others, whether the Board is equipped with relevant skills and experience, gender composition, age and knowledge of the Company. The Nominating and Governance Committee will review the relevant objectives for promoting and achieving diversity on the Board, the progress made, and make recommendations for approval by the Board.

In identifying potential Director nominees, the Nominating and Governance Committee would consider factors such as relevant background, diversity, experience and knowledge in various categories such as business, finance and management skills which would be valuable to the Group's business to enable the Board to make sound and well-considered decisions.

The composition of the Board is also reviewed on an annual basis by the Nominating and Governance Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Nominating and Governance Committee will, in reviewing and assessing the composition of the Board and recommending the appointment of new Directors to the Board, consider candidates on merit and with due regard for the benefits of diversity on the Board.

The Nominating and Governance Committee considers the Board's present size adequate for effective decision-making, taking into account the nature and scope of the Group's operations.

The Nominating and Governance Committee is also of the view that there is a strong and independent element on the Board, that there is no individual or small group of individuals dominating the Board's decision-making process, and that the Board's current size, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business, is appropriate for facilitating effective decision making.

CORPORATE GOVERNANCE REPORT

The Nominating and Governance Committee believes that the Board and its Board Committees have a good balance of Directors in terms of gender, and who have a diverse set of skills, extensive business, financial, accounting, marketing and management experience and knowledge of the Group. Profiles of the Directors are set out under the section entitled "Board of Directors" in this Annual Report. Where appropriate, the Nominating and Governance Committee and the Board will continue to search actively for suitable candidates for appointment to the Board as Independent Non-Executive Director(s).

In recognition of the importance and value of gender diversity in the composition of the Board, the Company currently has one (1) female director on the Board. In addition, the current Board consists of Directors with ages ranging from 40s to 70s, who have served on the Board for different tenures. The Company will review and work towards having greater diversity in its Board, such as gender and age, if the opportunity arises and as and when required in accordance with the Company's strategic directions.

As the Group's activities continue to grow, the Nominating and Governance Committee will continuously review the composition, size and diversity (including gender diversity) of the Board to ensure that it has the necessary competence for effective decision making.

The Independent Non-Executive Directors are encouraged to communicate among themselves with the Company's internal auditors, external auditors and/or senior management. The Independent Non-Executive Directors have on some occasions met among themselves and with the Company's internal auditors and external auditors of the Group without the presence of Management in FY2024. After the conclusion of the meetings, the Lead Independent Director provides feedback to the Board as appropriate. Provision 2.5

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.

Mr James Koh Jyh Gang is both the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company. Provision 3.1

Although the Executive Chairman and CEO of the Company are the same person, the Board is able to exercise its power objectively and independently from the Management as Independent Non-Executive Directors make up a majority of the Board. In addition, the Company has appointed Mr Tan Choon Seng as the Lead Independent Non-Executive Director of the Company to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The division of responsibilities between the Chairman and the CEO is clearly established, set out in writing and agreed by the Board.

The Chairman's responsibilities include: Provision 3.2

(i) leading the Board to ensure its effectiveness on all aspects of its role;

(ii) scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(iii) preparing meeting agendas and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

CORPORATE GOVERNANCE REPORT

(iv) promoting a culture of openness and debate at the Board level;

(v) ensuring effective communication with Shareholders;

(vi) encouraging constructive relations within the Board, and between the Board and the Management;

(vii) facilitating the effective contribution of Independent Non-Executive Directors in particular;

(viii) exercising control over quality, quantity, adequacy and timeliness of the flow of information within the Board and between the Management and the Board; and

(ix) promoting high standards of corporate governance, and assist in ensuring compliance with the Group's corporate governance practices.

As the Chairman is not independent, the Board has a Lead Independent Non-Executive Director, Mr Tan Choon Seng, to provide leadership in situations where the Chairman is conflicted. Provision 3.3

The Lead Independent Non-Executive Director's responsibilities include:

(i) meeting with the Management regularly, including separate, frank and detailed meetings with the Chief Financial Officer and Group Financial Controller;

(ii) meeting independently with the Company's internal auditors and external auditors several times a year;

(iii) arranging conference calls with the other Independent Non-Executive Directors to discuss issues; and

(iv) being the contact person for Shareholders in situations where Shareholders have concerns or issues and for which communication with the Chairman or the Management is inappropriate or where such communication has failed to resolve the concerns or issues raised.

PRINCIPLE 4: BOARD MEMBERSHIP

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

During FY2024, the Nominating and Governance Committee comprises of the following members, all of whom are Independent Non-Executive Directors: Provision 4.2

Phua Boon Huat (Chairman)	Independent Non-Executive Director
Tan Choon Seng (Member)	Lead Independent Non-Executive Director
Chan Wah Tiong (Member)	Independent Non-Executive Director
Ying Siew Hon, Francis (Member)	Independent Non-Executive Director

Mr Tan Choon Seng, the Lead Independent Non-Executive Director, is a member of the Nominating and Governance Committee.

CORPORATE GOVERNANCE REPORT

The principal functions of the Nominating and Governance Committee, which are regulated by written terms of reference, include, *inter alia*, the following: Provision 4.1

(i) reviewing and recommending Board succession plans for Directors, and in particular, the Chairman and CEO and key management personnel;

(ii) developing and recommending to the Board a process for evaluation of the performance of the Board, its Board Committees and Directors;

(iii) reviewing and recommending to the Board training and professional development programs for the Board and its Directors;

(iv) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment and re-appointment of a Director (including alternate directors, if any);

(v) reviewing and recommending corporate governance guidelines and policies to the Board;

(vi) reviewing relevant local and international developments in the area of corporate governance and recommending changes to the Board when necessary;

(vii) nominating Directors for re-election in accordance with the Company's Constitution at each annual general meeting of the Company taking into consideration the composition and progressive renewal of the Board, and each Director's competencies, commitment, contribution, performance, attendance, preparedness, participation and candour;

(viii) determining annually, and as and when circumstances require, the independence of Directors;

(ix) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the number of his listed company board representations and other principal commitments;

(x) deciding the assessment process and implementing a set of objective performance criteria for evaluation of the Board's and Board Committee's performance; and

(xi) evaluating the effectiveness of the Board Committees and the effectiveness of the Board as a whole, and each Director's contribution to the Board's or Board Committee's effectiveness in accordance with the assessment process and performance criteria adopted.

The Nominating and Governance Committee meets, when necessary, to discuss issues of appointment of Directors to the Board and appointment of key management personnel.

For appointment of new Directors to the Board, the Nominating and Governance Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, experience, gender and knowledge of the existing Board. Provision 4.3

CORPORATE GOVERNANCE REPORT

The Nominating and Governance Committee:

(i) first evaluates the strengths and capabilities of the existing Board before it proceeds to assess the needs of the future Board;

(ii) assess whether the needs of the future Board can be fulfilled by the appointment of one (1) person, and if not, to consult the Board with respect to the appointment of two (2) persons;

(iii) seek out and source for a wide range of suitable candidates and obtain their resumes for review;

(iv) conduct background checks on the candidates whose resumes the Company has received; and

(v) narrow this list of candidates to a short list, and then invite the shortlisted candidates for an interview which may include a briefing of the duties required to ensure that there are no differences in expectations, and to ensure that any new Director appointed has the ability and capacity to adequately carry out his duties as a Director of the Company, taking into consideration the number of listed company board representations he holds and other principal commitments he may have.

In selecting and appointing potential directors, the Nominating and Governance Committee will seek out and source for a wide range of suitable candidates including persons not directly known to the Directors. In addition, the Nominating and Governance Committee is empowered to engage professional search firms to seek out and source for suitable candidates, at the Company's expense. The Nominating and Governance Committee gives due consideration to all suitable candidates regardless of who identified the candidate. The Nominating and Governance Committee will interview all suitable candidates in frank and detailed meetings, and thereafter make its recommendations to the Board for approval.

In nominating Directors for re-appointment, the Nominating and Governance Committee assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution, performance, attendance, preparedness, participation and candour. Subject to the Nominating and Governance Committee's satisfactory assessment of the overall contributions and performance, the Nominating and Governance Committee would recommend the proposed re-appointment to the Board for its consideration and approval.

Regulation 89 of the Company's Constitution requires at least one-third of the Directors, excluding the Managing Director, to retire from office by rotation at each Annual General Meeting of the Company, and for each Director, excluding the Managing Director, to retire at least once every three (3) years. A retiring Director shall be eligible for re-election.

Listing Rule 720(5)

The Directors who are retiring pursuant to Regulation 89 of the Company's Constitution at the forthcoming Annual General Meeting are:

(i) Mr Ying Siew Hon, Francis

(ii) Mr Phua Boon Huat

CORPORATE GOVERNANCE REPORT

The Nominating and Governance Committee, with Mr Ying Siew Hon, Francis and Mr Phua Boon Huat abstaining from deliberations from their own re-appointment, has recommended to the Board that each of Mr Ying Siew Hon, Francis and Mr Phua Boon Huat be nominated for re-election at the forthcoming Annual General Meeting.

Each of Mr Ying Siew Hon, Francis and Mr Phua Boon Huat have given their consent to remain in office and will submit themselves for re-election at the forthcoming Annual General Meeting.

Mr Ying Siew Hon, Francis, upon his re-election as a Director of the Company, will remain as an Independent Non-Executive Director, the chairman of the Remuneration Committee, and a member of the Audit Committee as well as Nominating and Governance Committee of the Company. Mr Ying Siew Hon, Francis is considered independent for the purposes of Listing Rule 704(8).

Listing Rule 704(8)

Mr Phua Boon Huat, upon his re-election as a Director of the Company, will remain as an Independent Non-Executive Director, the chairman of the Nominating and Governance Committee, and a member of the Audit Committee as well as Remuneration Committee of the Company. Mr Phua Boon Huat is considered independent for the purposes of Listing Rule 704(8).

Please refer to page 115 of this Annual Report for additional information on the Directors seeking re-election.

Listing Rule 720(6)

Every year, the Nominating and Governance Committee reviews and affirms the independence of the Company's Independent Non-Executive Directors, having regard to the circumstances set forth in Provision 2.1 of the Code. Each Director is required to complete a Director's independence checklist on an annual basis to confirm his/her independence. The Director's independence checklist is drawn up based on the provisions provided in the Code and the Listing Rules, and requires each Director to assess whether he/she considers himself/herself independent despite not being involved in any of the relationships identified in the Code and the Listing Rules. The Nominating and Governance Committee then reviews the Director's independence checklist to determine whether each Director is independent.

Provision 4.4

The Independent Non-Executive Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board, having taken into account the views of the Nominating and Governance Committee, considers Mr Tan Choon Seng, Mr Ying Siew Hon, Francis and Mr Phua Boon Huat to be independent based on the definition of independence as set out in Provision 2.1 of the Code and the Listing Rules.

Currently, the Board does not have any alternate Director and did not appoint any alternate Directors for the financial year ended June 30, 2024. The Board will avoid the appointment of alternate Directors, save for limited periods in exceptional cases such as when a Director has a medical emergency.

The Nominating and Governance Committee ensures that new directors are aware of their duties and obligations.

Provision 4.5

CORPORATE GOVERNANCE REPORT

The Nominating and Governance Committee, in determining whether to nominate a Director for re-election, will have regard to the Director's performance and contribution to the Group, and whether the Director has been adequately carrying out his or her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Nominating and Governance Committee notes that Directors with multiple listed company board representations have been taking independent actions to address the issue. The Nominating and Governance Committee has reviewed the independent actions taken by such Directors to address the issue and assessed the attendance record of such Directors at Board and Board Committee meetings, participation of such Directors in discussions at Board and Board Committee meetings and contributions made by such Directors to the effectiveness of the Board Committees and Board as a whole. After doing so, it is satisfied that adequate time and attention have been given to the affairs of the Company and such Directors have adequately carried out their duties notwithstanding their multiple listed company board representations.

The Board has resolved that no Director shall hold more than six (6) listed company board representations concurrently, even if that Director has the capability of managing that many listed company board representations, as the Board is of the view that more than six (6) concurrent listed company board representations will interfere with the Director's ability to devote sufficient time and attention to the affairs of the Company. During the financial year ended June 30, 2024, no Director held more than six (6) listed company board representations concurrently.

Name of Director	Appointment	Date of first appointment	Date of last re-election	Directorships in other listed companies	
				Current	**Past five (5) years**
James Koh Jyh Gang	Executive Chairman and CEO	April 17, 1980	October 30, 2023	–	–
Koh Shwu Lee	Executive Director	March 30, 2001	October 28, 2022	–	–
Koh Jyh Eng	Executive Director	March 30, 2001	October 30, 2023	–	–
Tan Choon Seng	Lead Independent Non-Executive Director	November 18, 2016	October 30, 2023	Soup Holdings Limited Listed on the Mainboard of the SGX-ST Independent Non-Executive Director Date of appointment: April 27, 2019	–
Chan Wah Tiong	Independent Non-Executive Director	October 1, 2001	October 29, 2021	–	–
Ying Siew Hon, Francis	Independent Non-Executive Director	November 18, 2016	October 28, 2022	–	–
Phua Boon Huat	Independent Non-Executive Director	November 1, 2021	October 28, 2022	–	–

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5: BOARD PERFORMANCE

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

The Nominating and Governance Committee is responsible for recommending for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board, its Board Committees, the Chairman and each individual Director. Provision 5.1

The performance criteria used by the Nominating and Governance Committee in the evaluation of the Board and Board Committees includes the evaluation of the size and composition of the Board and Board Committees, the Board's and Board Committees' access to information, the Board's and Board Committees' processes and accountability, and the Board's and Board Committees' performance in relation to discharging their principal functions and responsibilities. These performance criteria do not change from year to year unless circumstances deem it necessary, and a decision to change any of the performance criteria will be justified by the Board. The Nominating and Governance Committee also takes into account the Directors' standards of conduct and such financial indicators as the Nominating and Governance Committee considers appropriate in its evaluation of the Board and Board Committees. The Nominating and Governance Committee, however, notes that the financial indicators provide only a snapshot of the Company's performance, and do not fully reflect on-going risk or measure the sustainable long-term wealth and value creation of the Company.

In assessing the effectiveness of the Board and Board Committees, the Nominating and Governance Committee takes into consideration the individual Director's industry knowledge and/or functional expertise, and workload requirements.

The Nominating and Governance Committee also assesses the contribution by the Chairman and each individual Director to the effectiveness of the Board and Board Committees. In addition, the Nominating and Governance Committee considers the attendance, level of preparedness, participation and candour of the Directors in its assessment of each individual Director (including the Chairman), although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board and Board Committees.

A Board evaluation was conducted whereby Directors completed a self-assessment checklist based on various areas of assessment to assess their views on various aspects of the Board's and Board Committees' performance. The results of these self-assessment checklists were considered by the Nominating and Governance Committee. In particular, the Chairman of the Nominating and Governance Committee would review the results of these self-assessment checklists and, in consultation with the Nominating and Governance Committee, propose to the Board, where appropriate, to make relevant changes to the Board or Board Committee's size and composition. Provision 5.2

The Nominating and Governance Committee has assessed the overall performance to-date of the current Board, Board Committees and each individual Director for the financial year ended June 30, 2024 and was of the view that the performance of the Board as a whole, each Board Committee and each individual Director were satisfactory.

No external facilitator was used in the Nominating and Governance Committee's assessment of the Board, Board Committees and individual Directors.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

During FY2024, the Remuneration Committee comprises of the following members: Provision 6.2

Ying Siew Hon, Francis (Chairman)	Independent Non-Executive Director
Tan Choon Seng (Member)	Lead Independent Non-Executive Director
Chan Wah Tiong (Member)	Independent Non-Executive Director
Phua Boon Huat (Member)	Independent Non-Executive Director

All members of the Remuneration Committee are Independent Non-Executive Directors.

The principal functions of the Remuneration Committee, which are regulated by written terms of reference, include, *inter alia*, the following: Provision 6.1

(i) reviewing and recommending to the Board a framework of remuneration for the Board and key management personnel; and

(ii) reviewing and recommending the specific remuneration packages for each director as well as for the key management personnel.

The Remuneration Committee considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind, as well as termination terms, to ensure they are fair and to avoid rewarding poor performance. Provision 6.3

The Remuneration Committee also performs an annual review of the remuneration of employees related to the Directors and substantial Shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

The Remuneration Committee reviews the Company's obligations arising in the event of the termination of the Executive Directors' and key management personnel's contracts of service.

No member of the Remuneration Committee is involved in any deliberation or decision making in respect of any compensation to be offered or granted to him or in respect of his effectiveness as a Director.

The Remuneration Committee also has access to independent and objective expert advice inside and/or outside the Group, if necessary, on matters of executive compensation. Provision 6.4

No remuneration consultants were engaged by the Company in FY2024.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company is of the view that performance-related elements of remuneration for Executive Directors and key management personnel should form a significant proportion of the total remuneration package of executives so as to link rewards to corporate and individual performance. The Group's performance-related elements of remuneration are designed to align the executive's interests with those of Shareholders and other stakeholders, to promote the long-term success of the Group while taking into account the risk policies of the Group, be symmetric with risk outcomes and be sensitive to time horizon risks. Provision 7.1

The performance of the Executive Directors and key management personnel is assessed based on a set of performance criteria which includes, among others, the Group's financial performance, and the executive's quality of work and diligence. The Company has in place an employee profit sharing scheme pursuant to which executives and management staff whose job responsibilities have an impact on the performance and profitability of their department or section are eligible. The limit of profit sharing to a maximum of six (6) months of an eligible employee's salary as described in the Company's prospectus dated January 8, 2002 remains unchanged.

The Company has in place contracts of service for each of its Executive Directors and key management personnel which sets out the framework of their remuneration. The Remuneration Committee will, upon the expiry of such contracts of service, recommend to the Board a general remuneration framework for the Board and key management personnel and determine specific remuneration packages for each Executive Director and key management personnel, to ensure that their service contracts contain fair and reasonable termination clauses and that the remuneration packages are, as a whole, fair and do not reward poor performance. The Remuneration Committee's recommendations will be made in consultation with the Chairman and submitted for endorsement by the entire Board. The Company currently does not use contractual provisions to reclaim incentive components of the remuneration of Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The Company shall also review the feasibility of having such contractual provisions in future contracts of service as recommended by the Code upon the expiry of the current contracts of service of its Executive Directors and key management personnel.

The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The Independent Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Independent Non-Executive Directors. The Board will recommend the remuneration of the Independent Non-Executive Directors for approval at the forthcoming Annual General Meeting. Going forward, the Remuneration Committee will consider amending the performance share plan to allow Independent Non-Executive Directors to participate and awarding shares to Independent Non-Executive Directors under the performance share plan so as to better align the interests of Independent Non-Executive Directors with the interests of Shareholders. Provision 7.2

CORPORATE GOVERNANCE REPORT

The Remuneration Committee has reviewed and considered the remuneration framework for Directors and key management personnel and is of the view that the remuneration framework is aligned with the interests of the shareholders and other relevant stakeholders and appropriate to attract, retain and motivate them to provide good stewardship of the Company for the long-term success of the Company. Provision 7.3

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Policy and criteria for setting remuneration

Provision 8.1

The Group has adopted qualitative performance conditions such as leadership, people development, commitment, teamwork, and current and industry practices as well as quantitative performance conditions such as profit before tax, relative financial performance of the Group to its industry peers, order book and sales growth to assess an individual's performance. Such performance conditions are designed to align Executive Directors' and key management personnel's interests with those of Shareholders and to motivate them to strive for the Group's long-term prosperity. In particular, the Company has in place the Koda Performance Share Plan 2018 to recognise and reward past contributions and services, to ensure Executive Directors' and key performance personnel's remuneration packages remain competitive and ultimately, to foster an ownership culture within the Group. The Executive Directors and key management personnel have met their qualitative and quantitative performance conditions in the financial year ended June 30, 2024.

Considering the economic climate and industry performance, the Board, in consultation with the Remuneration Committee, is of the view that the performance of the Executive Directors and key management personnel for the financial year ended June 30, 2024 was satisfactory. The contracts of service entered into with the Executive Directors are automatically renewable on a yearly basis unless terminated by either party giving written notice of not less than three (3) months.

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors and key management personnel comprises primarily a basic salary component and a variable bonus component, which are determined based on the performance of the Group as a whole and their individual performance.

The Directors' fees paid to the Independent Non-Executive Directors are in accordance with their credentials, qualifications, experience and contributions. Other factors such as responsibilities, effort and time spent for serving on the Board and Board Committees also form part of the consideration in the determination of the Directors' fees. The Company does not have contracts of service with the Independent Non-Executive Directors. Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE REPORT

A breakdown showing the level and mix of the remuneration of the Directors and key management personnel during the financial year ended June 30, 2024 is as follows:

	Remuneration S$	Salary %	Bonus %	Allowance and other benefits %	Directors' fee %	Total %
Directors						
James Koh Jyh Gang	400,000 to 500,000	81.2	6.8	12.0	–	100
Koh Jyh Eng	300,000 to 400,000	79.6	6.6	13.8	–	100
Koh Shwu Lee	300,000 to 400,000	80.8	6.0	13.2	–	100
Tan Choon Seng	0 to 100,000	–	–	–	100	100
Chan Wah Tiong	0 to 100,000	–	–	–	100	100
Ying Siew Hon, Francis	0 to 100,000	–	–	–	100	100
Phua Boon Huat	0 to 100,000	–	–	–	100	100
Key Management Personnel						
Gan Shee Wen	200,000 to 300,000	76.6	6.4	17.0	–	100
Kenny Zhang(1)	100,000 to 200,000	80.0	12.4	7.6	–	100
Yang Ee(2)	0 to 100,000	92.1	–	7.9	–	100
Tan Kian Peng	100,000 to 200,000	84.1	10.5	5.4	–	100
Key Management Personnel who are immediate family members of a Director						
Koh Zhu Xian Joshua(3)	200,000 to 300,000	81.5	6.8	11.7	–	100
Koh Zhu Lian Julian(3)	100,000 to 200,000	76.3	6.3	17.4	–	100
Seow Soo Yeow Kavin(4)	100,000 to 200,000	95.2	–	4.8	–	100

Notes:

(1) Kenny Zhang has resigned as the Chief Financial Officer with effect from December 28, 2023.

(2) Yang Ee was appointed as the Chief Financial Officer with effect from January 1, 2024.

(3) Koh Zhu Xian Joshua and Koh Zhu Lian Julian are the sons of Mr James Koh Jyh Gang, the Executive Chairman and CEO of the Company.

(4) Seow Soo Yeow Kavin is the spouse of Koh Shwu Lee.

For the financial year ended June 30, 2024, the total remuneration payable to the Directors (including Directors' fees payable to the Independent Non-Executive Directors) was S$1,393,000 and the total remuneration for the key management personnel (who are not Directors or the CEO set out in the table above) was S$1,171,000.

The Board has considered Provision 8.1 of the Code, and after careful deliberation, has decided that the disclosure of details in excess of the above would be prejudicial to the Group given the highly competitive business environment and potential staff retention issues which may arise from such detailed disclosures. The Board believes that the disclosure of each Director's and key management personnel's remuneration breakdown in bands of S$100,000 is sufficient to address the concerns of stakeholders in this area.

Provision 8.2

Save for Mr Koh Zhu Xian Joshua and Mr Koh Zhu Lian Julian, who are the sons of Mr James Koh Jyh Gang, the Executive Chairman and CEO of the Company, and Mr Seow Soo Yeow Kavin, who is the spouse of Mdm Koh Shwu Lee, the Executive Director of the Company, there are no other employees who are substantial shareholders of the Company, or who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in the financial year ended June 30, 2024.

CORPORATE GOVERNANCE REPORT

Koda Performance Share Plan 2018

Provision 8.3

Currently, the Company has in place a performance share plan that was adopted at an extraordinary general meeting of the Company held on October 31, 2018 (the "**Koda Performance Share Plan 2018**"). The Koda Performance Share Plan 2018 is administered by the Remuneration Committee, comprising the Independent Directors Ying Siew Hon, Francis, Tan Choon Seng, Chan Wah Tiong and Phua Boon Huat.

The Koda Performance Share Plan 2018 aims to provide an opportunity for employees to be remunerated not just through cash bonuses but also an equity stake in the Company. The Koda Performance Share Plan 2018 further allows the Company to recognise and reward past contributions and services and incentivises them to contribute to the long-term growth and profitability of the Group.

Subject to the rules of the Koda Performance Share Plan 2018, the following persons are eligible to participate in the Koda Performance Share Plan 2018:

(i) a confirmed full-time employee of the Group ("**Group Employee**");

(ii) a Director and/or a director of the Company's subsidiaries, as the case may be, who performs an executive function ("**Group Executive Director**"); and

(iii) controlling Shareholders and/or their associates who are either Group Employees or Group Executive Directors, provided that their participation in the Koda Performance Share Plan 2018 and the grant of awards to them, including the actual number of performance shares and the terms of any award, have been approved by independent Shareholders at a general meeting of the Company in separate resolutions.

Other salient information relating to the Koda Performance Share Plan 2018 is set out below:

(i) The selection of a participant and the aggregate number of performance shares which are the subject of each award to be granted to a participant in accordance with the Koda Performance Share Plan 2018 shall be determined at the absolute discretion of the Remuneration Committee and recommended by the Remuneration Committee to the Board for approval. In so doing, the Remuneration Committee shall consider, among others, the financial performance of the Group, the participant's rank, length of service, achievements, job performance, potential for future development, his contribution to the success and development of the Group, and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period(s). The performance target(s) will be set by the Remuneration Committee depending on each individual participant's job scope and responsibilities.

CORPORATE GOVERNANCE REPORT

(ii) The aggregate number of performance shares available under the Koda Performance Share Plan 2018, when added to all shares, options or awards granted under any other share based incentive schemes of the Company, shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued shares of the Company from time to time. Additionally, the grant of awards of performance shares to participants who are controlling Shareholders or associates of controlling Shareholders shall be subject to independent Shareholders' approval at a general meeting in separate resolutions for the grant of awards to each controlling Shareholder or associate of a controlling Shareholder, and the actual number of performance shares which are the subject of such awards shall comply with the following limits: (i) the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Koda Performance Share Plan 2018 shall not exceed 25% of the total number of shares available under the Koda Performance Share Plan 2018; and (ii) the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Koda Performance Share Plan 2018 shall not exceed 10% of the total number of shares available under the Koda Performance Share Plan 2018.

(iii) Awards represent the right of a participant to receive fully-paid ordinary shares in the capital of the Company free of charge, upon the participant satisfying or exceeding the prescribed performance target(s) at the end of the performance period(s) and/or otherwise having performed well and/or made a significant contribution to the Group. Awards are vested and the performance shares which are the subject of the awards are delivered to the participants at the end of the performance period(s) once the Remuneration Committee is, at its sole discretion, satisfied that the prescribed performance target(s) have been satisfied. The Remuneration Committee may also grant an award where, in its opinion, a participant has performed well and/or made a significant contribution to the Group.

The Koda Performance Share Plan 2018 shall continue in force at the absolute discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing from the date it was adopted.

Further details are set out in the Company's circular dated October 15, 2018.

CORPORATE GOVERNANCE REPORT

Since the implementation of the Koda Performance Share Plan 2018 until June 30, 2024, the following share awards have been granted:

Date of grant	Number of shares granted	Market price of securities on date of grant	Vesting period
November 17, 2022	84,000[(1)]	S$0.415	Vested on date of grant
November 15, 2021	303,861[(2)]	S$0.80	Vested on date of grant
November 12, 2020	211,919	S$0.48	Vested on date of grant
December 19, 2019	225,382	S$0.595	Vested on date of grant

Notes:

(1) Of the 84,000 share awards, 28,000 share awards were granted to Koh Zhu Xian Joshua and Koh Zhu Lian Julian respectively, both of whom are associates of a controlling shareholder. The remaining 28,000 share awards were awarded to selected employee(s) of the Group who are not directors and controlling shareholders (and each of their associates) of the Company.

(2) Of the 303,861 share awards, 39,669 share awards were granted to Koh Zhu Xian Joshua and Koh Zhu Lian Julian respectively, both of whom are associates of a controlling shareholder. The remaining 224,523 share awards were awarded to selected employees of the Group who are not directors and controlling shareholders (and each of their associates) of the Company.

Save as disclosed above, no award of performance shares under the Koda Performance Share Plan 2018 has been granted to Directors, controlling Shareholders of the Company or associates of controlling Shareholders of the Company, and no employee of the Group has received 5% or more of the total number of performance shares available under the Koda Performance Share Plan 2018.

Other than statutory defined contribution plans such as Singapore's Central Provident Fund ("**CPF**") and the disclosures set out in the table under Provision 8.1 above, there were no termination, retirement and post-employment benefits that were granted to the Directors, the CEO and key management personnel in the financial year ended June 30, 2024.

PRINCIPLE 9: ACCOUNTABILITY AND AUDIT – RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

The Board affirms its overall responsibilities for the Group's risk management and internal controls to safeguard the interests of the Group and its shareholders. In order to streamline the functions of the Board and the Board Committees, the Audit Committee assists the Board in the role of overseeing the Group's risk management and internal control systems. As such, the Board is of the view that it is not necessary to set up a Board Risk Committee to assist the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Group has a risk management and internal control system designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and that financial information used for financial reporting is reliable. The Board recognises that no risk management and internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, losses, fraud or other irregularities. The risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

CORPORATE GOVERNANCE REPORT

Under the Group's risk management and internal control system, risks which the Group faces are periodically identified, evaluated and ranked based on the likelihood and magnitude of eventuation. The Company's internal auditors will assess these risks and recommend internal controls to be implemented by the Management to address these risks.

The Board, in consultation with the Audit Committee, has established risk tolerance levels to provide guidance to the Management on key risk parameters set out in the risk registers of the Group, and has adopted and circulated a sound system of risk management and internal controls recommended by the internal auditors to be implemented by the Management to manage and mitigate these risks.

The Audit Committee assists the Board in overseeing the Group's risk management and internal control system. The Audit Committee reviews the adequacy and effectiveness of the Group's risk management and internal control system annually. In particular, internal and external audit reports on any material non-compliance or internal control weaknesses, including financial, operational, compliance and information technology controls and recommendations for improvements are submitted to the Audit Committee for review at least annually.

The Audit Committee reviews the adequacy and effectiveness of the actions taken by the Management based on the recommendations made by the Company's internal auditors and external auditors to the Audit Committee. The Audit Committee is satisfied that there are adequate internal controls within the Group taking into account the nature and size of the Group's business and operations.

Based on the internal controls established and maintained by the Group, work performed by the Company's internal auditors and external auditors and reviews performed by the Management, the various Board Committees and the Board, as well as the positive assurance from the CEO and the Chief Financial Officer as to the adequacy and effectiveness of the Group's risk management and internal control system, the Board and the Audit Committee are satisfied that the Company has adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature and size of the Group's business and operations.

Listing Rule 1207(10)

The Board and the Audit Committee have received positive assurance from:

Provision 9.2

(i) the CEO and Group Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the CEO and key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

Key operational risks

The Board is aware of the operational risks that may adversely affect the Group's operating results if any of these risk factors and uncertainties develops into actual events. The following is a non-exhaustive list of some of the key operational risks that may affect the Group.

Macroeconomic risk – The Group's business is sensitive to global economic conditions. The global economic slowdown has resulted in lower consumer confidence and reduced purchasing power with consumers changing their spending pattern to save more for necessities. Furniture purchase is discretionary and has inevitably been affected by the generally weak economic factors and such market uncertainties. In the event of a prolonged economic downturn, demand for the Group's furniture is likely to be affected and this may have an adverse impact on the Group's operating results.

Design risk – The Group's business segments have been design-intensive and its operating results depend heavily on the Group's ability to continually design products which are market-oriented and production-feasible, failing which the Group's operating results may be adversely affected.

Change in customers' ordering pattern – As a result of recent market uncertainties, the Group's clients have now placed orders in smaller batches and expect goods to be delivered faster; switching part of the stock holding risks to the suppliers. To meet shorter lead times, the Group would have to increase raw material stocks and produce semi-finished components ahead of confirmed orders in accordance with its internal order projections, which means investment in inventories would be higher and warehousing facilities would be larger. In the event that the Group's customers do not order goods in quantities and specifications as projected, the Group may have to make provisions for slow-moving stocks or stock obsolescence and its operating results may be affected by such provisions.

Increasing credit risks – Whilst the Group's current bad debts risk is currently low and existing receivables turnover period remains manageable, clients expect longer credit terms as a result of changing market conditions in the countries that the Group has been selling to. The extension of credit terms means increasing credit risk which needs to be closely monitored. The increasing credit risk may result in the Group having a need to make provision for doubtful debts and incur additional costs in collecting payments. Any bad debt provisions and write-offs may have a negative impact on the Group's net operating margins.

Supplies of raw materials – The Group purchases raw materials such as wood, leather, fabrics and finishes for its production. The supply and prices of wood based raw materials are affected by the weather conditions in the region in which they are sourced. Adverse weather may reduce the supply availability, driving up purchase prices which may have a negative impact on gross margins. The production cycles are also dependent on the ability of the Group's suppliers to supply raw materials at acceptable terms – such as quantity, quality, prices, specifications and lead times – failing which the Group's production cycles may be disrupted and its operating results may also be adversely affected.

CORPORATE GOVERNANCE REPORT

Risk of stock obsolescence and slow-moving inventories – The Group's international clients have not been able to provide firm order projections due to market uncertainty but these clients expect their goods to be shipped faster. Given the low orders' visibility and short delivery lead times, the Group needs to make certain commercial assumptions and rely on its internal projections while investing in inventories of raw materials and producing semi-finished components ahead of confirmed orders. In the event that such commercial assumptions are inaccurate and/or the internal projections do not materialise, the Group may either have to sell off such inventories at a lower value or write-off such inventories completely. In such a case, the Group's operating results may be adversely affected.

Risk of fire – The extensive use of wood, chemicals, lacquers and solvents increase the risk of fire. Several fires have occurred at the Group's factories in the past (the risk of fire in those instances were fully insured). Whilst the Group takes every precaution against fire, there is no assurance there will be no major fire occurrence in the future and the occurrence of a major fire may adversely affect the Group's operations.

Labour supply – Approximately twenty percent of the Group's production capacity is located in Malaysia for which the workers are mainly from Bangladesh, Myanmar and Nepal. The employment of these foreign workers is subject to quota and other immigration rules as imposed by the Malaysian government. Tightening of and adverse changes made to such rules may result in the Group not being able to source sufficient workers and find suitable replacements for its Malaysia operations and the operating results of the Group may be partially affected.

Changes in tax legislation (Vietnam) – There were previously changes made to the tax legislations in Vietnam resulting in additional and retrospective tax liabilities incurred by the Group's subsidiaries in Vietnam. If the Vietnamese government were to change tax legislations, the effective tax rates would be significantly higher and this may adversely affect the Group's net profit margin.

Currency risk – Foreign currency exchange effects could be volatile. For example, if the US$ appreciates against the RM, it will mean lower RM-denominated expenses in US$ terms or higher US$-denominated receivables. As the currencies market is volatile and uncertain, this may affect the Group's financial performance one way or the other. The Group generally relies on natural hedge but will also monitor the foreign exchange exposure closely and may hedge the exposure by entering into relevant foreign exchange forward contracts or continue to rely on natural hedge or a combination of both.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

The duties of the Audit Committee as set out in its written terms of reference include, among others, reviewing, with the Company's internal auditors, external auditors and the Management, the Group's policies and control procedures, interested person transactions, as well as any financial information presented to Shareholders. Provision 10.1

Specifically, the Audit Committee:

(i) reviews the adequacy, effectiveness, scope and results of the external audit, the independence and objectivity of the external auditors and the nature and extent of non-audit services provided by the external auditors;

(ii) reviews the adequacy and effectiveness of the Group's internal controls and risk management systems at least annually;

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(iii) reviews the assurance from the CEO and Chief Financial Officer on the financial records and financial statements;

(iv) reviews the quarterly and full year financial statements announcements before submission to the Board for adoption;

(v) reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(vi) reviews the financial statements of the Group, accounting principles and policies thereto and the management of financial matters before submission to the Board for endorsement;

(vii) reviews and reports to the Board on the adequacy, effectiveness, independence, scope and results of the internal audit procedures, the internal control procedures and the internal audit function;

(viii) reviews the audit plans and reports of the internal auditors and external auditors and reports to the Board at least annually on the adequacy and effectiveness of the internal control systems of the Group, including financial, operational, compliance and information technology controls and the Management's responses and actions to correct any deficiencies;

(ix) reviews the co-operation given by the Company's officers to the internal auditors and external auditors;

(x) recommends to the Board on the appointment, re-appointment or removal of external auditors and their remuneration and terms of engagement fees for Shareholders' approval;

(xi) approves the remuneration and terms of engagement of external auditors;

(xii) reviews interested person transactions in accordance with the requirements of the Listing Rules; and

(xiii) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Whistle-blowing policy

The Company has put in place a whistle-blowing policy and procedures duly endorsed by the Audit Committee, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. The Company ensures that the identity of the whistleblower is kept confidential. All reports including unsigned reports, reports weak in details and verbal reports are considered.

CORPORATE GOVERNANCE REPORT

To ensure independent investigation into such matters and for appropriate follow up action, all whistle-blowing reports are reviewed by the Audit Committee and the Board. In the event that the whistle-blowing report is about a Director, that Director shall not be involved in the review and any decisions with respect to that whistle-blowing report. The whistle-blowing policy aims to encourage the reporting of such matters in good faith, with the confidence that any employees of the Group making such reports will be treated fairly and be protected from reprisals. Details on the whistle-blowing policy have been made available to all employees of the Group.

There were no whistle-blowing reports received by the Company for the financial year ended June 30, 2024.

During FY2024, the Audit Committee comprises of the following members: Provision 10.2

Tan Choon Seng (Chairman)	Lead Independent Non-Executive Director
Chan Wah Tiong (Member)	Independent Non-Executive Director
Ying Siew Hon, Francis (Member)	Independent Non-Executive Director
Phua Boon Huat (Member)	Independent Non-Executive Director

All members of the Audit Committee are Independent Non-Executive Directors.

The Board is of the opinion that the members of the Audit Committee have relevant accounting or related financial management expertise as well as business experience to discharge their duties. For example, Mr Tan Choon Seng is a non-practising Fellow Chartered Accountant of Singapore, holds a Bachelor of Accountancy from the University of Singapore, and has over 20 years of experience in audit and tax, oil services and information technology industries, where he held a number of senior leadership positions in operations, sales, strategy and business development; Mr Chan Wah Tiong is a Chartered Accountant with the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy from the National University of Singapore; Mr Ying Siew Hon, Francis is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and has considerable experience in investment and corporate banking as well as the securities industry; and Mr Phua Boon Huat was previously the Director, Europe of HTL International Holdings Pte Ltd, a furniture manufacturing company, listed on the Mainboard of the SGX-ST previously, where he was responsible for managing the overall commercial activities in the European markets. Mr Phua Boon Huat holds a Bachelor of Economics (Honours) Degree from the University of Newcastle, Australia and a Master of Business Administration Degree from the University of Adelaide, Australia.

To ensure that the Audit Committee keeps abreast of changes that may impact the financial statements of the Company, the Chairman of the Audit Committee regularly receives and circulates updates from the Company's external auditors to members of the Audit Committee. The Chairman of the Audit Committee has also informed the Board that he also receives regular updates from other audit firms, The Institute of Singapore Chartered Accountants and other regulatory bodies also circulates these updates to the members of the Audit Committee. The operations of the Audit Committee are regulated by its written terms of reference, which were approved and are subject to periodic review by the Board. The Audit Committee meets at least four (4) times a year. Where appropriate, the Audit Committee may undertake activities and seminars as it considers necessary to keep itself abreast of changes to accounting standards and issues which have a direct impact on financial statements, at the Company's expense.

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The Audit Committee has explicit authority to investigate any matter within its terms of reference, and is authorised to obtain independent professional advice at the Company's expense. It has full access to and co-operation of the Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Executive Director or executive officer or any other person to attend its meetings.

The aggregate amount of fees paid or payable to the Company's external auditors for the financial year ended June 30, 2024 is as follows: Listing Rule 1207(6)(a)

Fees for audit services:	US$137,432	(FY2023: US$135,000)
Fees for non-audit services:	Nil	(FY2023: Nil)

The Audit Committee reviews the independence of the Company's external auditors annually. The Audit Committee confirms that no non-audit services have been provided by the external auditors for the financial year ended June 30, 2024 and was satisfied that the independence of the external auditors was not affected by any provision of non-audit services by the external auditors. Listing Rule 1207(6)(b)

None of the Audit Committee members was a former partner or director of the Company's existing auditing firm or auditing corporation (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. Provision 10.3

Internal Audit — Provision 10.4

The primary reporting line of the internal audit function is to the Audit Committee, which also decides on the appointment, termination and remuneration of the head of the internal audit function. Listing Rule 719(3)

The Company has appointed Messrs Crowe Horwath First Trust Risk Advisory Pte. Ltd. as the Company's internal auditors to review the Group's internal control systems. The internal audit partner is Mr Goh Sia who is a Certified Internal Auditor with the Institute of Internal Auditors. Mr Goh Sia has over 20 years of experience in providing external and internal audit, and consultancy services.

The internal auditors will plan its internal audit in consultation with, but independent of the Management, and has unfettered access to all the Group's documents, records, properties and personnel, including access to the Audit Committee. The internal auditor's primary line of reporting is to the Audit Committee Chairman, and the internal audit plan will be submitted to the Audit Committee for approval prior to the commencement of the internal audit.

The Audit Committee will review the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The Audit Committee will, at least annually, review the adequacy and effectiveness of the internal audit function and whether the internal audit function is staffed with persons with the relevant qualifications and experience. The internal auditors adopt the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors report directly to the Audit Committee, which approves the hiring, removal, evaluation and compensation of the head of the internal control function.

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The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. In relation to the financial year ended June 30, 2024, the Audit Committee is of the view that the internal audit function is independent of the activities it audits, effective and adequately resourced. Listing Rule 1207(10C)

The Audit Committee meets with the Company's internal auditors and external auditors separately, at least once a year, without the presence of the Management to review any areas of audit concern. Individual members of the Audit Committee also engage the internal auditors and external auditors separately in ad hoc meetings. The external auditors have unrestricted access to the Audit Committee. Provision 10.5

In the review of the financial statements for FY2024, the Audit Committee had discussed with the Management and the external auditors on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to the members of the Company under "*Key Audit Matters*". Following the review, the Audit Committee is satisfied that those matters, including revenue recognition based on the consideration specified in a contract with customers, excluding amounts collected on behalf of third parties, had been properly dealt with. The Board had approved the financial statements.

In respect of appointments and re-appointments of external auditors, the Audit Committee evaluates the performance of the external auditors taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**"). The Audit Committee recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approves the remuneration of the external auditors.

The Audit Committee has recommended to the Board that Messrs Deloitte & Touche LLP be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

In appointing the audit firms for the Group, the Company has complied with the requirements of Listing Rules 712 and 715. Listing Rule 1207(6)(c)

PRINCIPLE 11: SHAREHOLDER RIGHTS AND ENGAGEMENT – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

In line with the continuous obligations of the Company under the Listing Rules and the Companies Act 1967 of Singapore, the Board's policy is that all Shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet. The Company does not practice selective disclosure. Provision 11.1

The Board regards general meetings of the Company as an opportunity to communicate directly with Shareholders and encourages Shareholders to attend the general meetings of the Company to achieve a greater level of Shareholder participation. The Company provides Shareholders with the opportunity to participate effectively in and vote at general meetings and informs them of the rules governing general meetings prior to the meetings.

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Shareholders are informed of general meetings through reports/circulars/letters made available to shareholders via SGXNet in addition to notices published in the newspapers, the Company's announcements via SGXNet and the Company's website. The Company's website provides, among others, all publicly disclosed financial information, corporate announcements, press releases, annual reports and profiles of the Group.

All Shareholders will receive the Annual Report of the Company by electronic means. However, Shareholders may elect to receive a physical copy of the Annual Report by submitting a request form which has been provided to Shareholders.

The forthcoming Annual General Meeting of the Company will be held entirely physically and Shareholders will be able to attend the Annual General Meeting in person. To enable Shareholders to participate in and vote effectively at the forthcoming Annual General Meeting, a Scrutineer has been appointed by the Company to explain the rules, including the voting procedures to the Shareholders.

Separate resolutions on each distinct issue are tabled at the general meetings of the Company. "Bundling" of resolutions will be done only where resolutions are interdependent and linked so as to form one significant proposal, and the Company explains the reasons and material implications in the notice of meeting. Provision 11.2

All resolutions at general meetings of the Company are put to vote by poll so as to better reflect Shareholders' shareholding interest and ensure transparency. The detailed results of the number of votes cast for and against each resolution tabled at the general meetings of the Company and the respective percentages are announced after the general meetings of the Company via SGXNet.

The Company relies on the advice of the independent scrutineers to determine the need for electronic voting, taking into consideration, among others, the logistics involved, costs, and number of Shareholders.

The Chairman and the other Directors (which includes the Chairman of each Board Committee) attend the general meetings of the Company and are available to answer questions from Shareholders at the general meetings of the Company. Provision 11.3

The attendance of the Directors at the general meetings of the Company held on October, 30 2023 are set out below:

Name of Director	Annual General Meeting		Extraordinary General Meeting	
	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
James Koh Jyh Gang	1	1	1	1
Koh Jyh Eng	1	1	1	1
Koh Shwu Lee	1	1	1	1
Tan Choon Seng	1	1	1	1
Chan Wah Tiong	1	1	1	1
Ying Siew Hon, Francis	1	1	1	1
Phua Boon Huat	1	1	1	1

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The Company's external auditors are also present to assist Directors in addressing any relevant queries from Shareholders about the conduct of the audit and the preparation and content of the auditor's report.

The Company has also taken steps to ensure that Shareholders have the opportunity to participate effectively in, and vote at the general meetings of the Company. The Company's Constitution has been amended on October 28, 2016 to allow Shareholders who are unable to vote in person at the general meetings of the Company to vote in absentia, including but not limited to voting by mail, email or facsimile, subject to such security measures as may be deemed necessary or expedient. Provision 11.4

Minutes of the general meetings of the Company, which include substantial comments or queries from Shareholders and responses from the Board and the Management, are published on SGXNet and the Company's website within one month after each general meeting. Provision 11.5

Dividend Policy Provision 11.6

Although the Company does not have a fixed dividend policy, the Company has consistently been paying out dividends to its Shareholders over the years. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, cash flow, financial condition and other factors. Not having a fixed dividend policy gives the Company flexibility to manage its available cash and working capital, and in particular, retain profits for future investment as part of the Company's efforts to achieve long-term growth for the benefit of Shareholders.

No dividend has been declared or recommended for the financial year ended June 30, 2024 as the Group manages its cash flows more prudently amidst market uncertainty.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

The Company solicits feedback from and addresses the concerns of shareholders via the following: Provision 12.1

(i) a dedicated investor relations page on the Company's website;

(ii) an investor relations policy; and

(iii) annual general meetings.

The Directors are mindful of their obligation to provide Shareholders with regular and timely disclosure of material information that is presented in a fair and objective manner. Shareholders and other investors are provided regularly with:

(i) Annual Reports;

(ii) half-year and full year financial statements and other financial announcements as required under the Listing Rules;

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(iii) presentations on the state of the Company (available when the Company holds a results briefing after the announcement of its financial statements);

(iv) press releases and other announcements on important developments;

(v) a website (www.kodaonline.com); and

(vi) replies to email queries from Shareholders.

On the Company's website, investors will find information about the Company, its products, its Directors and their contact details, and under the "Investor Relation" link, investors will find all information the Company has released.

Investor Relations Policy Provision 12.2

In line with the continuous disclosure obligations of the Company under the Listing Rules, the Company has put in place an investor relations policy which allows for an ongoing exchange of views so as to promote regular, effective and fair communication with Shareholders. Provision 12.3

As part of the Company's investor relations policy to inform all Shareholders in a comprehensive manner and on a timely basis of all material developments that impact the Group and in particular, changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares, the Company releases financial statements, annual reports, notices of general meetings, press releases, material developments in the business and operations of the Group and any other material announcements on a timely basis via SGXNet and on the Company's website. A copy of this Annual Report and Notice of Annual General Meeting will be made available to Shareholders via SGXNet. Physical copies of the Notice of Annual General Meeting for the forthcoming Annual General Meeting have also been sent to Shareholders.

The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules. In the event that inadvertent disclosure is made to a selected group, the Company will make the same disclosure publicly to all Shareholders as soon as practicable.

In addition, to encourage and promote the communication with Shareholders and the investment community, the Management has provided their email addresses in the Annual Report. Shareholders and the investment community are thus invited to send emails to the Management to share their views or inputs, raise any concerns they might have, or make enquiries on various matters relating to the Company or the Group. The Company meets with institutional and retail investors at least once a year at Annual General Meetings and will also consider holding analysts' briefings and investor roadshows in the future to understand the views of Shareholders on various matters relating to the Company or the Group.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 13: MANAGING STAKEHOLDER RELATIONSHIPS – ENGAGING WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company understands the need for engagement with the Company's material stakeholder groups and to understand their expectations and concerns, which are relevant to the long-term sustainability of the Company. Stakeholder engagement forms a key aspect of the Company's sustainability approach, as the success of the Company's business depends on the relationship with the Company's material stakeholders that include customers, suppliers, employees and the community at large. Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships is set out separately in the Company's Sustainability Report. Provision 13.2

The Company maintains a current corporate website, www.kodaonline.com, to communicate and engage with stakeholders. Provision 13.3

DEALING IN COMPANY'S SECURITIES

In compliance with the best practices on dealings in securities set out in the Listing Rules, the Company has adopted its own internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in the Company's securities. Directors, officers and employees of the Company have been advised not to deal in the Company's securities on short-term considerations or when they are in the possession of unpublished price-sensitive information. In addition, dealings in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), and ending on the date of the announcement of the Company's financial statements are prohibited. Directors, officers and employees of the Company have also been advised to observe insider trading laws when dealing in the Company's securities within the permitted trading period. Listing Rule 1207(19)

SUSTAINABILITY REPORTING

The Company's sustainability report can be found on pages 24 to 72 of this Annual Report. Listing Rule 711(A)

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Group has set up a procedure to record and report IPTs. All IPTs are reported in a timely manner to the Audit Committee and the Group ensures that all such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Company and its minority Shareholders.

The aggregate value of significant IPTs entered into by all interested persons during the financial year under review (i.e. FY2024) was S$78,000.

Listing Rule 1207(17)

The information required pursuant to Listing Rules 907 and 1207(17) is set out in the table below. Save as disclosed in the table below, there were no IPTs exceeding S$100,000 in value during the financial year under review (i.e. FY2024).

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Listing Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Listing Rule 920 (excluding transactions less than S$100,000)
Koh Jyh Eng	Koh Jyh Eng is an Executive Director of the Company	S$78,000(1)	Not applicable(2)
Koh Shwu Lee	Koh Shwu Lee is an Executive Director of the Company.		

Notes:

(1) The Group had, in June 2016, entered a 10-year long-term lease with Zenith Heights Sdn Bhd, of which Ernie Koh Jyh Eng and Koh Shwu Lee are Directors, for land owned by Zenith Heights Sdn Bhd to build warehousing facilities in Malaysia (the "Lease"). The lease was terminated in June 2023. Subsequently, in August 2023, the Group entered a new lease to lease the land for 3 years, with an extension option to renew for 3 years, totaling 18 years upon expiry of the initial lease. The IPTs in the financial year ended June 30, 2024 with regard to the Lease is were rental expense RM271,683 (equivalent to approximately S$78,000 based on the average exchange rate for FY2024 of S$1: RM3.4819) which was approximately 0.13% of the Group's latest audited Net Tangible Asset as at June 30, 2024.

(2) The Group does not have a general mandate from Shareholders for IPTs pursuant to Listing Rule 920(1)(a).

MATERIAL CONTRACTS

Save as disclosed in the "Interested Person Transactions" section of this Corporate Governance Report, since the end of the previous financial year, the Company and/or its subsidiaries did not enter into any material contracts involving the interests of any Directors or any controlling Shareholders or their associates and there are no such material contracts still subsisting at the end of the financial year ended June 30, 2024.

CORPORATE GOVERNANCE REPORT

The Summary of Corporate Governance Disclosures Table below describes the Company's corporate governance practices with specific reference to the express disclosure requirements in the provisions of the Code.

Provision	Express disclosure requirement	How has the Company complied?
The Board's Conduct of Affairs		
Provision 1.2	The induction, training and development provided to new and existing Directors.	For new appointments to the Board, the newly-appointed Director will be given a formal letter setting out his duties and obligations. To orientate him, the newly-appointed Director will be briefed by the Lead Independent Director and the Management, and will also be provided with a Director's folder which shall contain information and materials to allow him to be familiar with the Group's history, core values, businesses and governance practices. All Directors are also invited to visit the Group's local and overseas factories and/or operations and to meet with the local and overseas management so as to gain a better understanding of the Group's business operations. Where appropriate, the Company will also provide training to first-time Directors of a listed companies in areas such as accounting, legal and industry specific knowledge. In addition to the above, the Company has arrangements in place for newly appointed Directors with no prior experience as a director of a listed company on the SGX-ST to undergo training in the roles and responsibilities of a director of a listed company on the SGX-ST as prescribed by the SGX-ST. If the Nominating and Governance Committee is of the view that training is not required because the Director has other relevant experience, the basis of the Nominating and Governance Committee's assessment will be disclosed.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
Provision 1.3	Matters that require Board approval.	Matters which require the Board's approval include the following: (i) review of the annual budgets and the performance of the Group; (ii) review of key activities and business strategies; (iii) approval of the corporate strategy and direction of the Group; (iv) approval of transactions involving a conflict of interest for a substantial Shareholder or a Director, or interested person transactions; (v) material acquisitions and disposals of assets; (vi) acceptance of bank facilities; (vii) corporate or financial restructuring and share issuances; (viii) declaration of dividends and other returns to Shareholders; (ix) appointment of new Directors to the Board; and (x) appointment and removal of the Company Secretary.
Provision 1.4	Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Please refer to the table in the section titled "Principle 2: Board Composition and Guidance" of this Corporate Governance Report for a summary of the names of the members of the various Board Committees. <u>Nominating and Governance Committee</u> Please refer to the section titled "Principle 4: Board Membership" of this Corporate Governance Report. <u>Remuneration Committee</u> Please refer to the section titled "Principle 6: Procedures for Developing Remuneration Policies" of this Corporate Governance Report. <u>Audit Committee</u> Please refer to the section titled "Principle 10: Audit Committee" of this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
Provision 1.5	The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings.	Please refer to the table under Provision 1.5 in the section titled "Principle 1: The Board's Conduct of Affairs" of this Corporate Governance Report.
Board Composition and Guidance		
Provision 2.4	The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	The criteria for Board diversity includes, among others, whether the Board is equipped with relevant skills and experience, gender composition, age and knowledge of the Company. The Nominating and Governance Committee will review the relevant objectives for promoting and achieving diversity on the Board, the progress made, and make recommendations for approval by the Board. In identifying potential Director nominees, the Nominating and Governance Committee would consider factors such as relevant background, diversity, experience and knowledge in various categories such as business, finance and management skills which would be valuable to the Group's business to enable the Board to make sound and well-considered decisions. The composition of the Board is also reviewed on an annual basis by the Nominating and Governance Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Nominating and Governance Committee will, in reviewing and assessing the composition of the Board and recommending the appointment of new Directors to the Board, consider candidates on merit and with due regard for the benefits of diversity on the Board. The Nominating and Governance Committee believes that the Board and its Board Committees have a good balance of Directors in terms of gender, and who have a diverse set of skills, extensive business, financial, accounting, marketing and management experience and knowledge of the Group. Profiles of the Directors are set out under the section entitled "Board of Directors" in this Annual Report. Where appropriate, the Nominating and Governance Committee and the Board will continue to search actively for suitable candidates for appointment to the Board as Independent Non-Executive Director(s).

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		In recognition of the importance and value of gender diversity in the composition of the Board, the Company currently has one (1) female director on the Board. In addition, the current Board consists of Directors with ages ranging from 40s to 70s, who have served on the Board for different tenures. The Company will review and work towards having greater diversity in its Board, such as gender and age, if the opportunity arises and as and when required in accordance with the Company's strategic directions. As the Group's activities continue to grow, the Nominating and Governance Committee will continuously review the composition, size and diversity (including gender diversity) of the Board to ensure that it has the necessary competence for effective decision making.
Board Membership		
Provision 4.3	Process for the selection, appointment and reappointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	The Nominating and Governance Committee: (i) first evaluates the strengths and capabilities of the existing Board before it proceeds to assess the needs of the future Board; (ii) assess whether the needs of the future Board can be fulfilled by the appointment of one (1) person, and if not, to consult the Board with respect to the appointment of two (2) persons; (iii) seek out and source for a wide range of suitable candidates and obtain their resumes for review; (iv) conduct background checks on the candidates whose resumes the Company has received; and (v) narrow this list of candidates to a short list, and then invite the shortlisted candidates for an interview which may include a briefing of the duties required to ensure that there are no differences in expectations, and to ensure that any new Director appointed has the ability and capacity to adequately carry out his duties as a Director of the Company, taking into consideration the number of listed company board representations he holds and other principal commitments he may have.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		In selecting and appointing potential directors, the Nominating and Governance Committee will seek out and source for a wide range of suitable candidates including persons not directly known to the Directors. In addition, the Nominating and Governance Committee is empowered to engage professional search firms to seek out and source for suitable candidates, at the Company's expense. The Nominating and Governance Committee gives due consideration to all suitable candidates regardless of who identified the candidate. The Nominating and Governance Committee will interview all suitable candidates in frank and detailed meetings, and thereafter make its recommendations to the Board for approval. In nominating Directors for re-appointment, the Nominating and Governance Committee assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution, performance, attendance, preparedness, participation and candour. Subject to the Nominating and Governance Committee's satisfactory assessment of the overall contributions and performance, the Nominating and Governance Committee would recommend the proposed re-appointment to the Board for its consideration and approval.
Provision 4.4	Where the Board considers a Director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent should be disclosed.	No Director falls under this category.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
Provision 4.5	The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the Nominating Committee's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties are disclosed.	The Board has resolved that no Director shall hold more than six (6) listed company board representations concurrently, even if that Director has the capability of managing that many listed company board representations, as the Board is of the view that more than six (6) concurrent listed company board representations will interfere with the Director's ability to devote sufficient time and attention to the affairs of the Company. During the financial year ended June 30, 2024, no Director held more than six (6) listed company board representations concurrently. Please refer to the table under Provision 4.5 in the section titled "Principle 4: Board Membership" of this Corporate Governance Report for a summary of listed company directorships of each Director. Please refer to the profiles of the Directors which are set out under the section titled "Board of Directors" in this Annual Report for key information on the Directors' principal commitments.
Board Performance		
Provision 5.2	How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any facilitator and its connection, if any, with the Company or any of its Directors.	A Board evaluation was conducted whereby Directors completed a self-assessment checklist based on various areas of assessment to assess their views on various aspects of the Board's and Board Committees' performance. The results of these self-assessment checklists were considered by the Nominating and Governance Committee. In particular, the Chairman of the Nominating and Governance Committee would review the results of these self-assessment checklists and, in consultation with the Nominating and Governance Committee, propose to the Board, where appropriate, to make relevant changes to the Board or Board Committee's size and composition.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		The Nominating and Governance Committee has assessed the overall performance to-date of the current Board, Board Committees and each individual Director for the financial year ended June 30, 2024 and was of the view that the performance of the Board as a whole, each Board Committee and each individual Director were satisfactory. No external facilitator was used in the Nominating and Governance Committee's assessment of the Board, Board Committees and individual Directors.
Procedures for Developing Remuneration Policies		
Provision 6.4	The Company discloses the engagement of any remuneration consultants and their independence.	No remuneration consultants were engaged by the Company in FY2024.
Disclosure on Remuneration		
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant Director or CEO or substantial shareholder.	Mr Koh Zhu Xian Joshua and Mr Koh Zhu Lian Julian are the sons of Mr James Koh Jyh Gang, the Executive Chairman and CEO of the Company, and their remuneration exceeded S$100,000 during the financial year ended June 30, 2024. Details of their remuneration in bands of S$100,000 as well as the breakdown of their remuneration (in percentage terms) into salary, bonus, allowance and other benefits are set out in the table under Provision 8.1 in the section titled "Principle 8: Disclosure on Remuneration" of this Corporate Governance Report. Save for Mr Koh Zhu Xian Joshua and Mr Koh Zhu Lian Julian, who are the sons of Mr James Koh Jyh Gang, the Executive Chairman and CEO of the Company, and Mr Seow Soo Yeow Kavin, who is the spouse of Mdm Koh Shwu Lee, the Executive Director of the Company, there are no other employees who are substantial shareholders of the Company, or who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in the financial year ended June 30, 2024.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
Provision 8.3	The Company discloses all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company. It also discloses details of employee share schemes.	Currently, the Company has in place Koda Performance Share Plan 2018 which was adopted at an extraordinary general meeting of the Company held on October 31, 2018. Please refer to Provision 8.3 in the section titled "Principle 8: Disclosure on Remuneration" of this Corporate Governance Report for details of the Koda Performance Share Plan 2018.
Risk Management and Internal Controls		
Provision 9.2	Whether the Board has received assurance from (a) the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	The Board and the Audit Committee have received positive assurance from: (i) the CEO and Group Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the CEO and key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.
Shareholder Rights and Conduct of General Meetings		
Provision 11.3	Directors' attendance at general meetings of shareholders held during the financial year.	Please refer to the table under Provision 11.3 in the section titled "Principle 11: Shareholder Rights and Conduct of General Meetings" for the attendance of the Directors at general meetings of the Company held in FY2024.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
Engagement with Shareholders		
Provision 12.1	The steps taken to solicit and understand the views of shareholders.	The Company solicits feedback from and addresses the concerns of shareholders via the following: (a) a dedicated investor relations page on the Company's website; (b) an investor relations policy; and (c) annual general meetings. The Directors are mindful of their obligation to provide Shareholders with regular and timely disclosure of material information that is presented in a fair and objective manner. Shareholders and other investors are provided regularly with: (i) Annual Reports; (ii) half year and full year financial statements and other financial announcements as required under the Listing Rules; (iii) presentations on the state of the Company (available when the Company holds a results briefing after the announcement of its financial statements); (iv) press releases and other announcements on important developments; (v) a website (www.kodaonline.com); and (vi) replies to email queries from Shareholders.
Engagement with Stakeholders		
Provision 13.2	The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	The Company's strategy and key areas of focus in relation to the management of stakeholder relationships is set out separately in the Company's Sustainability Report.

CORPORATE GOVERNANCE REPORT

Additional information on Directors seeking re-election

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	**Mr Phua Boon Huat**
Date of Appointment	November 18, 2016	November 1, 2021
Date of last re-appointment (if applicable)	October 28, 2022	October 28, 2022
Name of person	Ying Siew Hon, Francis	Phua Boon Huat
Age	75	43
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors, having considered the recommendation of the Nominating Committee, and having reviewed the qualifications and working experience of Ying Siew Hon, Francis, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board of Directors has approved the appointment of Ying Siew Hon, Francis as an Independent Non-Executive Director of the Company.	The Board of Directors, having considered the recommendation of the Nominating Committee, and having reviewed the qualifications and working experience of Phua Boon Huat, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board of Directors has approved the appointment of Phua Boon Huat as an Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating and Governance Committee.	Independent Non-Executive Director, the Chairman of the Nominating and Governance Committee, a member of the Audit Committee and a member of the Remuneration Committee.
Professional qualifications	Fellow of the Association of Chartered Certified Accountants (United Kingdom)	Master of Business Administration, University of Adelaide, Australia Bachelor of Economics (Honours), The University of Newcastle, Australia

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
Working experience and occupation(s) during the past 10 years	**Current**: Koda Ltd Non-Executive Director **Past**: Teamplus Pte. Ltd. Director (till April 2023) TBM Technology Sdn. Bhd. Director (till April 2019) Kaicoh Pte. Ltd. Director (till December 2018) Aristo Engineering Pte. Ltd. Director (till October 2018) Ataru Engineering Pte Ltd Director (till November 2016) ATR (Thailand) Co. Ltd Director (till September 2016)	**Current**: Koda Ltd Non-Executive Director P9 Capital Pte. Ltd. Co-Founder and Director Singapore Furniture Industries Council President (Current Position) and various key office bearer appointments Pacific Capital Asset Management Pte. Ltd. Co-Founder and Chief Investment Officer AlphaLeap Consulting Pte. Ltd. Director **Past**: HTL International Holdings Limited (Listed on SGX previously) (till June 2017) Alternate Executive Director HTL International Holdings Pte. Ltd. Director, Europe (last position), and various management roles (till October 2020)
Shareholding interest in the listed issuer and its subsidiaries	No	100,000 (Held under the nominee account)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

<table>
<tr><th rowspan="2">Key Information</th><th colspan="2">Name of Director</th></tr>
<tr><th>Mr Ying Siew Hon, Francis</th><th>Mr Phua Boon Huat</th></tr>
<tr><td colspan="3">Other Principal Commitments[1] Including Directorships</td></tr>
<tr><td>Past (for the last 5 years)</td><td>Teamplus Pte. Ltd. Director
(till April 2023)

TBM Technology Sdn. Bhd Director
(till April 2019)

Kaicoh Pte. Ltd. Director
(till December 2018)

Aristo Engineering Pte. Ltd. Director
(till October 2018)</td><td>HTL International Holdings Pte. Ltd. Director, Europe (last position), and various management roles (till October 2020)

HTL International Holdings Limited (Listed on SGX previously) (till June 2017) Alternate Executive Director

<u>Directorship (No Principal Commitments)</u>
International Furniture Fair Singapore Pte Ltd (till September 2019)</td></tr>
<tr><td>Present</td><td>Koda Ltd
Non-Executive Director</td><td>Koda Ltd
Non-Executive Director

Singapore Furniture Industries Council President (Current Position) and various key office bearer appointments

P9 Capital Pte. Ltd.
Co-Founder and Director

Pacific Capital Asset Management Pte. Ltd. Co-Founder and Chief Investment Officer

AlphaLeap Consulting Pte. Ltd.
Director

<u>Directorship (No Principal Commitments)</u>
(1) SFIC Institute Pte. Ltd.

(2) Y S PHUA Investment Pte. Ltd.

(3) Y S PHUA Holdings Pte. Ltd.

(4) BHP Investment Pte. Ltd.

(5) TRIF Pte. Ltd.

(6) PHUA Foundation Ltd.</td></tr>
</table>

1 "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance issued on August 6, 2018 by the Monetary Authority of Singapore.

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	**Mr Phua Boon Huat**
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director	
	Mr Ying Siew Hon, Francis	**Mr Phua Boon Huat**
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable as this is in relation to re-election of director.	Not applicable as this is in relation to re-election of director.
If yes, please provide details of prior experience.	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the Nominating and Governance Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

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, 2024.

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 133 to 187 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, 2024, 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:

James Koh Jyh Gang
Koh Jyh Eng
Koh Shwu Lee
Tan Choon Seng
Chan Wah Tiong
Ying Siew Hon, Francis
Phua Boon Huat

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 as disclosed in this 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 Companies Act 1967 except as follows:

	Direct interests		**Indirect interests**	
Name of directors and Company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Koda Ltd				
– Ordinary shares				
James Koh Jyh Gang[1]	11,023,094	11,023,094	2,500,000	2,500,000
Koh Jyh Eng[2]	8,933,388	3,433,388	21,600	5,521,600
Koh Shwu Lee[3]	8,285,226	8,285,226	259,200	259,200
Tan Choon Seng	100,000	100,000	–	–
Phua Boon Huat[4]	–	–	100,000	100,000

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

(1) Mr. James Koh Jyh Gang is deemed interested in 2,500,000 shares in the Company held in the name of DBS Nominees (Private) Limited by virtue of Section 7 of the Companies Act 1967 of Singapore.

(2) Mr. Koh Jyh Eng is deemed interested in 5,500,000 shares in the Company held in the name of DBS Nominees (Private) Limited by virtue of Section 7 of the Companies Act 1967 of Singapore and 21,600 shares in the Company held by his spouse, Mdm Wong Sau Wai.

(3) Mdm. Koh Shwu Lee is deemed interested in 259,200 shares in the Company held by her spouse, Mr Kavin Seow Soo Yeow.

(4) Mr. Phua Boon Huat is deemed interested in 100,000 shares in the Company held in the name of Citibank N.A. Singapore (2023: Raffles Nominees (Pte.) Limited) by virtue of Section 7 of the Companies Act 1967 of Singapore.

By virtue of Section 7 of the Companies Act 1967, James Koh Jyh Gang, Koh Jyh Eng and Koh Shwu Lee are deemed to have an interest in the Company and in all the related corporations of the Company.

Except as disclosed in this statement, no directors who held office at the end of the financial year are deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interests as at July 21, 2024 were the same as those at the end of the financial year.

4 SHARE OPTIONS AND PERFORMANCE SHARE PLAN

Save as disclosed in this Directors' Statement, including the Koda Performance Share Plan 2018 elaborated upon below, the Company and corporations in the Group did not have any share incentive schemes in force during the financial year.

Koda Performance Share Plan 2018

Currently, the Company has in place a performance share plan that was adopted at an extraordinary general meeting of the Company held on October 31, 2018 (the "Koda Performance Share Plan 2018"). The Koda Performance Share Plan 2018 is administered by the Remuneration Committee, comprising the Independent Directors, namely, Ying Siew Hon, Francis, Chan Wah Tiong, Tan Choon Seng and Phua Boon Huat.

Subject to the rules of the Koda Performance Share Plan 2018, the following persons are eligible to participate in the Koda Performance Share Plan 2018:

- a confirmed full-time employee of the Group ("Group Employee");
- a Director and/or a director of the Company's subsidiaries, as the case may be, who performs an executive function ("Group Executive Director"); and
- controlling Shareholders and/or their associates who are either Group Employees or Group Executive Directors, provided that their participation in the Koda Performance Share Plan 2018 and the grant of awards to them, including the actual number of performance shares and the terms of any award, have been approved by independent Shareholders at a general meeting of the Company in separate resolutions.

DIRECTORS' STATEMENT

4 SHARE OPTIONS AND PERFORMANCE SHARE PLAN (CONTINUED)

Other salient information relating to the Koda Performance Share Plan 2018 is set out below:

- The selection of a participant and the aggregate number of performance shares which are the subject of each award to be granted to a participant in accordance with the Koda Performance Share Plan 2018 shall be determined at the absolute discretion of the Remuneration Committee and recommended by the Remuneration Committee to the Board for approval. In so doing, the Remuneration Committee shall consider, among others, the financial performance of the Group, the participant's rank, length of service, achievements, job performance, potential for future development, his contribution to the success and development of the Group, and the extent of effort and resourcefulness required to achieve the performance targets within the performance periods. The performance targets will be set by the Remuneration Committee depending on each individual participant's job scope and responsibilities.

- The aggregate number of performance shares available under the Koda Performance Share Plan 2018, when added to all shares, options or awards granted under any other share based incentive schemes of the Company, shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued shares of the Company from time to time. Additionally, the grant of awards of performance shares to participants who are controlling Shareholders or associates of controlling Shareholders shall be subject to independent Shareholders' approval at a general meeting in separate resolutions for the grant of awards to each controlling Shareholder or associate of a controlling Shareholder, and the actual number of performance shares which are the subject of such awards shall comply with the following limits:

    (i) the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Koda Performance Share Plan 2018 shall not exceed 25% of the total number of shares available under the Koda Performance Share Plan 2018; and (ii) the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Koda Performance Share Plan 2018 shall not exceed 10% of the total number of shares available under the Koda Performance Share Plan 2018.

- Awards represent the right of a participant to receive fully-paid ordinary shares in the capital of the Company free of charge, upon the participant satisfying or exceeding the prescribed performance targets at the end of the performance periods and/or otherwise having performed well and/or made a significant contribution to the Group. Awards are vested and the performance shares which are the subject of the awards are delivered to the participants at the end of the performance periods once the Remuneration Committee is, at its sole discretion, satisfied that the prescribed performance targets have been satisfied. The Remuneration Committee may also grant an award where, in its opinion, a participant has performed well and/or made a significant contribution to the Group.

The Koda Performance Share Plan 2018 shall continue in force at the absolute discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing from the date it was adopted.

DIRECTORS' STATEMENT

5 OPTIONS EXERCISED

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

6 UNISSUED SHARES UNDER OPTIONS

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

7 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all non-executive directors, is chaired by Tan Choon Seng, an independent director, and includes Ying Siew Hon, Francis, an independent director, Chan Wah Tiong, an independent director and Phua Boon Huat, an independent director. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the audit plan of the external auditors;

d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

e) the half-yearly and annual announcements as well as the related press releases on the results and financial positions of the Company and the Group;

f) the co-operation and assistance given by the management to the Group's external and internal auditors; and

g) the re-appointment of the external auditors of the Group.

The Audit 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 and internal auditors have unrestricted access to the Audit Committee.

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

DIRECTORS' STATEMENT

8 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
James Koh Jyh Gang

....
Koh Shwu Lee

October 9, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Koda 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, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 133 to 187.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the statement of changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Allowance for inventories *(Refer to Notes 3(ii)(a) and 9 to the financial statements.)* The Group is involved in the business of manufacturing and retailing of furniture and it has significant inventory balances amounting to approximately 17% (2023: 17%) of total assets, which are recorded at the lower of cost and net realisable value. The determination of the net realisable value is critically dependent upon the management's assessment of the inventory obsolescence. This assessment involves the exercise of significant judgement in determining the level of allowance for inventory obsolescence required, where management takes into consideration, the age, type of inventories, likelihood of obsolescence due to customers' receptiveness to designs of the furniture products, presence of distributorships, past sales history and the condition of the inventory items.	We performed procedures to understand management's process over the monitoring and review of inventory obsolescence and the policy in place to determine the level of allowance required. We have discussed and evaluated the basis used by management in the assessment of allowance for inventories, including testing the accuracy of the aging data used on a sample basis. We assessed the reasonableness of the level of allowance recorded by comparing to recently transacted prices or prices of past sales of similar furniture products. We also assessed the adequacy and appropriateness of disclosures made by management in respect of allowance for inventories.
Valuation of plant, property and equipment and right-of-use assets *(Refer to Notes 3(ii)(d), 13 and 14 to the financial statements.)* As at June 30, 2024, the Group's plant, property and equipment ("PPE") and right-of-use ("ROU") assets balances amounted to US$24,312,000 (2023: US$24,257,000) and US$12,733,000 (2023: US$13,216,000) respectively, representing 51% (2023: 50%) of total assets. Property, plant and equipment and right-of-use assets are subject to impairment test when there are indications of impairment such as continued operating losses. Impairments are recognised when the carrying values of these assets are higher than the recoverable amounts. The recoverable amount of the Singapore retail store operation cash-generating unit ("CGU") is based on the higher of fair value less costs of disposal and value in use. Accordingly, management has determined the recoverable amounts on the basis of the value in use ("VIU") for Singapore retail store operation CGU. Based on the assessment, no impairment is recognised for the Singapore retail store operation CGU. The value in use assessment requires significant estimates and assumptions made by management which include future revenue growth rate and advertising and promotional expense.	We performed procedures to understand management's impairment assessment process and the appropriateness of management's identification of CGUs. With the involvement of our internal valuation specialists, we evaluated the appropriateness of the valuation methodology and discount rate used by the management. We also independently assessed and challenged other key assumptions used in the cash flow projections including the annual revenue growth rate and advertising and promotional expense. We challenged management's future cash flow projections through comparison with historical trend analyses, expectations of future development of the business and market conditions and publicly available industry and economic data. We have also performed sensitivity analysis in consideration of the reasonably plausible impact on VIU by varying the key assumptions. We also assessed the adequacy and appropriateness of disclosures made by management in respect of PPE and ROU assets impairment.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Variable consideration for retail price markdown *(Refer to Notes 3(ii)(e) and 17 to the financial statements.)*	
For the year ended June 30, 2024, the Group recorded revenue of US$45,597,000, of which US$7,897,000, representing 17% of the revenue was from a new customer ("Customer") during the year. The sales from this Customer represents outright sales and is recognised when the control of the goods has been transferred. The Group have engaged an agent to manage the sales with the Customer. The transaction price includes a variable consideration payable to customer in the event of a retail price markdown when the goods are sold to the end customers of the Customer. Accordingly, the Group has deferred revenue relating to the retail price markdown of US$852,000. The estimation of variable consideration for retail price markdown involves key assumptions made by management regarding the period of sales that is exposed to potential retail price markdown, the percentage of quantities of goods sold that may be subject to markdown and the markdown percentage that may be charged by the Customer.	We discussed with management to understand the process over the estimation of retail price markdown based on the terms of the agreement with the Customer. We obtained and reviewed the customer contract between the Group and the Customer as well as the agency agreement between the Group and the agent to understand the terms of the sales arrangement with the Customer. We assessed the reasonableness of the key assumptions made by management in estimating the retail price markdown by evaluating against actual claims from the Customer during the year and subsequent to year-end. We considered the actual claim information including claim quantities, markdown percentage and timing of claims and challenged management's key assumptions in estimating the retail price markdown. We also assessed the adequacy of the related disclosures made by management.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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 the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kang Lin.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 9, 2024

STATEMENTS OF FINANCIAL POSITION

June 30, 2024

	Note	GROUP 2024 US$'000	GROUP 2023 US$'000	COMPANY 2024 US$'000	COMPANY 2023 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**11,193**	15,326	**7,072**	7,805
Trade receivables	7	**8,104**	2,751	**8,887**	3,435
Other receivables	8	**3,979**	5,639	**13,729**	19,950
Inventories	9	**12,286**	12,318	**35**	–
Total current assets		**35,562**	36,034	**29,723**	31,190
Non-current assets					
Investment in subsidiaries	10	**–**	–	**18,611**	18,611
Bank balances earmarked for credit facility	6	**479**	479	**479**	479
Financial asset at fair value through other comprehensive income	11	**–**	–	**–**	–
Club memberships	12	**45**	46	**32**	32
Property, plant and equipment	13	**24,312**	24,257	**8,560**	8,605
Right-of-use assets	14	**12,733**	13,216	**–**	–
Other receivables	8	**86**	209	**6,907**	8,107
Total non-current assets		**37,655**	38,207	**34,589**	35,834
Total assets		**73,217**	74,241	**64,312**	67,024
LIABILITIES AND EQUITY					
Current liabilities					
Bill payables	15	**319**	–	**–**	–
Trade payables	16	**4,862**	2,385	**891**	8,044
Other payables	17	**7,349**	5,977	**4,438**	1,802
Lease liabilities	18	**1,186**	1,322	**–**	–
Current portion of bank loans	19	**2,836**	1,830	**2,836**	1,750
Income tax payable		**450**	627	**435**	467
Total current liabilities		**17,002**	12,141	**8,600**	12,063
Non-current liabilities					
Other payables	17	**71**	83	**–**	–
Deferred tax liabilities	20	**167**	143	**56**	31
Lease liabilities	18	**3,329**	3,228	**–**	–
Non-current portion of bank loans	19	**8,432**	9,711	**8,432**	9,711
Total non-current liabilities		**11,999**	13,165	**8,488**	9,742
Capital and reserves					
Share capital	21	**4,919**	4,919	**4,919**	4,919
Treasury shares	22	**(50)**	(50)	**(50)**	(50)
Capital reserves	23	**(159)**	(159)	**–**	–
Other reserves	24	**211**	211	**137**	137
Translation reserve		**(858)**	(739)	**–**	–
Accumulated profits		**40,378**	44,900	**42,218**	40,213
Equity attributable to owners of the Company		**44,441**	49,082	**47,224**	45,219
Non-controlling interests		**(225)**	(147)	**–**	–
Total equity		**44,216**	48,935	**47,224**	45,219
Total liabilities and equity		**73,217**	74,241	**64,312**	67,024

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended June 30, 2024

	Note	**2024 US$'000**	2023 US$'000
Revenue	25	**45,597**	43,781
Cost of sales		**(32,773)**	(31,827)
Gross profit		**12,824**	11,954
Other income	26	**1,172**	2,543
Selling and distribution costs		**(7,261)**	(6,634)
Administrative expenses		**(9,390)**	(8,701)
Other expenses	27	**(916)**	(687)
Finance costs	28	**(595)**	(444)
Loss before income tax		**(4,166)**	(1,969)
Income tax expense	29	**(430)**	(931)
Loss for the year	30	**(4,596)**	(2,900)
Loss attributable to:			
Owners of the company		**(4,522)**	(2,834)
Non-controlling interests		**(74)**	(66)
		(4,596)	(2,900)
Items that may be classified subsequently to profit or loss:			
Translation of differences arising from consolidation of foreign operations		**(123)**	(334)
Other comprehensive loss for the year, net of tax		**(123)**	(334)
Total comprehensive loss for the year		**(4,719)**	(3,234)
Total comprehensive loss attributable to:			
Owners of the company		**(4,641)**	(3,188)
Non-controlling interests		**(78)**	(46)
		(4,719)	(3,234)
Loss per share (US cents)			
Basic	32	**(5.44)**	(3.41)
Diluted	32	**(5.44)**	(3.41)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2024

	Note	Share capital US$'000	Treasury shares US$'000	Capital reserves US$'000	Other reserves US$'000	Translation reserve US$'000	Accumulated profits US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
GROUP										
Balance at July 1, 2022		4,894	(50)	–	236	(385)	48,176	52,871	(260)	52,611
Total comprehensive loss for the year:										
Loss for the year		–	–	–	–	–	(2,834)	(2,834)	(66)	(2,900)
Other comprehensive loss		–	–	–	–	(354)	–	(354)	20	(334)
Total		–	–	–	–	(354)	(2,834)	(3,188)	(46)	(3,234)
Transactions with owners, recognised directly in equity:										
Effects of acquiring part of non-controlling interests in a subsidiary	23	–	–	(159)	–	–	–	(159)	159	–
Dividends	31	–	–	–	–	–	(442)	(442)	–	(442)
Issue of new shares	21, 24	25	–	–	(25)	–	–	–	–	–
Total		25	–	(159)	(25)	–	(442)	(601)	159	(442)
Balance at June 30, 2023		4,919	(50)	(159)	211	(739)	44,900	49,082	(147)	48,935
Total comprehensive loss for the year:										
Loss for the year		–	–	–	–	–	(4,522)	(4,522)	(74)	(4,596)
Other comprehensive loss		–	–	–	–	(119)	–	(119)	(4)	(123)
Total		–	–	–	–	(119)	(4,522)	(4,641)	(78)	(4,719)
Balance at June 30, 2024		**4,919**	**(50)**	**(159)**	**211**	**(858)**	**40,378**	**44,441**	**(225)**	**44,216**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2024

	Note	Share capital US$'000	Treasury shares US$'000	Other reserves US$'000	Accumulated profits US$'000	Total US$'000
COMPANY						
Balance at July 1, 2022		4,894	(50)	162	35,879	40,885
Profit for the year, representing total comprehensive income for the year		–	–	–	4,776	4,776
Transactions with owners, recognised directly in equity:						
Dividends	31	–	–	–	(442)	(442)
Issue of new shares	21, 24	25	–	(25)	–	–
Total		25	–	(25)	(442)	(442)
Balance at June 30, 2023		4,919	(50)	137	40,213	45,219
Profit for the year, representing total comprehensive income for the year		–	–	–	2,005	2,005
Balance at June 30, 2024		**4,919**	**(50)**	**137**	**42,218**	**47,224**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2024

	2024 US$'000	2023 US$'000
Operating activities		
Loss before income tax	**(4,166)**	(1,969)
Adjustments for:		
Depreciation of property, plant and equipment	**1,605**	1,849
Depreciation of right-of-use assets	**1,842**	2,500
Property, plant and equipment written off	**–**	2
Allowance for inventories – net	**510**	928
Inventories written off	**22**	25
Impairment loss on property, plant and equipment	**22**	129
Impairment loss on right-of-use assets	**228**	128
Gain on disposal of property, plant and equipment – net	**(12)**	(22)
Gain on derecognition of right-of-use assets	**(32)**	(40)
Fire insurance compensation (partial and interim amount)	**–**	(859)
Other receivable written off	**416**	–
Interest income	**(503)**	(325)
Interest expense	**595**	444
Operating cash flows before movements in working capital	**527**	2,790
Trade receivables	**(5,352)**	2,631
Other receivables	**1,146**	2,337
Inventories	**(516)**	6,367
Trade payables	**2,724**	(2,222)
Other payables	**1,353**	(2,362)
Cash (used in) generated from operations	**(118)**	9,541
Interest paid	**(595)**	(444)
Interest received	**503**	325
Income tax paid	**(587)**	(1,724)
Net cash (used in) from operating activities	**(797)**	7,698
Investing activities		
Deposits for property, plant and equipment	**(14)**	(14)
Proceeds from disposal of property, plant and equipment	**30**	22
Purchase of property, plant and equipment (Note B)	**(1,680)**	(1,359)
Net cash used in investing activities	**(1,664)**	(1,351)
Financing activities		
Dividends paid	**–**	(442)
Proceeds from (Repayment of) bills payables (Note A)	**319**	(468)
Investment in subsidiary (Note C)	**–**	–
Repayment of bank loans (Note A)	**(1,841)**	(2,389)
Proceeds from bank loans (Note A)	**1,568**	273
Repayment of leases liabilities (Note A)	**(1,568)**	(2,241)
Net cash used in financing activities	**(1,522)**	(5,267)
Net (decrease) increase in cash and cash equivalents	**(3,983)**	1,080
Cash and cash equivalents at beginning of year (Note 6)	**15,326**	14,301
Effects of exchange rate change on balance of cash held in foreign currencies	**(150)**	(55)
Cash and cash equivalents at end of year (Note 6)	**11,193**	15,326

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2024

Note A:

Reconciliation of liabilities arising from financing activities

Changes arising from cash flows from financing activities are disclosed on the consolidated statement of cash flows and there are no non-cash reconciling items for these financing activities except for below:

			Non-cash changes		
	July 1, 2023 US$'000	Financing cash flow(i) US$'000	Changes in lease liabilities(ii) US$'000	Foreign exchange movement US$'000	**June 30, 2024 US$'000**
Lease liabilities (Note 18)	4,550	(1,568)	1,531	2	**4,515**
Bank loans (Note 19)	11,541	(273)	–	–	**11,268**
Bill payables (Note 15)	–	319	–	–	**319**

			Non-cash changes		
	July 1, 2022 US$'000	Financing cash flow(i) US$'000	Changes in lease liabilities(ii) US$'000	Foreign exchange movement US$'000	June 30, 2023 US$'000
Lease liabilities (Note 18)	5,657	(2,241)	1,102	32	4,550
Bank loans (Note 19)	13,925	(2,116)	–	(268)	11,541
Bill payables (Note 15)	478	(468)	–	(10)	–

(i) The cash flows make up the net amount of proceeds from bank loans and repayment of bank loans in the statement of cash flows.
(ii) Pertains to new leases and derecognition of lease liabilities.

Note B:

During the financial year, the Group acquired property, plant and equipment with cash payments of US$1,680,000 (2023: US$1,180,000). As at June 30, 2024, payables relating to purchases of property, plant and equipment amounted to US$58,000 (2023: US$Nil).

Note C:

As disclosed in Note 10, in 2023, the amount paid on changes in ownership interest in subsidiary is less than US$1,000.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

1 GENERAL

The Company (Registration No. 198001299R) is incorporated in Singapore with its principal place of business and registered office at 18 Tagore Lane, Sindo Industrial Estate, Singapore 787477. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars.

The principal activities of the Company are those of relating to the manufacturing and export of furniture and fixtures of wood (including upholstery), furniture design service and investment holding.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended June 30, 2024 were authorised for issue by the Board of Directors on October 9, 2024.

2 BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

2.1 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I)s Accounting Standards that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The Group and Company have adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group and Company has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying SFRS(I) 16 at the commencement date of a lease.

Following the amendments, the group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively, which are now disclosed in Note 20.

There was no impact to the opening retained earnings as at July 1, 2022 as a result of the change, and there was also no impact on the statements of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

2.2 MATERIAL ACCOUNTING POLICY INFORMATION

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 the 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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Details of the group's significant subsidiaries and composition of the group are disclosed in Note 10.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity. Losses are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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.

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

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL). Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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

Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

Foreign exchange gains and losses

The carrying amount of monetary assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line items.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

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

Significant increase in credit risk

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

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or 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 risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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

<u>Equity instruments</u>

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

Treasury shares

When the Company purchase its own equity share capital, the consideration paid, including any directly attributable costs, is recognised as 'Treasury shares' within equity. When the treasury shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Bank borrowings and bills payables

Interest-bearing bank loans and bills payables 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 in accordance with the Group's accounting policy for borrowing costs (see below).

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.

Derecognition of financial liabilities

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

LEASES

The Group as lessee

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

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

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

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

2 BASIS OF PREPARATION (CONTINUED)

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

INVENTORIES – Inventories are stated at the lower of cost (weighted average method) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their costs, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and construction-in-progress over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	–	5 to 50 years
Buildings improvements	–	2 to 5 years
Plant and machinery	–	2 to 10 years
Office equipment	–	3 to 10 years
Motor vehicles	–	5 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, 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.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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). Where 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

When 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.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

Sale of goods

The Group sells furniture to the wholesale market and directly to customers through its own retail outlets.

For sale of furniture to the wholesale market and through retail outlets, revenue is recognised by the Group at a point in time. Revenue from the sale of goods is recognised when the Group satisfies its performance obligation by transferring the promised good to its customer (which is when the customer obtains control of that good). The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

In respect to retail price markdown payable to customer, this is a variable consideration which needs to be estimated and reduced from transaction price. The Group has applied the expected value method in estimating the variable consideration payable to customer and the reduction in revenue will be recognised as deferred revenue until the uncertainty associated with the variable consideration is subsequently resolved.

Interest income

Interest income is accrued on a time 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' rights to receive payment have been established.

Supply and installation services

The Group provides supply and installation of various furniture, and such services are recognised over time upon satisfaction of performance obligation. Revenue is recognised for these services based on the percentage of completion certified by the customer. Management considers that this output method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

BORROWING COSTS – All borrowing costs are recognised in profit or loss in the period in which they are incurred.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

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

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

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

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate 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 (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 laws and rates that have been enacted or substantively enacted at the reporting date.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

2 BASIS OF PREPARATION (CONTINUED)

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and statements of financial position and statement of changes in equity of the Company are presented in United States 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 rates 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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised 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 United States dollars 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 the Group's translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve within other reserves.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances and other short-term highly liquid assets and are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material 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 on-going 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.

(i) Critical judgements in applying the Group's accounting policies

Management did not make any material judgements that have significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed in Note 3 (ii) to the financial statements.

(ii) 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) <u>Allowances for inventories</u>

Management determines whether an allowance for inventory obsolescence or slow-moving inventories or for any shortfall in net realisable value of inventories is required by reviewing the inventory listing on a periodic basis. The review involves consideration of the age, type of inventories, likelihood of obsolescence due to customers' receptiveness to designs of the furniture products, presence of distributorships, past sales history and the condition of the inventory items.

Arising from the review, management sets up the necessary allowance for obsolete and slow-moving inventories or for any shortfall in the net realisable value of the inventories. The carrying amounts of the Group's inventories are disclosed in Note 9 to the financial statements.

b) <u>Recoverable amounts of trade and other receivables</u>

When measuring ECL, a considerable amount of judgement and accounting estimates such as supportable forward-looking information is required in assessing the ultimate realisation of trade and other receivables.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account credit insurance and letters of credit in place for certain key customers.

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

The carrying amounts of the Group's trade and other receivables and the related loss allowances for doubtful debts are disclosed in Notes 7 and 8 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

c) Impairment assessment in investment in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 *Impairment of Assets* to determine whether its investment in subsidiaries is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the market and economic environment of the subsidiary including the underlying investment and their economic performance to determine if there are indicators of impairment. Where indicators of impairment exist, management determined the amount of impairment loss by comparing cost of investment against recoverable amount of those investments.

The carrying amount of the Company's investment in subsidiaries at the end of the reporting period is disclosed in Note 10 to the financial statements.

d) Valuation of plant, property and equipment and right-of-use assets for Singapore retail operations

When determining impairment loss for its property, plant and equipment and right-of-use assets, the Group will ensure that the assets are not carried at more than their recoverable amounts (i.e., the higher of fair value less costs of disposal and value in use). The determination of the value in use requires significant estimates and assumptions to be made by management which includes, among other factors, the future revenue growth rate and advertising and promotional expense.

The recoverable amounts of the Group and Company's plant, property and equipment and right-of-use assets and the related impairment losses at the end of the reporting period are disclosed in Notes 13 and 14 to the financial statements respectively.

e) Deferred revenue on retail price markdown

For sales transactions with a component of retail price markdown, management will estimate the amount of the retail price markdown required as part of the variable consideration payable to customer. The amount is reassessed at the end of each reporting period end and will be directly included in the transaction price for revenue recognition.

The determination of the deferred revenue amount involves significant judgements and estimates regarding the key assumptions (a) period of sales that is exposed to potential retail price markdown, (b) the percentage of quantities of goods sold that may be subject to markdown and (c) the markdown percentage that may be charged by the new customer.

Arising from the review, management records the deferred revenue on retail price markdown against outright sales. The carrying amounts of the Group's and Company's deferred revenue is disclosed in Note 17 to the financial statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Amortised cost (including cash and cash equivalents)	**20,451**	20,966	**26,722**	23,336
Financial liabilities				
Amortised cost	**20,620**	17,699	**14,889**	20,637
Lease liabilities	**4,515**	4,550	**–**	–

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

The Group and the 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 is exposed to various financial risks arising from the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

The Group does not hold nor issue derivative financial instruments.

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. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign currency risk management

The Group transacts its business in various foreign currencies and therefore is exposed to foreign exchange risk. Significant foreign currencies include the United States dollar ("USD"), the Chinese Renminbi ("RMB"), the Singapore dollar ("SGD") and the Vietnam Dong ("VND").

The Group uses natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	GROUP			
	Assets		Liabilities	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
USD	**718**	1,466	**73**	56
RMB	**28**	72	**25**	13
SGD	**1,000**	814	**1,063**	1,072
VND	**4,077**	6,513	**5,009**	3,121

	COMPANY			
	Assets		Liabilities	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
RMB	**28**	72	**13**	11
SGD	**998**	814	**1,063**	1,072

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

A positive number below indicates an increase in profit or loss where functional currency of each Group entity strengthens by 10% against the foreign currency. For a 10% weakening of the functional currency of each Group entity against the foreign currency, there would be an equal and opposite impact on the profit or loss.

	USD Impact		RMB Impact		SGD Impact		VND Impact	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
GROUP								
Profit or loss	**(65)**	(141)	**(1)**	(6)	**6**	26	**93**	(339)
COMPANY								
Profit or loss	**–**	–	**(2)**	(6)	**7**	26	**–**	–

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in both fixed and variable rate instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and Company's profit or loss for the year ended June 30, 2024 would decrease/increase by US$44,000 and US$44,000 (2023: decrease/increase by US$37,000 and US$37,000) respectively. This is mainly attributable to the Group's and Company's exposure to variable interest rates on its interest-bearing borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's and Company's cash and bank balances are held with creditworthy financial institutions.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degrees of risk of default. The Group uses its trading records to rate its major customers and other debtors. In addition, the Group has credit insurance and letters of credit in place for certain key customers. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

Trade receivables consist of various customers spread across different geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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

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

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
GROUP						
2024						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**8,104**	**–**	**8,104**
Other receivables	8	Performing	12m ECL	**675**	**–**	**675**
					–	
2023						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	2,751	–	2,751
Other receivables	8	Performing	12m ECL	2,410	–	2,410
					–	

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
COMPANY						
2024						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**8,887**	**–**	**8,887**
Other receivables	8	Performing	12m ECL	**39**	**–**	**39**
Amount owing by subsidiaries	8	Performing	12m ECL	**9,885**	**–**	**9,885**
Amount owing by subsidiaries	8	In default	Lifetime ECL	**1,647**	**(1,287)**	**360**
					(1,287)	
2023						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	3,435	–	3,435
Other receivables	8	Performing	12m ECL	16	–	16
Amount owing by subsidiaries	8	Performing	12m ECL	11,215	–	11,215
Amount owing by subsidiaries	8	In default	Lifetime ECL	1,647	(1,261)	386
					(1,261)	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate reflect current conditions and estimates of future economic conditions. Note 7 includes further details on the loss allowance for these receivables.

The Group and Company defines counterparties as having similar characteristics if they are related entities.

At the end of the year, the Group has outstanding trade receivables from the top 5 customers which represent 91% (2023: 56%) of total trade receivables balance at year end.

At the end of the year, the Company has outstanding trade and other receivables of US$821,000 (2023: US$755,000) and US$10,245,000 (2023: US$11,601,000) respectively from its subsidiaries which represent 9% (2023: 22%) and 50% (2023: 41%) respectively of its total trade and other receivables. Ongoing credit evaluation is performed on the financial condition of its subsidiaries.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and the Company's maximum exposure to credit risk without taking account of the value of any credit insurance and letters of credit in place for certain key customers.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The following table shows the net exposure to credit risk and insurance covered for trade receivables:

	GROUP		COMPANY	
	June 30, 2024 US$'000	June 30, 2023 US$'000	**June 30, 2024 US$'000**	June 30, 2023 US$'000
Carrying amounts (Note 7)	**8,104**	2,751	**8,887**	3,435
Less: Amount covered by letters of credits from customers	**(355)**	(893)	**(355)**	(893)
Less: Credit insurance	**(7,618)**	(1,212)	**(7,618)**	(1,212)
Net exposure to credit risk	**131**	646	**914**	1,330

(iv) Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Short-term funding is obtained from overdraft facilities and short-term bank loans. Any temporary shortfall of funds of the Company or its subsidiaries would be managed by obtaining short-term financing within the Group.

Liquidity and interest risk analysis

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's and Company's liquidity risk management as the Group's and Company's liquidity risk is managed on a net asset and liability basis. 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 anticipate 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 are not included in the carrying amount of the financial assets on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

	Weighted average effective interest rate %	**On demand or within 1 year US$'000**	**Within 2 to 5 years US$'000**	**Adjustment US$'000**	**Total US$'000**
GROUP					
2024					
Non-interest bearing	**–**	**12,194**	**506**	**–**	**12,700**
Fixed interest rate instruments	**5.0**	**7,850**	**–**	**(99)**	**7,751**
Total		**20,044**	**506**	**(99)**	**20,451**
2023					
Non-interest bearing	–	9,775	506	–	10,281
Fixed interest rate instruments	4.7	10,836	–	(151)	10,685
Total		20,611	506	(151)	20,966
COMPANY					
2024					
Non-interest bearing	**–**	**12,880**	**7,386**	**–**	**20,266**
Fixed interest rate instruments	**4.3**	**6,540**	**–**	**(84)**	**6,456**
Total		**19,420**	**7,386**	**(84)**	**26,722**
2023					
Non-interest bearing	–	8,871	8,586	–	17,457
Fixed interest rate instruments	5.2	5,983	–	(104)	5,879
Total		14,854	8,586	(104)	23,336

Non-derivative financial liabilities

The following table detail the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. 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 liabilities on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	More than 5 years US$'000	Adjustment US$'000	Total US$'000
GROUP						
2024						
Non-interest bearing	**–**	**9,282**	**70**	**–**	**–**	**9,352**
Lease liabilities (fixed rate)	**2.3**	**1,271**	**2,823**	**759**	**(338)**	**4,515**
Variable interest rate instruments	**4.7**	**1,588**	**2,405**	**10,288**	**(5,549)**	**8,732**
Fixed interest rate instruments	**2.0**	**1,830**	**1,103**	**–**	**(397)**	**2,536**
Total		**13,971**	**6,401**	**11,047**	**(6,284)**	**25,135**
2023						
Non-interest bearing	–	6,075	83	–	–	6,158
Lease liabilities (fixed rate)	2.1	1,400	3,162	200	(212)	4,550
Variable interest rate instruments	3.3	638	2,222	10,074	(5,517)	7,417
Fixed interest rate instruments	2.0	1,662	2,574	–	(112)	4,124
Total		9,775	8,041	10,274	(5,841)	22,249
COMPANY						
2024						
Non-interest bearing	**–**	**3,622**	**–**	**–**	**–**	**3,622**
Variable interest rate instruments	**4.7**	**1,588**	**2,405**	**10,288**	**(5,549)**	**8,732**
Fixed interest rate instruments	**2.0**	**1,830**	**1,103**	**–**	**(398)**	**2,535**
Total		**7,040**	**3,508**	**10,288**	**(5,947)**	**14,889**
2023						
Non-interest bearing	–	9,176	–	–	–	9,176
Variable interest rate instruments	3.3	557	2,222	10,074	(5,516)	7,337
Fixed interest rate instruments	2.0	1,662	2,574	–	(112)	4,124
Total		11,395	4,796	10,074	(5,628)	20,637

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amount of other classes of financial assets and financial liabilities approximates their fair values.

(d) Capital management policies and objectives

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

The capital structure of the Group consists of debt (bills payables, lease liabilities and bank loans disclosed in Notes 15, 18 and 19 respectively) and equity attributable to owners, comprising share capital, treasury shares, reserves, accumulated profits and non-controlling interests as presented in the Group's statement of changes in equity.

The capital structure of the Company consists of bank loans disclosed in Note 19 and equity attributable to owners, comprising share capital, treasury shares, reserves and accumulated profits as presented in the Company's statement of changes in equity.

The Group and the Company review its capital structure periodically. It balances its overall capital structure through the payment of dividends, new share issues, buy back of issued shares as well as the issue of new debt or the redemption of existing debt. The Group and the Company are in compliance with all externally imposed capital requirements.

The Group's and the Company's overall strategy remains unchanged from prior year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements and the balances are unsecured, interest-free and repayable on demand unless stated otherwise.

Significant related party transactions are as follows:

	GROUP	
	2024	2023
	US$'000	US$'000
Companies in which a director has interests in:		
Rental of land from a related party	**58**	63
Companies in which a key management personnel has interests in:		
Management fee income from a related party	**24**	24

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

5 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

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

	GROUP	
	2024	2023
	US$'000	US$'000
Short-term benefits	**1,722**	1,739
Post-employment benefits	**75**	74
	1,797	1,813

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

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank	**11,666**	15,791	**7,550**	8,283
Cash on hand	**6**	14	**1**	1
	11,672	15,805	**7,551**	8,284
Less: Non-current				
Bank balances earmarked for credit facility	**(479)**	(479)	**(479)**	(479)
Cash and cash equivalents in the consolidated statement of cash flows	**11,193**	15,326	**7,072**	7,805

The Group's cash at bank includes short-term deposits with an original maturity period of twelve months or less amounting to US$7,751,000 (2023: US$10,685,000) which bear effective interest at a fixed rate of 2.55% to 5.42% (2023: 0.05% to 5.36%) per annum.

The Company's cash at bank includes short-term deposits with an original maturity period of twelve months or less amounting to US$6,456,000 (2023: US$5,879,000) which bear effective interest at a fixed rate of 3.86% to 5.42% (2023: 5.00% to 5.36%) per annum.

In 2024, the Company's cash at bank includes an amount of US$479,000 (2023: US$479,000) earmarked to a licensed bank as securities for credit facility granted to the Company.

The short-term deposits are repayable on demand and can be called upon at the discretion of the Group and Company and financial loss on principal is minimal.

Management considered that the ECL for bank balances and bank deposits is insignificant as at June 30, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

7 TRADE RECEIVABLES

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Outside parties	**8,104**	2,751	**8,066**	2,680
Related party	**–**	–	**–**	–
Subsidiaries (Note 10)	**–**	–	**821**	755
	8,104	2,751	**8,887**	3,435

As at July 1, 2022, the group's and company's trade receivables from contracts with customers amounted to US$5,382,000 and US$6,158,000 respectively. The average credit period on sale of goods is 70 days (2023: 30 days). No interest is charged on the trade receivables.

The table below is an analysis of trade receivables as at the end of reporting period:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Not past due and not impaired	**7,268**	2,380	**7,358**	2,371
Past due but not impaired[(i)]	**836**	371	**1,529**	1,064
Total trade receivables, net	**8,104**	2,751	**8,887**	3,435

(i) Aging of receivables that are past due but not impaired:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
<30 days	**712**	199	**712**	206
31 to 90 days	**85**	9	**115**	37
91 to 180 days	**3**	5	**2**	1
181 to 360 days	**15**	144	**15**	142
>360 days	**21**	14	**685**	678
	836	371	**1,529**	1,064

Analysis of trade receivables

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

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

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

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

8 OTHER RECEIVABLES

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries (Note 10)[(a)]	**–**	–	**11,532**	12,862
Related parties (Note 5)	**–**	2	**–**	–
Deposits	**568**	1,027	**8**	8
Prepayments to third parties	**787**	1,133	**183**	511
Advances to subsidiaries	**–**	–	**10,149**	15,822
Government grant receivable	**2**	176	**2**	107
Value added tax recoverable	**2,601**	2,129	**18**	–
Fire insurance compensation receivable	**–**	1,357	**–**	–
Others	**107**	24	**31**	8
	4,065	5,848	**21,923**	29,318
Less: Loss allowance for:				
– Subsidiaries	**–**	–	**(1,287)**	(1,261)
	4,065	5,848	**20,636**	28,057
Less: Non-current portion:				
– Deposits	**(27)**	(27)	**–**	–
– Prepayments	**(59)**	(182)	**–**	–
– Subsidiaries	**–**	–	**(6,907)**	(8,107)
	3,979	5,639	**13,729**	19,950

(a) Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing, and repayable on demand. The balances included dividend receivables of US$6,907,000 (2023: US$8,107,000) which have been classified as non-current assets as the Company does not expect for repayment within 12 months after the reporting date.

Movement in loss allowance for doubtful debts:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Balance at beginning of year	**–**	–	**1,261**	1,261
Charged to profit or loss for the year	**–**	–	**26**	–
Balance at end of year	**–**	–	**1,287**	1,261

During the year, there is a write off of US$416,000 (2023: US$Nil) that arose from the confirmation of the fire insurance settlement amount received in the current financial year.

Other receivables

Other receivables are considered to have low credit risk as they are not due for payment as the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Other receivables due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Group taking into account cash flow management within the Group of companies and there has been no significant increase in the risk of default on the receivables since initial recognition other than amounts due from a subsidiary. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month expected credit losses ("ECL").

There is evidence indicating the amounts due from certain subsidiaries are credit-impaired, hence the loss allowance is measured at an amount equal to lifetime ECL for these amounts.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

8 OTHER RECEIVABLES (CONTINUED)

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default, as well as the loss upon default in each case.

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

9 INVENTORIES

	GROUP	
	2024	2023
	US$'000	US$'000
Raw materials	**4,928**	4,871
Work in progress	**3,808**	3,771
Finished goods	**6,164**	5,780
	14,900	14,422
Less: Allowance for inventories	**(2,614)**	(2,104)
	12,286	12,318

Movement in allowance for inventories:

Balance at beginning of the year	**2,104**	1,176
Charged to profit or loss for the year	**510**	928
Balance at end of the year	**2,614**	2,104

In 2024, the Company held finished goods of US$35,000 (2023: US$Nil).

Inventories of US$22,000 (2023: US$25,000) were written off and recognised directly in profit or loss for goods which are not in saleable conditions (Note 27).

10 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2024	2023
	US$'000	US$'000
Unquoted equity shares, at cost	**20,137**	20,137
Less: Impairment loss	**(1,526)**	(1,526)
	18,611	18,611

Movement in impairment loss:

Balance at beginning and end of year	**1,526**	1,526

The Company carried out a review of the recoverable amount of its investments in subsidiaries and determined that no further impairment is required.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are described below:

Subsidiaries	Portion of ownership interest and voting power held 2024 %	2023 %	Country of incorporation (or registration)/ operations	Principal activities
Jatat Furniture Industries Sdn Bhd[1]	**100**	100	Malaysia	Manufacturers and exporters of furniture.
Koda Woodcraft Sdn Bhd[1]	**100**	100	Malaysia	Manufacturers and exporters of furniture.
Koda Indochine Co., Ltd[1]	**100**	100	Vietnam	Dormant.
Koda International Co., Ltd[4]	**100**	100	Vietnam	Dormant.
Koda Saigon Co., Ltd[1]	**100**	100	Vietnam	Manufacturers and exporters of furniture.
Commune Lifestyle Pte Ltd	**100**	100	Singapore	Retail and distribution of furniture
Commune Lifestyle Sdn Bhd[1]	**100**	100	Malaysia	Trading and export of furniture.
Commune (Dongguan) Trading Co. Ltd[2]	**100**	100	China	Trading and export of furniture.
Commune (Chongqing) Trading Co. Ltd[3]	**80**	80	China	Retail of furniture
Commune (Shanghai) Trading Co. Ltd[3]	**100**	100	China	Channel sales of furniture

The above subsidiaries are audited by Deloitte & Touche LLP, Singapore except for the subsidiaries that are indicated below:

(1) Audited by overseas practices of Deloitte & Touche.

(2) Not material to the results of the Group.

(3) Not required to be audited in the country of incorporation.

(4) In the process of liquidation.

The following schedule shows the effects of changes in the group's ownership interest in Commune (Chongqing) Trading Co. Ltd that did not result in change of control, on the equity attributable to owners of the parent:

	2024 US$'000	2023 US$'000
Amount paid on changes in ownership interest in subsidiary[5]	**–**	–
Non-controlling interest acquired	**–**	(159)
Difference recognised in capital reserves (Note 23)	**–**	(159)

(5) The amount paid on changes in ownership interest in subsidiary is less than US$1,000.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

11 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP AND COMPANY	
	2024	2023
	US$'000	US$'000
Unquoted equity shares, at fair value	**6**	6
Fair value loss	**(6)**	(6)
	–	–

The above investment relates to a remaining 10% share interest in a previous subsidiary which was disposed in year 2015. It was recorded based on the fair value of the investment as at date of disposal.

Since 2016, the Group carried out a review of the fair value of the unquoted equity shares and a fair value loss was recognised.

12 CLUB MEMBERSHIPS

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Club memberships, at cost	**120**	120	**32**	32
Impairment loss	**(69)**	(69)	**–**	–
Currency realignment	**(6)**	(5)	**–**	–
	45	46	**32**	32

Movement in impairment loss:

Balance at beginning and end of year	**69**	69	**–**	–

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Buildings US$'000	Building improvements US$'000	Plant and machinery US$'000	Office equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
GROUP								
Cost:								
At July 1, 2022	8,931	13,441	1,176	9,903	2,449	822	2,947	39,669
Currency realignment	(159)	(174)	(60)	(189)	(55)	(12)	(45)	(694)
Additions	–	86	69	94	36	–	895	1,180
Write-off	–	(24)	–	(25)	–	–	–	(49)
Disposals	–	–	–	–	–	(77)	–	(77)
Reclassification	–	740	–	165	–	–	(905)	–
At June 30, 2023	8,772	14,069	1,185	9,948	2,430	733	2,892	40,029
Currency realignment	(22)	(28)	17	(24)	(1)	1	(2)	(59)
Additions	–	31	48	119	141	–	1,396	1,735
Write-off	–	–	(236)	–	–	–	–	(236)
Disposals	–	–	–	(301)	(3)	–	–	(304)
Reclassification	–	2,734	–	635	–	–	(3,369)	–
At June 30, 2024	**8,750**	**16,806**	**1,014**	**10,377**	**2,567**	**734**	**917**	**41,165**
Accumulated depreciation:								
At July 1, 2022	–	3,292	713	7,466	2,036	502	–	14,009
Currency realignment	–	(62)	(41)	(162)	(38)	(9)	–	(312)
Depreciation for the year	–	639	301	730	108	71	–	1,849
Write-off	–	(24)	–	(23)	–	–	–	(47)
Disposals	–	–	–	–	–	(77)	–	(77)
At June 30, 2023	–	3,845	973	8,011	2,106	487	–	15,422
Currency realignment	–	(10)	12	(22)	(7)	–	–	(27)
Depreciation for the year	–	706	106	625	103	65	–	1,605
Write-off	–	–	(115)	–	–	–	–	(115)
Disposals	–	–	–	(283)	(3)	–	–	(286)
At June 30, 2024	**–**	**4,541**	**976**	**8,331**	**2,199**	**552**	**–**	**16,599**
Accumulated impairment:								
At July 1, 2022	–	244	–	–	–	–	–	244
Impairment for the year	–	–	129	–	–	–	–	129
Currency realignment	–	(14)	(9)	–	–	–	–	(23)
At June 30, 2023	–	230	120	–	–	–	–	350
Impairment for the year	–	–	–	–	19	3	–	22
Write-off	–	–	(121)	–	–	–	–	(121)
Currency realignment	–	(2)	5	–	–	–	–	3
At June 30, 2024	**–**	**228**	**4**	**–**	**19**	**3**	**–**	**254**
Carrying amount:								
At June 30, 2024	**8,750**	**12,037**	**34**	**2,046**	**349**	**178**	**917**	**24,312**
At June 30, 2023	8,772	9,994	92	1,937	324	246	2,892	24,257

Key assumptions used for the value in use calculations for the impairment assessment of the property, plant and equipment and right-of-use assets include:

	Singapore retail operations %	Shanghai channel sales operations %	Chongqing retail store operations %
Discount rate (pre-tax)	11	12	12

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Singapore retail operations US$'000	Shanghai channel sales operations US$'000	Chongqing retail store operations US$'000
Recoverable amount	2,239	21	–
Impairment loss for property, plant and equipment	–	18	4
Impairment loss for right-of-use assets	–	85	143

During the year, management has determined that there are indicators of impairment such as continued operating losses and performed impairment test on the Group's property, plant and equipment and right-of-use assets. The Group estimated the recoverable amount of the CGU based on the higher of fair value less costs of disposal and value in use, to determine the extent of the impairment loss.

The Group has assessed the manufacturing related property, plant and equipment and right-of-use assets in Vietnam and Malaysia as 2 different cash-generating units ("CGUs") and estimated the recoverable amount of the CGUs based on fair value less costs of disposal. The Group engages external, independent and qualified valuers to determine the fair value of the Group's manufacturing related building and right-of-use assets and assessed that there is no impairment as the recoverable amount is higher than the carrying value as at June 30, 2024.

The Group has assessed the recoverable amount of the CGUs for the above retail and channel sales operations based on value in use. Arising from the review, an impairment loss of US$22,000 (2023: US$129,000) and US$228,000 (2023: US$128,000) for property, plant and equipment and right-of-use assets (disclosed in Note 14) had been recognised in profit or loss respectively. These assets are used in the Group's retail and distribution segment. The building improvements, office space and retail stores were impaired to their recoverable amount based on the value in use calculation. The value in use calculation for the following CGUs have been prepared using cash flow projections from financial budgets approved by the board of directors covering the shorter of five years or the remaining useful life of the underlying right-of-use assets. The Group did not perform a value in use calculation in the previous fiscal year and hence no comparative pre-tax discount rate was disclosed.

	Freehold land US$'000	Buildings US$'000	Building improvements US$'000	Plant and machinery US$'000	Office equipment US$'000	Motor vehicles US$'000	Total US$'000
COMPANY							
Cost:							
At July 1, 2022	6,213	2,319	86	153	447	281	9,499
Additions	–	–	–	5	5	–	10
At June 30, 2023	6,213	2,319	86	158	452	281	9,509
Additions	–	–	–	–	132	–	132
At June 30, 2024	**6,213**	**2,319**	**86**	**158**	**584**	**281**	**9,641**
Accumulated depreciation:							
At July 1, 2022	–	16	4	153	403	157	733
Depreciation for the year	–	96	43	1	13	18	171
At June 30, 2023	–	112	47	154	416	175	904
Depreciation for the year	–	96	39	1	21	20	177
At June 30, 2024	**–**	**208**	**86**	**155**	**437**	**195**	**1,081**
Carrying amount:							
At June 30, 2024	**6,213**	**2,111**	**–**	**3**	**147**	**86**	**8,560**
At June 30, 2023	6,213	2,207	39	4	36	106	8,605

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14 RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land and buildings, office space and retail store. The average lease term is 36 years.

	Leasehold land and buildings US$'000	Office space and retail store US$'000	Total US$'000
GROUP			
Cost:			
At July 1, 2022	12,131	7,103	19,234
Additions	–	1,931	1,931
Derecognised	(1,133)	(1,621)	(2,754)
Currency realignment	(8)	29	21
At June 30, 2023	10,990	7,442	18,432
Additions	914	673	1,587
Derecognised	(1,289)	(119)	(1,408)
Currency realignment	(5)	2	(3)
At June 30, 2024	**10,610**	**7,998**	**18,608**
Accumulated depreciation:			
At July 1, 2022	1,712	2,859	4,571
Depreciation for the year	1,014	1,486	2,500
Derecognised	(837)	(1,128)	(1,965)
Currency realignment	(3)	(6)	(9)
At June 30, 2023	1,886	3,211	5,097
Depreciation for the year	611	1,231	1,842
Derecognised	(1,289)	(40)	(1,329)
Currency realignment	–	(6)	(6)
At June 30, 2024	**1,208**	**4,396**	**5,604**
Accumulated impairment:			
At July 1, 2022	–	–	–
Impairment for the year	–	128	128
Currency realignment	–	(9)	(9)
At June 30, 2023	–	119	119
Impairment for the year	–	228	228
Derecognised	–	(79)	(79)
Currency realignment	–	3	3
At June 30, 2024	**–**	**271**	**271**
Carrying amount:			
At June 30, 2024	**9,402**	**3,331**	**12,733**
At June 30, 2023	9,104	4,112	13,216

During the year, certain leases for office space and retail stores expired. Apart from the retail store leases in Chongqing which were extended, the rest of the expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of US$673,000 (2023: US$1,931,000).

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

15 BILLS PAYABLES

The bank facilities of one of the subsidiary ("Koda Woodcraft Sdn Bhd") with a balance of US$319,000 (2023: US$Nil) as at the end of the reporting period are guaranteed by the Company.

The credit facilities bore effective interest at floating rate of 6.63% (2023: Nil%) per annum.

Management had assessed the fair value of the financial guarantee provided by the Company is not material and accordingly, has not accounted for the financial guarantee in the Company's financial statements.

There are no expected credit losses for the financial guarantee provided by the Company as management assessed that the risk of subsidiary defaulting on the bill payable to be remote.

16 TRADE PAYABLES

	GROUP		COMPANY	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Subsidiaries (Note 10)	**–**	–	**870**	8,031
Outside parties	**4,862**	2,385	**21**	13
	4,862	2,385	**891**	8,044

The average credit period on purchases of goods is 30 days (2023: 30 days). No interest is charged on the trade payables.

17 OTHER PAYABLES

	GROUP		COMPANY	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Accrued expenses	**3,477**	3,044	**1,829**	977
Advances from customers	**2,195**	2,033	**754**	601
Deferred revenue	**852**	–	**852**	–
Deferred grant income	**102**	56	**102**	56
Due to related parties (Note 5)[a]	**7**	7	**–**	–
Due to subsidiaries (Note 10)[b]	**–**	–	**844**	112
Refundable deposits received	**461**	504	**–**	–
Value added tax payable	**100**	198	**–**	13
Others	**226**	218	**57**	43
	7,420	6,060	**4,438**	1,802
Less: Non-current portion	**(71)**	(83)	**–**	–
	7,349	5,977	**4,438**	1,802

(a) Due to related parties in which a key management personnel holds an interest.

(b) Amounts due to subsidiaries are non-trade related, unsecured, non-interest bearing, and repayable on demand.

As at July 1, 2022, the Group's and Company's advances from customers amounted to US$3,263,000 and US$1,344,000 respectively. As at July 1, 2022, the Group's and Company's deferred revenue is US$Nil.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

17 OTHER PAYABLES (CONTINUED)

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Advances from customers	**2,033**	3,263	**601**	1,344

During the year, the Group and Company entered into contracts with a new customer where the transaction price includes variable consideration payable to the new customer due to retail price markdown.

The estimation of variable consideration for retail price markdown is based on key assumptions made by management regarding (a) the period of sales that is exposed to potential retail price markdown, (b) the percentage of quantities of goods sold that may be subject to markdown and (c) the markdown percentage that may be charged by the new customer. Management has estimated the period of sales exposed to retail price markdown based on the expected lead time from revenue recognition to goods being sold out by the new customer to its end customers, and applied the highest actual percentage of quantities being marked down and highest actual markdown percentage to derive the estimated retail price markdown of US$852,000 to be deferred.

In the event that the period of sales exposed to markdown is increased by 1 more month, percentage of quantities of goods sold that is subject to markdown is increased by 1% and markdown percentage is increased by 1%, this will result in a reversal of revenue of less than 1% of the Group's total revenue for the year ended June 30, 2024. Accordingly, management has assessed that it is highly probable that a significant reversal in the amount of cumulative revenue recognised from the new customer will not occur.

18 LEASE LIABILITIES

	GROUP	
	2024	2023
	US$'000	US$'000
Maturity analysis:		
Year 1	**1,271**	1,400
Year 2	**1,121**	949
Year 3	**941**	899
Year 4	**499**	877
Year 5	**262**	437
Later than 5 years	**759**	200
	4,853	4,762
Less: Unearned interest	**(338)**	(212)
	4,515	4,550
Analysed as:		
Current	**1,186**	1,322
Non-current	**3,329**	3,228
	4,515	4,550

The Group does not face a significant liquidity risk with regard to its lease liabilities.

19 BANK LOANS

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Bank loans	**11,268**	11,541	**11,268**	11,461
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,836)**	(1,830)	**(2,836)**	(1,750)
Amount due for settlement after 12 months	**8,432**	9,711	**8,432**	9,711

The carrying amounts of bank loans approximate the fair value.

The Group and the Company have the following principal bank loans as at the end of the reporting period:

a) In 2023, the loan of US$755,000 was taken up in May 2020 and continues until April 2024. The loan is unsecured and bears interest at 1.50% per annum above the London Interbank Offered Rate ("LIBOR"). The effective interest rate for the year is 2.13% per annum. The loan had been fully repaid in April 2024.

b) Loan of US$391,000 (2023: US$707,000). The loan was taken up in November 2020 and continues until October 2025. The loan is unsecured and bears fixed interest at 2.00% per annum during the term of the loan.

c) Loan of US$1,240,000 (2023: US$2,089,000). The loan was taken up in November 2021 and continues until October 2025. The loan is unsecured and bears fixed interest at 2.15% per annum during the term of the loan.

d) Loan of US$905,000 (2023: US$1,328,000). The loan was taken up in July 2021 and continues until June 2026. The loan is unsecured and bears fixed interest at 1.90% per annum during the term of the loan.

e) Loan of US$7,103,000 (2023: US$7,237,000). The loan was taken up in February 2023 and continues until February 2052. The loan is secured by the 18 Tagore Lane property and bears interest at 0.80% to 4.00% over the applicable 3-month compounded Singapore Overnight Rate Average ("SORA"). The effective interest rate for the year is 4.51% (2023: 3.00%) per annum.

f) Loan of US$Nil (2023: US$80,000). The loan was taken up in April 2023 and continues until October 2023. The loan is unsecured and bears interest at 0.30% over China's One-Year Loan Prime Rate. The effective interest rate for the year is Nil % (2023: 3.95%) per annum. The loan had been fully repaid in October 2023.

g) Loan of US$95,000 (2023: US$100,000). The loan is commencing from June 2023 and repayable in August 2028. The loan is unsecured and bears interest at 1.70% over the applicable 3-month compounded Secured Overnight Financing Rate ("SOFR"). The effective interest rate for the year was 7.04% (2023: 6.78%) per annum.

h) A loan of US$351,000 (2023: US$Nil). The loan is commencing from September 2023 and repayable in August 2028. The loan is unsecured and bears interest at 1.70% per annum over the applicable 3-months compounded SOFR. The effective interest rate for the year was 7.04% (2023: Nil%) per annum.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

19 BANK LOANS (CONTINUED)

i) A loan of US$180,000 (2023: US$Nil). The loan is commencing from November 2023 and repayable in August 2028. The loan is unsecured and bears interest at at 1.70% per annum over the applicable 3-months compounded SOFR. The effective interest rate for the year was 7.06% (2023: Nil%) per annum.

j) A loan of US$90,000 (2023: US$Nil). The loan is commencing from November 2023 and repayable in August 2028. The loan is unsecured and bears interest at at 1.70% per annum over the applicable 3-months compounded SOFR. The effective interest rate for the year was 7.06% (2023: Nil%) per annum.

k) A discounted bill of exchange with full recourse of US$913,000 (2023: US$Nil). The bill was purchased in May 2024 and is repayable in August 2024. The bill is unsecured and bears interest at 1.00% per annum over the cost of funds. The effective interest rate for the year was 7.00% per annum (2023: Nil%).

20 DEFERRED TAX LIABILITIES

	GROUP		**COMPANY**	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Balance at beginning of year	**(143)**	143	**(31)**	(31)
Charged to profit or loss (Note 29)	**(24)**	(292)	**(25)**	–
Currency realignment	**–**	6	**–**	–
Balance at end of year	**(167)**	(143)	**(56)**	(31)

The balance comprises mainly the tax effect of:

	GROUP		**COMPANY**	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Property, plant and equipment	**(167)**	(143)	**(56)**	(31)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$12,088,000 (2023: US$14,069,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

20 DEFERRED TAX LIABILITIES (CONTINUED)

At the end of the reporting period, the Group has deferred tax assets of US$865,000 (2023: US$757,000) and deferred tax liabilities of US$793,000 (2023: US$715,000) in relation to its lease liabilities and right-of-use assets respectively, following the adoption of the amendments to SFRS(I) 12. The deferred tax consequences qualify for offsetting under SFRS(I) 1-12 and the net deferred tax assets of US$72,000 (2023: US$42,000) have not been recognised as it is not considered probable that there will be future taxable profits available.

21 SHARE CAPITAL

	GROUP AND COMPANY			
	2024	2023	**2024**	2023
	Number of ordinary shares		**US$'000**	US$'000
Issued and paid up:				
At beginning of year	**83,237,856**	83,153,856	**4,919**	4,894
Issued during the year (Note 24)	**–**	84,000	**–**	25
At end of year	**83,237,856**	83,237,856	**4,919**	4,919

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

As at June 30, 2024, the number of ordinary shares of 83,237,856 (2023: 83,237,856) includes treasury shares of 59,074 (2023: 59,074).

22 TREASURY SHARES

	GROUP AND COMPANY			
	2024	2023	**2024**	2023
	Number of ordinary shares		**US$'000**	US$'000
At beginning and end of year	**59,074**	59,074	**50**	50

23 CAPITAL RESERVE

The capital reserve represents effects of changes in ownership interests in subsidiary when there is no change in control (Note 10).

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

24 OTHER RESERVES

	Legal reserve[i] US$'000	Performance Share Plan reserve[ii] US$'000	Total US$'000
GROUP			
Balance at July 1, 2022	74	162	236
Issuance of new shares (Note 21)	–	(25)	(25)
Balance at June 30, 2023 and 2024	74	137	211

	Performance Share Plan reserve[ii] US$'000
COMPANY	
Balance at July 1, 2022	162
Issuance of new shares (Note 21)	(25)
Balance at June 30, 2023 and 2024	137

(i) Legal reserve represents local statutory reserve required to be maintained by China tax regulations for the China entity.

(ii) Performance share plan reserve represents the equity-settled performance shares granted or accrued to certain key management personnel. The reserve is made up of the cumulative value of services received from certain key management personnel over the vesting period commencing from the grant date of equity-settled shares awards, and is reduced by the release of share awards (Note 33).

25 REVENUE

	GROUP	
	2024 US$'000	2023 US$'000
Timing of revenue recognition		
At a point in time:		
– Manufacturing	**35,395**	30,898
– Retail and distribution	**10,090**	11,484
	45,485	42,382
Over time:		
– Manufacturing	**112**	1,399
	45,597	43,781

As of June 30, 2024 and 2023, there were no performance obligations that are unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining period, which generally cover a period of a year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

26 OTHER INCOME

	GROUP	
	2024 **US$'000**	2023 US$'000
Interest income on bank balances	**503**	325
Foreign exchange gain – net	**133**	–
Gain on disposal of property, plant and equipment – net	**12**	22
Government grant income	**42**	596
Property tax and rental rebate	**109**	58
Freight revenue	**84**	72
Design fee	**8**	11
Gain on derecognition of right-of-use assets	**32**	40
Fire insurance compensation (partial and interim amount)	**–**	859
Sundry income	**249**	560
	1,172	2,543

In 2023, the Group was virtually certain to the rights of insurance claims and had recognised US$859,000 as other income under the fire insurance compensation (being partial and interim amount of insurance claims).

27 OTHER EXPENSES

	GROUP	
	2024 **US$'000**	2023 US$'000
Foreign exchange loss	**–**	254
Impairment loss on property, plant and equipment (Note 13)	**22**	129
Impairment loss on right-of-use assets (Note 14)	**228**	128
Inventories written off (Note 9)	**22**	25
Loss on misappropriation of assets	**195**	–
Other receivables written off	**416**	–
Others	**33**	151
	916	687

28 FINANCE COSTS

	GROUP	
	2024 **US$'000**	2023 US$'000
Interest expense on:		
– Bank loans	**446**	341
– Bill payables	**10**	4
– Lease liabilities	**139**	99
	595	444

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

29 INCOME TAX EXPENSE

	GROUP	
	2024	2023
	US$'000	US$'000
Current income tax	**454**	680
Deferred tax	**24**	319
Overprovision in prior years:		
– Income tax	**(48)**	(41)
– Deferred tax	**–**	(27)
Total	**430**	931

Domestic income tax is calculated at 17% (2023: 17%) of the estimated assessable profit for the year.

The income tax for the year can be reconciled to the accounting loss as follows:

	GROUP	
	2024	2023
	US$'000	US$'000
Loss before income tax	**(4,166)**	(1,969)
Tax benefit at the domestic tax rate of 17%	**(708)**	(335)
Tax effect of revenue that is exempt from taxation	**(109)**	(541)
Tax effect of expenses that are not deductible in determining taxable profit	**557**	857
Tax effect of unused tax losses not recognised as deferred tax assets	**1,005**	1,305
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(267)**	(287)
Over provision in prior years	**(48)**	(68)
Total income tax	**430**	931

Subject to agreement by the respective tax authorities, the Group has temporary differences arising from unabsorbed tax loss carry forwards as follows:

	GROUP	
	2024	2023
	US$'000	US$'000
Tax losses:		
– At the beginning of the year	**7,029**	1,441
– Adjustments	**(30)**	(333)
– Arising during the year	**4,154**	5,921
At the end of the year	**11,153**	7,029
Deferred tax benefits on above unrecorded	**2,362**	1,471

As at June 30, 2024, the subsidiaries of the Group had estimated unused tax losses of US$11,153,000 (2023: US$7,029,000), of which US$9,154,000 (2023: US$6,069,000) will expire in the next five years and US$1,999,000 (2023: US$960,000) will expire from 2028 to 2032. Unused tax losses are available for set-off against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiaries operate.

Certain deferred tax benefits disclosed above have not been recognised due to the unpredictability of future profit streams.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

30 LOSS FOR THE YEAR

	GROUP	
	2024	2023
	US$'000	US$'000
Directors' remuneration:		
– Directors of the Company	**1,036**	913
– Directors of the subsidiaries	**639**	507
Fees to directors of the Company	**102**	101
Employee benefits expense (including directors' remuneration)	**15,549**	14,282
Costs of defined contribution plans included in employee benefits expense	**1,630**	1,914
Allowance for inventories	**510**	928
Audit fees to auditors of the Company	**98**	94
Audit fees to network firms of the auditors of the Company	**40**	39
Audit fees to other auditors	**2**	2
Cost of inventories recognised as expense	**32,756**	31,664
Depreciation of property, plant and equipment (Note 13)	**1,605**	1,849
Impairment loss on property, plant and equipment (Note 13)	**22**	129
Property, plant and equipment written off	**–**	2

Amount recognised in profit or loss relating to leases (The Group as lessee)

	2024	2023
	US$'000	US$'000
Depreciation expense on right-of-use assets (Note 14)	**1,842**	2,500
Impairment loss on right-of-use assets (Note 14)	**228**	128
Interest expense on lease liabilities (Note 28)	**139**	99
Expense relating to short-term leases	**65**	80
	2,274	2,807

The total cash outflow for leases amount to US$1,568,000 (2023: US$2,241,000).

31 DIVIDENDS

	GROUP AND COMPANY	
	2024	2023
	US$'000	US$'000
Dividends paid during the financial year are as follows:		
Final tax-exempt (1-tier) dividend of US$0.0053 (equivalent to S$0.0075) per share for the financial year ended June 30, 2023	**–**	442
	–	442

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

32 LOSS PER SHARE

Basic loss per ordinary share is calculated on the Group's loss after income tax attributable to the owners of the Company of US$4,522,000 (2023: US$2,834,000) divided by 83,178,782 (2023: 83,146,563) weighted average number of ordinary shares in issue during the financial year.

The fully diluted loss per share are the same for the financial years ended June 30, 2024 and 2023.

33 SHARE BASED PAYMENT EXPENSE

Performance Share Plan

The Koda Performance Share Plan 2018 ("PSP 2018") was approved by shareholders at an EGM held on October 31, 2018. The PSP 2018 is administered by the Remuneration Committee with a maximum period of 10 years commencing on the date first adopted by the Company and expires on October 31, 2028.

PSP 2018 enables the Company to recognise past contributions and services of the Group employees (including Group Executive Directors) and incentives them to contribute to the long-term growth and profitability of the Group. The participants of the Performance Share Plan will receive fully paid shares of the Company free of charge, provided that certain prescribed performance targets and/or service conditions are met, or where in the opinion of the Remuneration Committee, a participant's performance and/or contribution to the Company warranted it. The aggregate number of shares which were the subject of each award to be granted to any participants, and the conditions under which the awards were granted such as the date of grant, vesting periods and other relevant and applicable rules under the Performance Share Plan, was determined at the sole and absolute discretion of the Remuneration Committee.

Details of the PSP 2018 as at June 30, 2024 are as follows:

	Awards granted during financial year under review (including terms)	Aggregate Awards granted since commencement of the Koda PSP 2018 to end of financial year under review	Aggregate Awards vested since commencement of the Koda PSP 2018 to end of financial year under review	Aggregate Awards not yet vested as at end of financial year under review
Eligible participants	–	825,162	825,162[1]	–

(1) Vested shares were allotted and issued to the respective participants and were subject to a two year moratorium from the date the shares were allotted and issued. The Moratorised Shares were not transferred or disposed during the Moratorium Period.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

34 SEGMENT INFORMATION

Business 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 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 Group is principally engaged in two reportable segments, namely "manufacturing" and "retail and distribution".

Information regarding the Group's reporting segments is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		**Segment loss**	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Manufacturing	**35,507**	32,297	**(3,057)**	(2,177)
Retail and distribution	**10,090**	11,484	**(770)**	(1,204)
Total	**45,597**	43,781	**(3,827)**	(3,381)
Finance costs			**(595)**	(444)
Other income			**1,172**	2,543
Other expenses			**(916)**	(687)
Loss before income tax			**(4,166)**	(1,969)
Income tax expense			**(430)**	(931)
Loss for the year			**(4,596)**	(2,900)

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment loss represents the loss earned by each segment without allocation of central administration costs and director's salaries, other income 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

34 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	2024 US$'000	2023 US$'000
Segment assets		
Manufacturing	**63,794**	62,315
Retail and distribution	**9,378**	11,880
Total segment assets	**73,172**	74,195
Unallocated assets	**45**	46
Consolidated total assets	**73,217**	74,241
Segment liabilities		
Manufacturing	**9,906**	5,860
Retail and distribution	**2,826**	3,212
Total segment liabilities	**12,732**	9,072
Unallocated liabilities	**16,269**	16,234
Consolidated total liabilities	**29,001**	25,306

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than financial asset at fair value through other comprehensive income, club memberships and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than lease liabilities, bank loans and deferred tax liabilities. Liabilities used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Other segment information

	Depreciation		**Additions to non-current assets**	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Manufacturing	**2,042**	2,528	**2,135**	1,061
Retail and distribution	**1,405**	1,821	**1,187**	2,050
Total	**3,447**	4,349	**3,322**	3,111

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

34 SEGMENT INFORMATION (CONTINUED)

In addition to the information reported above, the following were attributable to the following reportable segments:

	2024 US$'000	2023 US$'000
Manufacturing segment		
Fire insurance compensation (partial and interim amount)	**–**	(859)
Allowance for inventories – net	**575**	885
Other receivable written off	**416**	–
Retail and distribution segment		
(Reversal of allowance) Allowance recognised on inventories – net	**(65)**	43
Inventories written off	**22**	25
Impairment loss of PPE	**22**	129
Impairment loss of ROU assets	**228**	128

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets including only property, plant and equipment and right-of-use assets) by geographical location are detailed below:

	Revenue from external customers based on location of customers	
	2024 US$'000	2023 US$'000
Asia-Pacific	**12,547**	16,765
North America	**27,884**	21,576
Europe	**4,422**	4,178
Others	**744**	1,262
	45,597	43,781

Non-current assets of the Group are located in Asia Pacific.

Information about major customers

Included in revenue arising from sales of manufacturing segment of US$35,507,000 (2023: US$32,297,000), are revenues of approximately US$7,897,000 (2023: US$6,813,000) which arose from sales to the Group's largest customer.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

35 COMMITMENTS

Amount committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2024	2023
	US$'000	US$'000
Acquisition of property, plant and equipment	**34**	95
Construction of building	**–**	1,182
	34	1,277

36 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and the Company were issued but not effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	July 1, 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	July 1, 2024
Amendments to SFRS(I) 1-7 and SFRS (I) 7: *Supplier Finance Arrangements*	July 1, 2024

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

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

Freehold land, leasehold land & buildings as at June 30, 2024

Location	Size	Annual Lease Payment	Expiry	Lessor
Head Office[1] 18 Tagore Lane Singapore 787477	12,761 sf	NA	Freehold	NA
Malaysia Industrial Land and Factory Building[2] Lot 9, Title No, GM 10 Mukim Senai-Kulai 81400 Senai, Johor, Malaysia	388,751 sf	NA	Freehold	NA
Malaysia Industrial Land and Factory Building[3] Lot 15, Title No, GM 10 Mukim Senai-Kulai 81400 Senai, Johor, Malaysia	196,019 sf	RM296,382.00	2026	Zenith Heights Sdn Bhd
Vietnam Industrial Land and Factory Building[4] Lot A1, A4, A5 & A6 Thuan Dao Industrial Zone Ben Luc District Long An Province, Vietnam	665,678 sf	NA	2053	NA
Vietnam Industrial Land[5] Lot C11 & C12, Road 14 Thuan Dao IP's Expansion Phase Long Dinh Commune, Can Duoc District, Long An Province Vietnam	312,971 sf	NA	2061	NA
Vietnam Industrial Land and Factory Building[6] Lot D14, Road No. 09 Thuan Dao IP's Expansion Phase, Long Dinh Commune, Can Duoc District, Long An Province, Vietnam	148,197 sf	NA	2061	NA

1. Based on professional valuation made by United Valuers Pte Ltd on June 30, 2024, the property at 18 Tagore Lane was valued at S$12.6 million.
2. Based on a professional valuation made by Messrs Chen Foo Property Consultants on June 30, 2024, the property was valued at RM21.7 million.
3. Based on a professional valuation made by Messrs Chen Foo Property Consultants on June 30, 2024, the buildings constructed on the leased land were valued at RM8.6 million.
4. Based on professional valuation made by Jones Lang Lasalle Vietnam Company Limited on July 9, 2024, this property was valued at US$18.0 million.
5. Based on professional valuation made by Jones Lang Lasalle Vietnam Company Limited on July 9, 2024, this property was valued at US$5.9 million.
6. Based on professional valuation made by Jones Lang LaSalle Vietnam Company Limited on July 9, 2024, this property was valued at US$5.0 million.

Na not applicable
RM Ringgit Malaysia
S$ Singapore Dollars

STATISTICS OF SHAREHOLDINGS

AS AT SEPTEMBER 20, 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	308	28.78	25,094	0.03
100 – 1,000	223	20.84	120,220	0.14
1,001 – 10,000	311	29.07	1,427,004	1.72
10,001 – 1,000,000	214	20.00	16,899,204	20.32
1,000,001 AND ABOVE	14	1.31	64,707,260	77.79
TOTAL	**1,070**	**100.00**	**83,178,782**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	12,781,610	15.37
2	JAMES KOH JYH GANG	11,023,094	13.25
3	KOH TENG KWEE	9,427,872	11.33
4	KOH SHWU LEE	8,285,226	9.96
5	KOH JYH ENG	3,433,388	4.13
6	KOH SHWU LING	3,056,954	3.68
7	DBSN SERVICES PTE. LTD.	2,950,000	3.55
8	TAN KIA HONG @TANG KIA HONG	2,731,400	3.28
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,513,352	3.02
10	KOH ZHU LIAN JULIAN (XU ZHULIAN)	2,321,412	2.79
11	PHILLIP SECURITIES PTE LTD	2,017,492	2.43
12	RAFFLES NOMINEES (PTE.) LIMITED	1,634,234	1.96
13	GOH HAN PENG (WU HANPING)	1,322,680	1.59
14	WONG SE SUN	1,208,546	1.45
15	POH IK TNG	710,000	0.85
16	WEE HIAN KOK	556,700	0.67
17	GAN SHEE WEN(YAN XUWEN)	524,130	0.63
18	CHUA SHUN LOONG (CAI SHANLONG)	488,900	0.59
19	THAM KWOK CHOY	471,000	0.57
20	CHIAM TOON CHEW	431,040	0.52
	TOTAL	**67,889,030**	**81.62**

STATISTICS OF SHAREHOLDINGS

AS AT SEPTEMBER 20, 2024

SUBSTANTIAL SHAREHOLDERS:

Name	Direct Interest	%	Indirect Interest	%
JAMES KOH JYH GANG[(1)]	11,023,094	13.25	2,500,000	3.01
KOH TENG KWEE	9,427,872	11.33	–	–
KOH JYH ENG[(2)]	3,433,388	4.13	5,521,600	6.64
KOH SHWU LEE[(3)]	8,285,226	9.96	259,200	0.31

Notes:

(1) Mr. James Koh Jyh Gang is deemed interested in 2,500,000 shares in the Company which are owned by him and held in the name of DBS Nominees (Private) Limited by virtue of Section 7 of the Companies Act, Cap. 50 of Singapore.

(2) Mr. Koh Jyh Eng is deemed interested in 5,500,000 shares in the Company which are owned by him and held in the name of DBS Nominees (Private) Limited by virtue of Section 7 of the Companies Act 1967 of Singapore and 21,600 shares in the Company held by his spouse, Mdm Wong Sau Wai.

(3) Mdm. Koh Shwu Lee is deemed interested in 259,200 shares in the Company held by her spouse, Mr. Kavin Seow Soo Yeow.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at September 20, 2024, the percentage of shareholding in the Company held in the hands of public is approximately 37.6%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS

As at September 20, 2024, the Company had 59,074 treasury shares and nil subsidiary holdings.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

JAMES KOH JYH GANG	Executive Chairman & CEO
ERNIE KOH JYH ENG	Executive Director, Sales & Marketing
KOH SHWU LEE	Executive Director, Finance, Administration and Operations
TAN CHOON SENG	Lead Independent Director
CHAN WAH TIONG	Independent Director
PHUA BOON HUAT	Independent Director
YING SIEW HON, FRANCIS	Independent Director

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

18 Tagore Lane
Sindo Industrial Estate
Singapore 787477

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
Singapore 048624

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
21 Collyer Quay
#08-01 HSBC Building
Singapore 049320

SUMITOMO MITSUI TRUST BANK, LIMITED
Singapore Branch
One Raffles Quay #24-01,
North Tower
Singapore 048583

MALAYAN BANKING BERHAD
193, 194, 195 & 196 Jalan Kenanga 29/4,
Indahpura 81000 Kulaijaya,
Johor
Malaysia

COMPANY SECRETARY

GN JONG YUH GWENDOLYN
Date of Appointment
November 1, 2013

SHARE REGISTRAR

IN.CORP CORPORATE SERVICES PTE LTD
30 Cecil Street
#19-08
Prudential Tower
Singapore 049712

AUDITORS

DELOITTE & TOUCHE LLP
Public Accountants and Chartered Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

AUDIT PARTNER

LEE KANG LIN
Date of Appointment
July 1, 2021

CONTACT KEY MANAGEMENT AT:

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Executive Chairman & CEO
james@kodaltd.com

ERNIE KOH JYH ENG
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Executive Director, Finance, Administration and Operations
shwulee@kodaltd.com

YANG EE
Group Chief Financial Officer
yangee@kodaltd.com

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