KODA

ANNUAL REPORT 2022

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.

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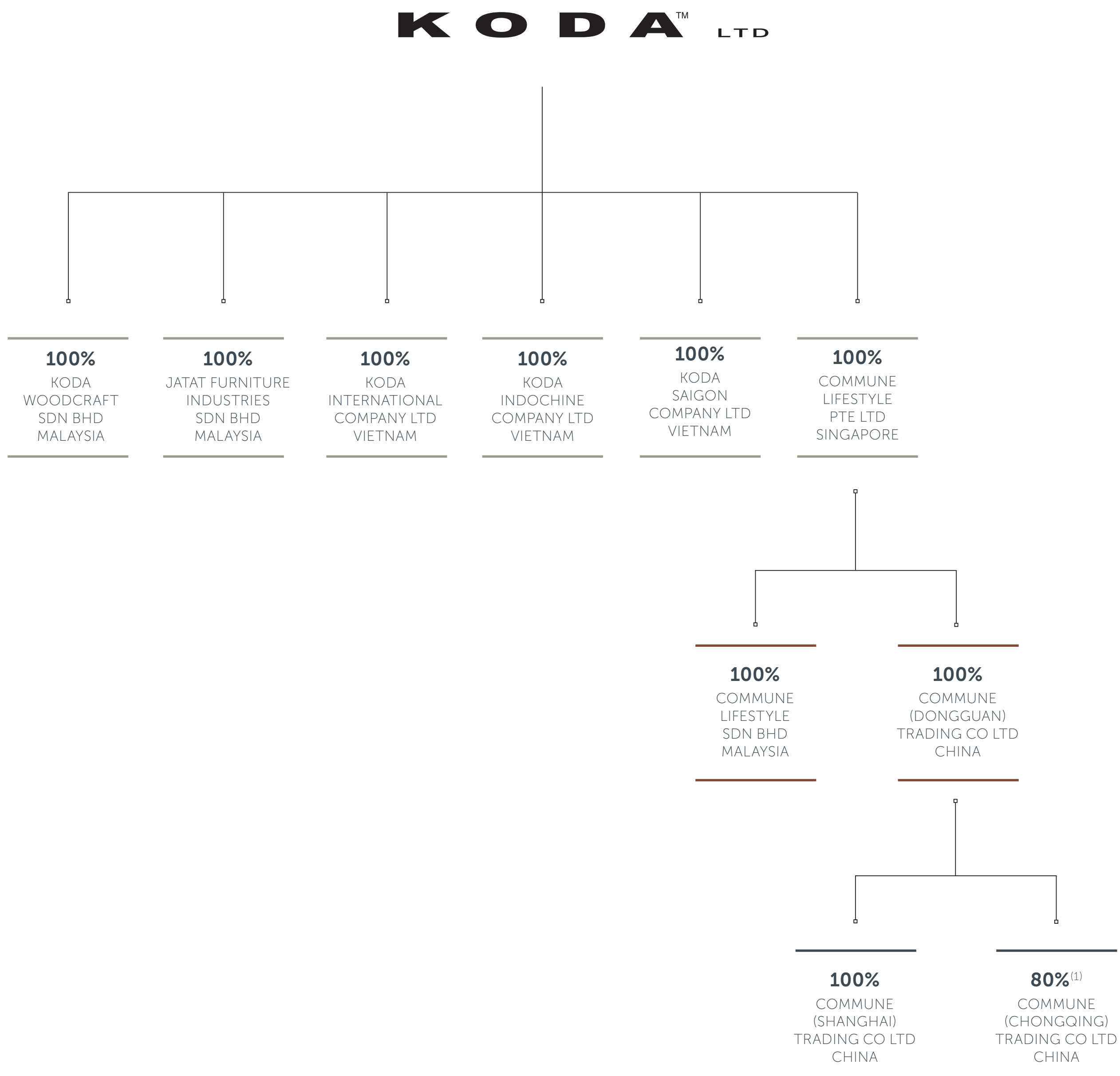
ABOUT KODA

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 been again named as one of best 200 companies 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 to 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



(1) On August 31, 2022, the Group has increased its shareholding from 50% to 80%.

GROUP PRESENCE

REGIONS WE SELL TO :

EUROPE

FRANCE
GERMANY
GREECE
LUXEMBOURG
NETHERLANDS
PORTUGAL
SPAIN
SWITZERLAND
TURKEY
UNITED KINGDOM

ASIA-PACIFIC

AUSTRALIA
BRUNEI
CHINA
HONG KONG
INDIA
JAPAN
MALAYSIA
PHILIPPINES
SINGAPORE
SOUTH KOREA
TAIWAN

NORTH AMERICA

CANADA
MEXICO
U.S.A.

OTHERS

ISRAEL
RUSSIA
SOUTH AFRICA
UNITED ARAB EMIRATES

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

DEAR STAKEHOLDERS,

More than two years after the emergence of Covid-19, many countries have largely scaled back restrictions, moved on to virus endemic stage and returned to pre-pandemic normalcy. Following that, supply chain disruptions, inflation concerns, geopolitical conflicts and outlook uncertainty have since overtaken the pandemic as major risks which could stall and derail global economic recovery. Meanwhile, China remains on high alert on the danger of virus flare-ups under its continual efforts for "zero-Covid" which may further intensify macroeconomic pressures.

OVERVIEW

There was an imbalance in supply and demand cycles in our industry over the last two years as triggered by the pandemic-related disruptions while many furniture producers struggled to meet increasingly higher demand due to work-from-home arrangement, which explained why we recorded higher revenue in FY2021 than that in FY2022 (financial year ended June 30, 2022) as supply lagged far behind strong demand last year. In addition, the temporary closure of our operations, the fire incident in one of Vietnam's factories and the lingering strain in supply chain had affected our overall productivity and increased our unit fixed costs for FY2022.

Against this backdrop, we had progressively cleared orders backlog and met delivery lead time for our export customers but both our revenue and gross profit fell for FY2022. Shareholders would however note that (i) including the Net Profit of US$5.7 million for FY2022, we have generated an accumulated Net Profit of approximately US$29.8 million (or S$40.6 million in equivalent) over the last five financial years (FY2018 to FY2022); and (ii) including the interim and proposed dividend of S$0.8 million for FY2022, we will have paid shareholders a total dividends of S$7.8 million over these periods.

In July 2022, Commune announced its first-ever collaboration with Singapore Airlines ("**SIA**") in "The Upcycling Project" for which it created a capsule collection "*The Continental*" that aims to bring SIA's archetypal aviation aesthetics closer to the galleys of the home – with re-imagined versions of the retired SIA aircraft cabin windows and carts.

In August 2022, we announced that Koda has again been named as one of the best 200 companies under a billion by Forbes Asia in 2022 (previously in 2006). This recognition underscores the significant efforts of our staff and management in implementing our strategic plans, improving operational efficiency, strengthening supply chain and embracing new marketing strategy.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

FINANCIAL PERFORMANCE

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

US$'000	2022	2021	2020	2019	2018
Revenue	**79,339**	82,643	60,353	57,892	52,400
Gross profit	**24,233**	27,141	18,071	18,244	18,591
Profit before income tax	**6,861**	11,098	4,625	5,729	5,994
Income tax expense	**(1,393)**	(1,991)	(500)	(420)	(581)
Profit for the year	**5,468**	9,107	4,125	5,309	5,413
Profit attributable to:					
Owners of the Company ("Net Profit")	**5,673**	9,098	4,336	5,309	5,413
Non-controlling interest	**(205)**	9	(211)	–	–
Profit for the year	**5,468**	**9,107**	**4,125**	**5,309**	**5,413**
Key financial ratios:					
Gross profit margin (%)	**30.5**	32.8	29.9	31.5	35.5
Net profit margin (%)	**7.2**	11.0	7.2	9.2	10.3
Earnings per share (US cents)*	**6.84**	11.00	5.25	6.44	8.01
Revenue from (US$'000)	**2022**	**%**	**2021**	**%**	**Change**
Asia-Pacific	**20,443**	25.8	24,425	29.6	(3,982)
North America	**51,177**	64.5	49,474	59.9	1,703
Europe	**6,650**	8.4	7,792	9.4	(1,142)
Others	**1,069**	1.3	952	1.1	117
Total revenue	**79,339**	**100.0**	**82,643**	**100.0**	**(3,304)**

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

FINANCIAL PERFORMANCE

During FY2022, we reported:

- Lower revenues due mainly to temporary closure of our factories as a result of COVID-19 related restrictions;
- Lower gross profit due to higher unit fixed costs and higher material costs;
- Higher other income due to recognition of partial and interim fire insurance claims;
- Higher other expense due to full provision for loss on assets triggered by the fire incident in Vietnam in January 2022;
- Higher finance cost due to higher bank loans; and
- Lower income tax expenses due to lower taxable profits.

Given the above, our Net Profit fell by US$3.4 million to US$5.7 million while we had generated a net cash from operating activities of US$5.5 million for FY2022.

FINANCIAL POSITION

Our financial position remained strong. As at June 30, 2022:

- Assets-to-liabilities ratio was 2.5 times. This means that every dollar of liability is backed by US$2.5 worth of assets;
- Return on Equity was 10.7%. This means we generated approximately US$0.11 for every dollar invested; and
- Gearing, including lease liabilities, was 0.38 times. Excluding lease liabilities, our gearing would have been 0.27 times. This means we borrowed only US$0.27 for every dollar of net asset we own.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

FINANCIAL POSITION

Summarised Balance Sheet As At June 30,

US$'000	2022	2021	2020	2019	2018
Property, plant and equipment	**25,416**	15,467	13,618	16,116	17,072
Other non-current assets	**15,507**	13,141	10,023	311	262
Total non-current assets	**40,923**	28,608	23,641	16,427	17,334
Current assets	**47,049**	45,872	34,025	30,059	26,424
Current liabilities	**(20,290)**	(21,091)	(12,171)	(7,799)	(8,729)
Net current assets	**26,759**	24,781	21,854	22,260	17,695
Non-current liabilities	**(15,071)**	(4,148)	(4,958)	(449)	(743)
Equity attributable to owners of the Company ("Shareholders' Equity")	**52,871**	**49,306**	**40,606**	**38,238**	**34,286**
Non-controlling interests	**(260)**	(65)	(69)	–	–
Total equity	**52,611**	**49,241**	**40,537**	**38,238**	**34,286**
Key financial ratios:					
Net assets value per share (US cents)*	**63.6**	59.6	49.1	46.3	41.7
Inventory turnover – average (days)	**132**	129	98	97	104
Trade receivable turnover (days)	**25**	20	22	23	27
Quick ratio (times)	**1.3**	1.2	1.9	2.5	1.9
Current ratio (times)	**2.3**	2.2	2.8	3.9	3.0
Gearing (times)	**0.38**	0.13	0.17	0.01	0.03
Return on equity (%)	**10.7**	18.5	10.7	13.9	15.8

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

ASSETS

Current assets rose by US$1.2 million to US$47.0 million. Significant changes comprised:

- Trade receivables of US$5.4 million – rose by US$0.8 million due mainly to higher sales in June 2022.
- Other receivables of US$7.4 million – rose by US$0.4 million due mainly to (i) compensation receivables from partial and interim fire insurance claims; (ii) higher Value Added Tax ("**VAT**") receivables on fixed asset investments in Vietnam; and (iii) offset by lower prepayments to suppliers.
- Inventories of US$19.9 million – rose by US$0.4 million due mainly to higher Work-In-Progress as a result of longer production cycles for confirmed orders.

Non-current assets rose by US$12.3 million to US$40.9 million. Significant changes comprised:

- Property, plant and equipment rose by US$9.9 million to US$25.4 million due mainly to (i) purchase of property located at 18 Tagore Lane, Singapore ("**Tagore Property**"); and (ii) investment in plant and equipment; and
- Right-of-use assets rose by US$7.0 million to US$14.7 million due mainly to (i) reclassification of deposit for land use rights in Vietnam from Other Receivables; and (ii) new leases (including renewal).

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

CASH FLOWS

Summarised Cash Flows Statement For The Year Ended June 30,

US$'000	2022	2021	2020	2019	2018
Operating cash flow before movements in working capital	**13,123**	14,900	7,925	7,659	7,845
Net cash from operating activities	**5,455**	7,526	8,456	5,303	6,122
Net cash used in investing activities	**(13,213)**	(7,026)	(5,017)	(857)	(2,758)
Net cash from (used in) financing activities	**7,447**	(2,434)	(344)	(1,484)	(1,273)
Net (decrease)/increase in cash and cash equivalents	**(221)**	(1,934)	3,095	2,962	2,091
Cash and cash equivalents at beginning of year	**14,673**	16,426	13,394	10,502	8,352
Effects of exchange rate change on balance of cash held in foreign currencies	**(151)**	181	(63)	(70)	59
Cash and cash equivalents at end of year	**14,301**	14,673	16,426	13,394	10,502

LIABILITIES

Current liabilities fell by US$0.8 million to US$20.3 million. Significant changes comprised:

- Other payables of US$8.7 million – fell by US$3.1 million due mainly to lower customers' deposits and lower accrued bonuses; and
- Bank loan (current portion) of US$2.6 million – rose by US$1.4 million due mainly to additional bank loans to finance Tagore Property and factory building in Vietnam.

Non-current liabilities rose by US$10.9 million to US$15.1 million due mainly to (i) additional bank loans to finance Tagore Property and factory building in Vietnam; and (ii) higher lease liabilities for new leases (including renewal).

SHAREHOLDERS' EQUITY

Shareholders' Equity rose by US$3.6 million to US$52.9 million as at 30 June 2022 due mainly to Net Profit of US$5.7 million for FY2022, offset by payment of final dividend for FY2021 and interim dividend for FY2022.

As a result, our net asset value per share rose to 63.6 US cents (approximately 88.6 Singapore cents) as at June 30, 2022 from 59.6 US cents (approximately 80.1 Singapore cents) as at June 30, 2021.

CASH FLOWS

Net cash from operating activities was US$5.5 million, after accounting for operating cash flows of US$13.1 million, working capital investments of US$6.0 million and net of payments for income tax and interest of US$1.7 million.

Net cash used in investing activities was US$13.1 million due to purchase of Tagore Property and fixed asset investments in Vietnam and Malaysia.

Net cash from financing activities was US$7.4 million due mainly to bank loan proceeds, offset by (i) lease and loan repayments; and (ii) dividends payment (final for FY2021 and interim for FY2022).

Given the above, net cash and cash equivalents fell by US$0.4 million to US$14.3 million as at June 30, 2022.

STATEMENT OF EXECUTIVE CHAIRMAN AND CEO

OUTLOOK

More recently, we have observed that inventories in the US wholesale market are piling up fast while consumer spending has switched to more services as many countries have started to snap back to pre-pandemic normalcy, thereby suggesting that there could be a cyclical slowdown in furniture demand. Meanwhile, job growth, housing demand, high inflation, rate hikes and geopolitical tensions are closely watched factors as these may lead to numerous diverse impacts such as economic fragmentation and stagflation which could further obstruct global economic recovery and affect consumer spending sentiment.

In China, the continual efforts on the "zero-Covid" plan have caused renewed lockdowns and restrictions in several cities which have continued to weigh on the post-pandemic business recovery. Commune has established a strong brand recognition in Singapore with more than over 80 stores in total spanning across mainly in China. Whilst we believe that subsequent re-opening could lead to pent-up demand for Commune, we have taken a much conservative approach that we have delayed its expansion plans in China under the current market conditions. Meanwhile, Commune has since broadened its networks in Europe and India.

In view of the above macro factors, market demand may soften, direct cost will rise and margins could fall as a result of the potential cyclical slowdown. We will thus have to re-adjust existing product-mix and keep costs under control under the current operating environment. We however believe that our Group has gained competitive advantage and built agility to drive growth beyond this period of uncertainty.

APPRECIATION

I would like to thank our shareholders, business partners, dedicated management team and staff for your constant support throughout the years. 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,

	2022 US$'000	2021 US$'000	Change US$'000	Change %
REVENUE	**79,339**	**82,643**	**(3,304)**	**(4.0)**
Cost of sales	(55,106)	(55,502)	396	(0.7)
GROSS PROFIT	**24,233**	**27,141**	**(2,908)**	**(10.7)**
Other income	3,308	1,868	1,440	77.1
Distribution costs	(6,846)	(6,765)	(81)	1.2
Administrative expenses	(10,431)	(10,607)	176	(1.7)
Other expenses	(3,101)	(299)	(2,802)	937.1
Finance costs	(302)	(240)	(62)	25.8
PROFIT BEFORE INCOME TAX	**6,861**	**11,098**	**(4,237)**	**(38.2)**
Income tax expense	(1,393)	(1,991)	598	(30.0)
PROFIT FOR THE YEAR	**5,468**	**9,107**	**(3,639)**	**(40.0)**
PROFIT ATTRIBUTABLE TO:				
Owners of the Company	5,673	9,098	(3,425)	(37.6)
Non-controlling interests	(205)	9	(214)	NM
PROFIT FOR THE YEAR	**5,468**	**9,107**	**(3,639)**	**(40.0)**

NM: Not meaningful

REVENUE
Fell by US$3.3 million due mainly to temporary closure of our operations for approximately 3 months and 2 months in Vietnam and Malaysia respectively as a result of COVID-19 related restrictions imposed by the relevant authorities.

GROSS PROFIT
Fell by US$2.9 million on the back of lower revenue and gross margin.

OTHER INCOME
Rose by US$1.4 million due mainly to recognition of partial and interim fire insurance compensation claims of US$1.4 million and foreign exchange gain.

OTHER EXPENSES
Rose by US$2.8 million due mainly to fire losses on property, plant and equipment; and inventories as a result of the fire incident in Vietnam.

FINANCE COSTS
Rose by US$62,000 due mainly to interest expense arose from higher bank loans.

INCOME TAX EXPENSE
Fell by US$0.6 million due mainly to lower taxable profits for our operations.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
Given the above, the Group's profit attributable to owners of the Company fell by US$3.4 million from US$9.1 million in FY2021 to US$5.7 million in FY2022.

RESULTS AT A GLANCE

STATEMENTS OF FINANCIAL POSITION

As at June 30,

ASSETS	GROUP 2022 US$'000	2021 US$'000	Change US$'000	Change %
CURRENT ASSETS				
Cash and cash equivalents	14,301	14,673	(372)	(2.5)
Trade receivables	5,382	4,534	848	18.7
Other receivables	7,429	7,004	425	6.1
Finance lease receivables	–	86	(86)	NM
Inventories	19,937	19,575	362	1.8
TOTAL CURRENT ASSETS	**47,049**	**45,872**	**1,177**	**2.6**
NON-CURRENT ASSETS				
Bank balances earmarked for credit facility	479	–	479	NM
Club memberships	46	46	–	–
Property, plant and equipment	25,416	15,467	9,949	64.3
Right-of-use assets	14,663	7,708	6,955	90.2
Other receivables	–	5,073	(5,073)	NM
Finance lease receivables	–	122	(122)	NM
Deferred tax assets	319	192	127	66.1
TOTAL NON-CURRENT ASSETS	**40,923**	**28,608**	**12,315**	**43.0**
TOTAL ASSETS	**87,972**	**74,480**	**13,492**	**18.1**

NM: Not meaningful

CURRENT ASSETS

CASH AND CASH EQUIVALENTS
Fell by US$0.4 million due mainly to:
(i) purchase of freehold property in Singapore and investment in plant and machinery for our factories;
(ii) high bank loans obtained, higher repayment of bank loans and lease liabilities; and
(iii) dividend payments.

TRADE RECEIVABLES
Rose by US$0.8 million due mainly to higher sales in the month of June 2022.

OTHER RECEIVABLES
Rose by US$0.4 million due mainly to:
(i) recognition of partial and interim claims for fire insurance compensation as at June 30, 2022;
(ii) higher VAT receivables relating to the purchase of factory building and land use rights in Vietnam; and
(iii) offset by lower advances made to suppliers and sub-contractors on the back of lower purchases.

INVENTORIES
Rose by US$0.4 million due mainly to higher Work-In-Progress as a result of longer production cycles for confirmed orders.

NON-CURRENT ASSETS

BANK BALANCES EARMARKED FOR CREDIT FACILITY
Rose by US$0.5 million due to amount earmarked by a bank as a security for a bank facility granted to the Company.

PROPERTY, PLANT AND EQUIPMENT
Rose by US$9.9 million due mainly to purchase of freehold property in Singapore and investment in plant and machinery for our factories.

RIGHT-OF-USE ASSETS
Rose by US$7.0 million due mainly to:
(i) reclassification of deposit from Non-current other receivables upon completion of the land use rights in Vietnam; and
(ii) new leases (including renewal) during FY2022.

OTHER RECEIVABLES
Fell by US$5.1 million due to reclassification as right-of-use assets upon completion of the land purchase in Vietnam.

RESULTS AT A GLANCE

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at June 30,

	GROUP			
LIABILITIES AND EQUITY	**2022** US$'000	**2021** US$'000	**Change** US$'000	**Change** %
CURRENT LIABILITIES				
Bills payables	478	–	478	NM
Trade payables	4,686	5,025	(339)	(6.7)
Other payables	8,733	11,819	(3,086)	(26.1)
Lease liabilities	2,075	1,518	557	36.7
Current portion of bank loans	2,612	1,169	1,443	123.4
Income tax payable	1,706	1,560	146	9.4
TOTAL CURRENT LIABILITIES	**20,290**	**21,091**	**(801)**	**(3.8)**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	176	304	(128)	(42.1)
Lease liabilities	3,582	2,101	1,481	70.5
Non-current portion of bank loans	11,313	1,743	9,570	549.1
TOTAL NON-CURRENT LIABILITIES	**15,071**	**4,148**	**10,923**	**263.3**
CAPITAL AND RESERVES				
Share capital	4,894	4,786	108	2.3
Treasury shares	(50)	(75)	25	(33.3)
Other reserves	236	318	(82)	(25.8)
Translation reserve	(385)	390	(775)	NM
Accumulated profits	48,176	43,887	4,289	9.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**52,871**	**49,306**	**3,565**	**7.2**
Non-controlling interests	(260)	(65)	(195)	300.0
TOTAL EQUITY	**52,611**	**49,241**	**3,370**	**6.8**
TOTAL LIABILITIES AND EQUITY	**87,972**	**74,480**	**13,492**	**18.1**

NM: Not meaningful

CURRENT LIABILITIES

BILL PAYABLES
Rose by US$0.5 million due to trade financing for working capital requirement.

OTHER PAYABLES
Fell by US$3.1 million due mainly to lower deposits received from customers and lower accrued performance-related bonus for FY2022.

BANK LOAN (CURRENT AND NON-CURRENT PORTION)
Rose by US$11.0 million in total due mainly to drawdown of additional bank loans for the purchase of freehold property in Singapore and factory building in Vietnam.

NON-CURRENT LIABILITIES

LEASE LIABILITIES
Rose by US$1.5 million due to new leases (including renewal) during FY2022.

CAPITAL AND RESERVES

TREASURY SHARES
Fell by US$25,000 due mainly to award of performance shares using treasury shares during the financial year.

OTHER RESERVES
Fell by US$82,000 due mainly to lower recognition of performance share reserve pursuant to Koda Performance Share Plan 2018.

TRANSLATION RESERVE
Fell by US$0.8 million due mainly to appreciation of US$ which has resulted in currency translation losses on our subsidiaries' assets denominated in other currencies.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
Rose by US$3.6 million due mainly to current year's earnings after payment of dividends.

BOARD OF DIRECTORS

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 2021 AGM.

BOARD OF DIRECTORS

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 20 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 President of the Singapore Furniture Industries Council ("SFIC") in 2012 and served from 2012 to 2016. He is Chairman of International Furniture Fair Singapore Pte Ltd and the SFIC Finance Advisory Committee. He is also 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 Co-Chairman of the Independent Experts Panel for Furniture Industry by Spring Singapore in 2013. He was also elected to the 60th Board of Singapore Chinese Chamber of Commerce and Industry (SCCCI) in 2017 and is in his second term at SCCCI (2019 – 2021). He is also a Council member of the Singapore Business Federation's ("SBF") (2020-2022), Co-Chair the SBF Small and Medium Enterprise Committee (SMEC), Chairman of the SMEC Internationalisation subcommittee, a member of DesignS (a network of 9 design-centric institutes and associations in Singapore) as well as a Distinguished Member of the Presidential Advisory Commission of Design Business Chamber 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 2020 AGM.

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

Shwu Lee manages the Group's daily operations, logistics, sourcing, payments, human resource and administrative functions. More specifically, she is responsible for the Group's capital investment evaluation, credit control management, cash flow planning, budgetary control and documentary credit review.

Shwu Lee has been with the Group for more than 30 years, and oversees our Malaysia and Vietnam operations; where she reviews management accounts and reports, analyses variance reports, manages credit risks, initiates internal control procedures, oversees expansion plans and formulates human resource policies.

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 2019 AGM.

BOARD OF DIRECTORS

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 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 the Singapore Institute of Management and is also a member of the Board of Trustee of the Singapore University of Social Sciences. He is also the Chairman of the University's Investment and Endowment Fund. He is also a board member of Soup Restaurant Group Limited & the Chairman of its Audit Committee.

Choon Seng was previously 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 and June 2002. He joined Compaq in 1996 as the 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 a number of senior leadership positions in operations, sales, strategy and business development.

Choon Seng holds an Accountancy degree from the University of Singapore and is a non-practising Fellow Chartered Accountant of Singapore. He was last re-elected to the Board at the 2020 AGM.

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

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

Wah Tiong is the Chief Executive Officer (Nursing Home Cluster) of St. Andrew's Nursing Home (SANH); and Executive Director of St. Andrew's Nursing Home (Queenstown).

Wah Tiong brings the Group extensive financial and accounting experience. 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 for 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

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

Francis was appointed on November 18, 2016 as an Independent Director of Koda. He is currently 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 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 that are located in Singapore, Malaysia, Thailand and Germany. He oversaw the operations of some of these subsidiaries as Managing Director and was also 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 2019 AGM.

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

Boon Huat was appointed on November 1, 2021 as an Independent Director of Koda. He is currently 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, Europe of 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.

MANAGEMENT PROFILE

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 a substantial shareholder and the appointed Chairman for Livingstone Health Holdings Limited (listed on the SGX Catalist and formerly known as Citicode Ltd). Teh is also the appointed Chairman for China Vanadium Titano-Magnetite Mining Company Ltd (listed on the HKSE Mainboard) where he has led the team to completion of a RMB1.3 billion restructuring exercise in 2019.

Teh was the Executive Chairman and Chief Executive Officer ("CEO") of Citicode Ltd (previously listed on the SGX Mainboard) from July 2018 to February 2021 where he completed its corporate turnaround plan via a reverse takeover 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 has undergone a major corporate restructuring exercise and he has transformed Sapphire by acquiring one of the largest privately-owned urban rail transit engineering groups in China. He has also 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. He served as a non-executive director of other public companies listed on the ASX, HKSE and SGX Catalist.

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 Full Member 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.

MANAGEMENT PROFILE

MR KENNY ZHANG ("KENNY")
Group Chief Financial Officer

Kenny is responsible for overseeing the Group's financial reporting, financial management, corporate governance and key corporate affairs, liaising with investment community. Prior to joining Koda, Kenny had held key financial positions in various industries. He worked as a Senior Vice President (Finance) for MatchMove Pay Pte Ltd, a disruptive FinTech company specialising payment solution. Between March 2017 and December 2019, he was the Chief Financial Officer of Capital World Limited, a property developer listed on the SGX. He held Financial Controller role in Kreuz Holdings Limited from May 2010 to February 2017, an offshore oil and gas company specialising subsea construction listed on the SGX. Prior to that, Kenny had gained nine years of audit experience, with his last seven years at Deloitte & Touche. Kenny obtained his Bachelor of Science in Applied Accounting from the Oxford Brookes University, a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and currently a Chartered Accountant of Institute of Singapore Chartered Accountant.

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.

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).

MANAGEMENT PROFILE

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.

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.

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, 2022, with specific reference made to the principles and provisions of the Code, certain guidelines of the Code of Corporate Governance 2012 (the "**2012 Code**") and the relevant Listing Rules. The Company has adhered to the principles, provisions, guidelines and/or rules as set out in the Code, the 2012 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;

CORPORATE GOVERNANCE REPORT

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

(viii) reviewing corporate governance practices;

(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.

As part of training and development of the Company's directors, the Board has engaged SAC Capital Private Limited ("**SAC**"), an investment banking firm, on a directorship refresher course that covered director's roles and responsibilities, board dynamics and regulatory updates.

In addition, the Board had in July 2022, participated in the Sustainability E-Training for Directors ("**SET**") programme jointly organised by the Institute of Singapore Chartered Accountants and SAC. The SET 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.

CORPORATE GOVERNANCE REPORT

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)

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 Committees, 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, 2022 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^	1^	1^	1^	1^	4	4
Koh Jyh Eng	4	4	4^	4^	1^	1^	1^	1^	4	4
Koh Shwu Lee	4	4	4^	4^	1^	1^	1^	1^	4	4
Tan Choon Seng	4	4	4	4	1	1	1	1	N.A.	N.A.
Chan Wah Tiong	4	4	4	4	1	1	1	1	N.A.	N.A.
Phua Boon Huat(1)	4	3	4	3	1	0	1	0	N.A.	N.A.
Ying Siew Hon, Francis	4	4	4	4	1	1	1	1	N.A.	N.A.
Sim Cheng Huat(2)	4	1	4	1	1	1	1	1	N.A.	N.A.

Notes:
^ By invitation

(1) Phua Boon Huat was appointed as an Independent Non-Executive Director of the Company with effect from November 1, 2021.

(2) Sim Cheng Huat retired as an Independent Non-Executive Director of the Company on October 29, 2021.

CORPORATE GOVERNANCE REPORT

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

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.

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. Provision 1.7

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.

The Company Secretary and/or her representative(s) administers, attends and prepares minutes of the Board and Board Committee meetings and assists the Chairman of the Board and/or the Board Committees in ensuring proper procedures at such meetings are followed and that applicable rules and regulations are complied with so that the Board and the Board Committees function effectively. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and Board Committees, advising the Board on governance matters, as well as facilitating orientation and assisting with professional development, where required.

The Company Secretary and/or her representative(s) were in attendance at all regular Board and Board Committee meetings conducted in FY2022.

CORPORATE GOVERNANCE REPORT

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	AC	NGC	RC	EC
James Koh Jyh Gang	Executive Chairman and CEO	–	–	–	Chairman
Koh Jyh Eng	Executive Director	–	–	–	Member
Koh Shwu Lee	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	–

Provision 2.1

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.

Listing Rule 210(5)(d)

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), which took effect on January 1, 2019. 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:

(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.

CORPORATE GOVERNANCE REPORT

Furthermore, the Board and the Nominating and Governance Committee have considered the new Listing Rule 210(5)(d)(iii) which came into effect on January 1, 2022. Listing Rule 210(5)(d)(iii) provides that a director is not independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

Mr Chan Wah Tiong was appointed as Independent Non-Executive Directors on October 1, 2001, and has served as Independent Non-Executive Director for more than 9 years. Mr Chan Wah Tiong was subject to re-election pursuant to Rule 210(5)(d)(iii) of the Listing Manual which was duly approved at the annual general meeting of the Company held on October 29, 2021.

Guideline 2.4 of the 2012 Code[1]

Given that Mr Chan Wah Tiong has served on the Board as Independent Non-Executive Directors for an aggregate period of more than nine (9) years, the assessment of whether he is independent was subject to more rigorous review and scrutiny. In assessing the independence of Mr Chan Wah Tiong, the Nominating and Governance Committee and the Board took into account the need for progressive refreshing of the Board. Mr Chan Wah Tiong also abstained from the deliberations of the Nominating and Governance Committee and the Board in relation to the assessment of his independence.

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 Phua Boon Huat and Mr Ying Siew Hon, Francis 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.

[1] Listing Rule 210(5)(d)(iii) comes into effect on January 1, 2022. Prior to January 1, 2022, the corresponding Guideline 2.4 in the 2012 Code will continue to apply. Guideline 2.4 of the 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

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.

Guideline 2.1 of the 2012 Code[2]

Listing Rule 210(5)(c)

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

Provision 2.3

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.

[2] Listing Rule 210(5)(c) requires independent directors to make up at least one-third of the Board. This rule will come into effect on January 1, 2022. Prior to January 1, 2022, the corresponding Guideline 2.1 of the 2012 Code will continue to apply. Guideline 2.1 of the 2012 Code states that there should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.

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).

As the Group's activities continue to grow, the Nominating and Governance Committee will continuously review the composition, size and 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 FY2022. 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;

(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;

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(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 FY2022, 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.

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;

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(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

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;

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(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 Director who is retiring pursuant to regulation 88 of the Company's Constitution at the forthcoming Annual General Meeting is Mr Phua Boon Huat.

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) Mdm Koh Shwu Lee

The Nominating and Governance Committee, with Mr Ying Siew Hon, Francis abstaining from deliberations on his own re-appointment to the Board, has recommended to the Board that each of Mr Ying Siew Hon, Francis and Mdm Koh Shwu Lee be nominated for re-election at the forthcoming Annual General Meeting.

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

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 and Remuneration Committee. Mr Phua Boon Huat is considered independent for the purposes of Listing Rule 704(8). Listing Rule 704(8)

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, Nominating and Governance Committee of the Company. Mr Ying Siew Hon, Francis is considered independent for the purposes of Listing Rule 704(8).

Mdm Koh Shwu Lee, upon her re-election as a Director of the Company, will remain as an Executive Director of the Company.

Please refer to page 65 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 taking into account the views of the Nominating and Governance Committee, considers Mr Tan Choon Seng, Mr Chan Wah Tiong, 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, 2022. 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

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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, 2022, 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 29, 2021	–	–
Koh Jyh Eng	Executive Director	March 30, 2001	October 30, 2020	–	–
Koh Shwu Lee	Executive Director	March 30, 2001	October 29, 2019	–	–
Tan Choon Seng	Lead Independent Non-Executive Director	November 18, 2016	October 30, 2020	Soup Restaurant Group 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 29, 2019	–	–
Phua Boon Huat	Independent Non-Executive Director	November 1, 2021	N.A.	–	–

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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, 2022 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.

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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 FY2022, 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 FY2022.

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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 award 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

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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 certain key management personnel have met their qualitative and quantitative performance conditions in the financial year ended June 30, 2022.

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, 2022 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.

The Directors' fees payable to the Independent Non-Executive Directors, namely, Mr Tan Choon Seng, Mr Chan Wah Tiong, Mr Ying Siew Hon, Francis and Mr Phua Boon Huat, for the financial year ended June 30, 2022 are S$40,000, S$40,000, S$33,000, and S$25,000 respectively. As Mr Sim Cheng Huat retired as an Independent Non-Executive Director of the Company on October 29, 2021, no Directors' fee was payable to Mr Sim Cheng Huat for the financial year ended June 30, 2022.

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A breakdown showing the level and mix of the remuneration of the Directors and key management personnel during the financial year ended June 30, 2022 is as follows:

	Remuneration S$	Salary %	Bonus %	Allowance and other benefits %	Directors' fee %	Total %
Directors						
James Koh Jyh Gang	600,000 to 700,000	66.2	23.8	10.0	–	100
Koh Jyh Eng	500,000 to 600,000	61.8	27.0	11.2	–	100
Koh Shwu Lee	400,000 to 500,000	60.0	29.2	10.8	–	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(1)	0 to 100,000	–	–	–	100	100
Key Management Personnel						
Wong Se Sun	100,000 to 200,000	124.5	(47.5)(2)	23.0	–	100
Gan Shee Wen	100,000 to 200,000	101.2	(38.5)(2)	37.3	–	100
Kenny Zhang	200,000 to 300,000	85.4	7.1	7.5	–	100
Tan Kian Peng	100,000 to 200,000	76.1	19.3	4.6	–	100
Key Management Personnel who are immediate family members of a Director						
Koh Zhu Xian Joshua(3)	200,000 to 300,000	101.3	(24.9)(2)	23.6	–	100
Koh Zhu Lian Julian(3)	100,000 to 200,000	101.6	(39.9)(2)	38.3	–	100

Notes:

(1) Phua Boon Huat was appointed as an Independent Non-Executive Director of the Company with effect from November 1, 2021.

(2) The negative percentage was due to reversal of accrued bonus as such bonus was no longer required.

(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.

For the financial year ended June 30, 2022, the total remuneration payable to the Directors (including Directors' fees payable to the Independent Non-Executive Directors) was S$1,693,000 and the total remuneration for the key management personnel (who are not Directors or the CEO set out in the table above) was S$1,025,000.

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.

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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, there are no other employees who are substantial shareholders of the Company, or who are immediate family members of a Director or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in the financial year ended June 30, 2022. Provision 8.2

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, Chan Wah Tiong, Tan Choon Seng 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.

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(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) 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.

Since the implementation of the Koda Performance Share Plan 2018 until June 30, 2022, 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, 2022.

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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.

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. Provision 9.1

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.

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)

CORPORATE GOVERNANCE REPORT

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.

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.

Macro economic 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.

Risk of major supply chain disruption caused by the pandemic – The Covid-19 global pandemic has resulted in many countries enforcing lockdowns in their attempt to rein in the contagion. Prolonged lockdowns in the countries where we have operations in will affect our supply chain, production schedules and delivery lead time, which may adversely affect our financial performance and position.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

As announced on January 4, 2022, a fire incident occurred on 3 January 2022 at one of the Group's eleven factory buildings located in Long An Province, Vietnam and no casualties were reported. The affected factory building, including equipment and certain inventories stored therein are adequately insured. There were no significant operational disruptions caused as we have made immediate alternate arrangements. The insurance adjusters are still in the process of determining the final claims amount as at June 30, 2022.

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.

CORPORATE GOVERNANCE REPORT

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;

(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.

CORPORATE GOVERNANCE REPORT

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. All reports including unsigned reports, reports weak in details and verbal reports are considered.

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, 2022.

During FY2022, 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.

CORPORATE GOVERNANCE REPORT

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.

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, 2022 is as follows: Listing Rule 1207(6)(a)

Fees for audit services:	US$137,000	(FY2021: US$143,076)
Fees for non-audit services:	Nil	(FY2021: 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, 2022 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.

CORPORATE GOVERNANCE REPORT

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.

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, 2022, the Audit Committee is of the view that the internal audit function is independent of the activities it audits, and is 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 FY2022, 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)

CORPORATE GOVERNANCE REPORT

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.

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 and Notice of AGM by electronic means and through notices published in the newspapers within the mandatory period.

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the Company has decided that the forthcoming Annual General Meeting of the Company will be held by way of electronic means and Shareholders will not 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 to be held by way of electronic means, the Company has set out detailed information on the arrangements relating to attendance at the Annual General Meeting, submission of questions in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting, and voting procedures for the forthcoming Annual General Meeting in the Company's announcement dated October 13, 2022.

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.

CORPORATE GOVERNANCE REPORT

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 in FY2022 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
Phua Boon Huat(1)	1	0	1	0
Ying Siew Hon, Francis	1	1	1	1
Sim Cheng Huat(2)	1	1	1	1

Notes:

(1) Mr Phua Boon Huat was appointed as Independent Non-Executive Director with effect from November 1, 2021.

(2) Mr Sim Cheng Huat retired as an Independent Non-Executive Director with effect from October 29, 2021.

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

CORPORATE GOVERNANCE REPORT

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.

For the financial year ended June 30, 2022, the Company has paid a tax-exempt (one-tier) interim dividend of 0.25 Singapore cents per ordinary share, and has declared a tax-exempt (one-tier) final dividend of 0.75 Singapore cents per ordinary share.

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

(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.

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.

CORPORATE GOVERNANCE REPORT

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 AGM will be made available to Shareholders via SGXNet.

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.

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

CORPORATE GOVERNANCE REPORT

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 is 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 is working towards the issuance of the sustainability report by November 30, 2022 and such report will be made available to shareholders via SGXNet.

Listing Rule 711(A)

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. FY2022) was S$95,000.

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. FY2022).

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 Shwu Lee	Koh Jyh Eng is an Executive Director of the Company. Koh Shwu Lee is an Executive Director of the Company.	S$95,000[(1)]	Not applicable[(2)]

CORPORATE GOVERNANCE REPORT

Notes:

(1) The Group had, in June 2016, entered into a 10-year long-term lease with Zenith Heights Sdn Bhd (of which Mr Koh Jyh Eng and Mdm Koh Shwu Lee are directors) for land owned by Zenith Heights Sdn Bhd to build warehousing facilities in Malaysia (the "**Lease**"). The IPTs in the financial year ended June 30, 2022 with regard to the Lease were rental expenses of RM296,382 (equivalent to approximately S$95,000 based on the closing exchange rate as at June 30, 2022 of S$1: RM3.1061) which was approximately 0.13% of the Group's latest audited Net Tangible Asset as at June 30, 2022.

(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, 2022.

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 listed companies in areas such as accounting, legal and industry specific knowledge.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		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.
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; (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.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
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.
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.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		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). As the Group's activities continue to grow, the Nominating and Governance Committee will continuously review the composition, size and diversity of the Board to ensure that it has the necessary competence for effective decision making.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
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. 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.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		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.
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, 2022, 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.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
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. 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, 2022 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 FY2022.
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, 2022. 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.

CORPORATE GOVERNANCE REPORT

Provision	Express disclosure requirement	How has the Company complied?
		Save for Mr Koh Zhu Xian Joshua and Mr Koh Zhu Lian Julian, there are no other employees who are substantial shareholders of the Company, or who are immediate family members of a Director or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in the financial year ended June 30, 2022.
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 a performance share plan which was adopted at an extraordinary general meeting of the Company held on October 31, 2018 (the "**Koda Performance Share Plan 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 FY2022.

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		
	Mdm Koh Shwu Lee	**Mr Ying Siew Hon, Francis**	**Mr Phua Boon Huat**
Date of Appointment	March 30, 2001	November 18, 2016	November 1, 2021
Date of last re-appointment (if applicable)	October 29, 2019	October 29, 2019	N.A.
Name of person	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
Age	61	73	41
Country of principal residence	Singapore	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 Mdm Koh Shwu Lee, is of the view that she has the requisite experience and capabilities to assume the responsibilities as an Executive Director of the Company. Accordingly, the Board of Directors has approved the appointment of Mdm Koh Shwu Lee as an 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 Mr 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 Mr 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 Mr 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 Mr Phua Boon Huat as an Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Director, Finance, Administration and Operations – Manages the Group's daily operations, logistics, sourcing, payments, human resource and administrative functions. More specifically, she is responsible for the Group's capital investment evaluation, credit control management, cash flow planning, budgetary control and documentary credit review.	Non-Executive Director	Non-Executive Director

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	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	B.A., National University of Singapore	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
Working experience and occupation(s) during the past 10 years	**Current:** Koda Ltd, Executive Director Jatat Furniture Industries Sdn Bhd, Director Zenith Heights Sdn Bhd, Director	**Current:** Koda Ltd Non-Executive Director Teamplus Pte. Ltd. Director **Past:** 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

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
			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	Mdm Koh Shwu Lee holds 8,285,226 shares in the Company and is deemed interested in 259,200 shares in the Company held by her spouse.	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	Mr Koh Teng Kwee Mr Koh Teng Kwee, a substantial shareholder of the Company, is the father of Mdm Koh Shwu Lee Mr James Koh Jyh Gang Mr James Koh Jyh Gang, the Executive Chairman and CEO of the Company, is the brother of Mdm Koh Shwu Lee Mr Koh Jyh Eng Mr Koh Jyh Eng, Executive Director of the Company, is the brother of Mdm Koh Shwu Lee Others Key Management Personnel, (1) Mr Koh Zhu Xian Joshua; (2) Mr Gan Shee Wen; and (3) Mr Koh Zhu Lian Julian are the nephews of Mdm Koh Shwu Lee	No	No
Conflict of interest (including any competing business)	No	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	Yes

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
Other Principal Commitments[3] Including Directorships			
Past (for the last 5 years)	Not applicable	TBM Technology Sdn. Bhd Director (till April 2019) Kaicoh Pte. Ltd. Director (till December 2018) Aristo Engineering Pte. Ltd. Director (till October 2018)	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 Directorship (No Principal Commitments) International Furniture Fair Singapore Pte Ltd (till September 2019)
Present	Koda Ltd, Executive Director Jatat Furniture Industries Sdn Bhd, Director Zenith Heights Sdn Bhd, Director	Koda Ltd Non-Executive Director Teamplus Pte. Ltd. Director	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

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

CORPORATE GOVERNANCE REPORT

<table>
<tr><th rowspan="2">Key Information</th><th colspan="3">Name of Director</th></tr>
<tr><th>Mdm Koh Shwu Lee</th><th>Mr Ying Siew Hon, Francis</th><th>Mr Phua Boon Huat</th></tr>
<tr><td></td><td></td><td></td><td><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>
<tr><td colspan="3">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.</td><td></td></tr>
<tr><td>(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?</td><td>No</td><td>No</td><td>No</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(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	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(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	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(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	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	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	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	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	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	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(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	No
(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	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	No

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	Mr Ying Siew Hon, Francis	Mr Phua Boon Huat
(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	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	No
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.	Not applicable as this is in relation to re-election of director.
If yes, please provide details of prior experience.	Not applicable	Not applicable	Not applicable

CORPORATE GOVERNANCE REPORT

Key Information	Name of Director		
	Mdm Koh Shwu Lee	**Mr Ying Siew Hon, Francis**	**Mr Phua Boon Huat**
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	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	Not applicable

DIRECTORS' STATEMENT

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, 2022.

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 85 to 145 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, 2022, 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 (Appointed on November 1, 2021)

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 Singapore Companies Act 1967 except as follows:

	Direct interests		Indirect interests	
Name of directors and Company in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**	**At beginning of year or date of appointment, if later**	**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	8,933,388	21,600	21,600
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 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 Raffles Nominees (Pte.) Limited by virtue of Section 7 of the Companies Act 1967 of Singapore.

By virtue of Section 7 of the Singapore Companies Act 1967, James Koh Jyh Gang is deemed to have an interest in the Company and in all the related corporations of the Company at the beginning of the financial year.

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, 2022 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.

- 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 7, 2022

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, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 145.

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, 2022 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 Matter

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.

Allowance for inventories

The Group is involved in the business of manufacturing and retailing of furniture and it has significant inventory balances amounting to approximately 23% (2021: 26%) 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.

The Group's disclosure on inventories is set out in Notes 3(ii)(a) and 9 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Report on the Audit of the Financial Statements (Continued)

Our audit performed and responses thereon

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.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KODA LTD

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 7, 2022

STATEMENTS OF FINANCIAL POSITION

June 30, 2022

	Note	GROUP 2022 US$'000	GROUP 2021 US$'000	COMPANY 2022 US$'000	COMPANY 2021 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**14,301**	14,673	**4,998**	5,024
Trade receivables	7	**5,382**	4,534	**6,158**	6,283
Other receivables	8	**7,429**	7,004	**15,961**	7,029
Finance lease receivables	15	**–**	86	**–**	86
Inventories	9	**19,937**	19,575	**95**	74
Total current assets		**47,049**	45,872	**27,212**	18,496
Non-current assets					
Investment in subsidiaries	10	**–**	–	**18,611**	18,611
Bank balances earmarked for credit facility	6	**479**	–	**479**	–
Financial asset at fair value through other comprehensive income	11	**–**	–	**–**	–
Club memberships	12	**46**	46	**32**	32
Property, plant and equipment	13	**25,416**	15,467	**8,766**	187
Right-of-use assets	14	**14,663**	7,708	**–**	317
Other receivables	8	**–**	5,073	**11,344**	11,944
Finance lease receivables	15	**–**	122	**–**	122
Deferred tax assets	16	**319**	192	**–**	–
Total non-current assets		**40,923**	28,608	**39,232**	31,213
Total assets		**87,972**	74,480	**66,444**	49,709
LIABILITIES AND EQUITY					
Current liabilities					
Bill payables	17	**478**	–	**–**	–
Trade payables	18	**4,686**	5,025	**7,236**	2,441
Other payables	19	**8,733**	11,819	**3,212**	7,197
Lease liabilities	20	**2,075**	1,518	**–**	166
Current portion of bank loans	21	**2,612**	1,169	**2,522**	1,169
Income tax payable		**1,706**	1,560	**1,245**	1,082
Total current liabilities		**20,290**	21,091	**14,215**	12,055
Non-current liabilities					
Deferred tax liabilities	16	**176**	304	**31**	31
Lease liabilities	20	**3,582**	2,101	**–**	257
Non-current portion of bank loans	21	**11,313**	1,743	**11,313**	1,743
Total non-current liabilities		**15,071**	4,148	**11,344**	2,031
Capital and reserves					
Share capital	22	**4,894**	4,786	**4,894**	4,786
Treasury shares	23	**(50)**	(75)	**(50)**	(75)
Other reserves	24	**236**	318	**162**	244
Translation reserve		**(385)**	390	**–**	–
Accumulated profits		**48,176**	43,887	**35,879**	30,668
Equity attributable to owners of the Company		**52,871**	49,306	**40,885**	35,623
Non-controlling interests		**(260)**	(65)	**–**	–
Total equity		**52,611**	49,241	**40,885**	35,623
Total liabilities and equity		**87,972**	74,480	**66,444**	49,709

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended June 30, 2022

	Note	2022 US$'000	2021 US$'000
Revenue	25	**79,339**	82,643
Cost of sales		**(55,106)**	(55,502)
Gross profit		**24,233**	27,141
Other income	26	**3,308**	1,868
Distribution costs		**(6,846)**	(6,765)
Administrative expenses		**(10,431)**	(10,607)
Other expenses	27	**(3,101)**	(299)
Finance costs	28	**(302)**	(240)
Profit before income tax		**6,861**	11,098
Income tax expense	29	**(1,393)**	(1,991)
Profit for the year	30	**5,468**	9,107
Profit attributable to:			
Owners of the company		**5,673**	9,098
Non-controlling interests		**(205)**	9
		5,468	9,107
Items that may be classified subsequently to profit or loss:			
Translation of differences arising from consolidation of foreign operations		**(765)**	426
Other comprehensive (loss) income for the year, net of tax		**(765)**	426
Total comprehensive income for the year		**4,703**	9,533
Total comprehensive income attributable to:			
Owners of the company		**4,898**	9,529
Non-controlling interests		**(195)**	4
		4,703	9,533
Earnings per share (US cents)			
Basic	32	**6.84**	11.00
Diluted	32	**6.84**	11.00

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2022

	Note	Share capital US$'000	Treasury shares US$'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, 2020		4,786	(120)	114	(41)	35,867	40,606	(69)	40,537
Total comprehensive income for the year:									
Profit for the year		–	–	–	–	9,098	9,098	9	9,107
Other comprehensive income		–	–	–	431	–	431	(5)	426
Total		–	–	–	431	9,098	9,529	4	9,533
Transactions with owners, recognised directly in equity:									
Dividends	31	–	–	–	–	(1,078)	(1,078)	–	(1,078)
Share-based payments	24	–	–	249	–	–	249	–	249
Award of performance shares	23, 24	–	45	(45)	–	–	–	–	–
Total		–	45	204	–	(1,078)	(829)	–	(829)
Balance at June 30, 2021		4,786	(75)	318	390	43,887	49,306	(65)	49,241
Total comprehensive income for the year:									
Profit for the year		–	–	–	–	5,673	5,673	(205)	5,468
Other comprehensive loss		–	–	–	(775)	–	(775)	10	(765)
Total		–	–	–	(775)	5,673	4,898	(195)	4,703
Transactions with owners, recognised directly in equity:									
Dividends	31	–	–	–	–	(1,384)	(1,384)	–	(1,384)
Issue of new shares	22, 24	108	–	(108)	–	–	–	–	–
Share-based payments	24	–	–	51	–	–	51	–	51
Award of performance shares	23, 24	–	25	(25)	–	–	–	–	–
Total		108	25	(82)	–	(1,384)	(1,333)	–	(1,333)
Balance at June 30, 2022		**4,894**	**(50)**	**236**	**(385)**	**48,176**	**52,871**	**(260)**	**52,611**

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2022

	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, 2020		4,786	(120)	40	25,865	30,571
Profit for the year, representing total comprehensive income for the year		–	–	–	5,881	5,881
Transactions with owners, recognised directly in equity:						
Dividends	31	–	–	–	(1,078)	(1,078)
Share-based payments	24	–	–	249	–	249
Award of performance shares	23, 24	–	45	(45)	–	–
Total		–	45	204	(1,078)	(829)
Balance at June 30, 2021		4,786	(75)	244	30,668	35,623
Profit for the year, representing total comprehensive income for the year		–	–	–	6,595	6,595
Transactions with owners, recognised directly in equity:						
Dividends	31	–	–	–	(1,384)	(1,384)
Issue of new shares	22, 24	108	–	(108)	–	–
Share-based payments	24	–	–	51	–	51
Award of performance shares	23, 24	–	25	(25)	–	–
Total		108	25	(82)	(1,384)	(1,333)
Balance at June 30, 2022		**4,894**	**(50)**	**162**	**35,879**	**40,885**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2022

	2022 US$'000	2021 US$'000
Operating activities		
Profit before income tax	**6,861**	11,098
Adjustments for:		
Depreciation of property, plant and equipment	**2,267**	1,794
Depreciation of right-of-use assets	**2,349**	1,652
Property, plant and equipment written off	**13**	6
(Reversal of allowance) Allowance for inventories – net	**(17)**	228
Inventories written off	**40**	35
Loss allowance reversed on trade receivables – net	**–**	(2)
Other receivables written off	**–**	1
Gain on disposal of property, plant and equipment – net	**(8)**	(7)
Gain on disposal of club memberships	**–**	(86)
Loss on derecognition of net investment in sublease	**143**	–
Gain on recognition of net investment in sublease	**–**	(147)
Gain on derecognition of right-of-use assets	**(67)**	–
Equity-settled share-based payments	**51**	249
Fire insurance compensation (partial and interim amount)	**(1,438)**	–
Property, plant and equipment written off due to fire loss	**648**	–
Inventories written off due to fire loss	**2,214**	–
Property tax and rental rebate	**(125)**	(61)
Interest income	**(110)**	(100)
Interest expense	**302**	240
Operating cash flows before movements in working capital	**13,123**	14,900
Trade receivables	**(999)**	(806)
Other receivables	**1,295**	(4,392)
Inventories	**(2,937)**	(8,249)
Trade payables	**(84)**	2,062
Other payables	**(3,265)**	5,207
Cash generated from operations	**7,133**	8,722
Interest paid	**(302)**	(240)
Interest received	**110**	100
Income tax paid	**(1,486)**	(1,056)
Net cash from operating activities	**5,455**	7,526
Investing activities		
Deposits for property, plant and equipment	**(105)**	(1,336)
Proceeds from disposal of property, plant and equipment	**8**	63
Proceeds from disposal of club memberships	**–**	248
Proceeds from finance lease receivables	**63**	48
Acquisition of right-of-use assets (Note 14)	**–**	(2,571)
Purchase of property, plant and equipment (Note B)	**(13,089)**	(3,478)
Net cash used in investing activities	**(13,123)**	(7,026)
Financing activities		
Dividends paid	**(1,384)**	(1,078)
Bank balances earmarked for credit facility	**(479)**	–
Proceeds from bills payables (Note A)	**478**	–
Repayment of bank loans (Note A)	**(2,257)**	(1,263)
Proceeds from bank loans (Note A)	**13,273**	1,461
Repayment of leases liabilities (Note A)	**(2,184)**	(1,554)
Net cash from (used in) financing activities	**7,447**	(2,434)
Net decrease in cash and cash equivalents	**(221)**	(1,934)
Cash and cash equivalents at beginning of year (Note 6)	**14,673**	16,426
Effects of exchange rate change on balance of cash held in foreign currencies	**(151)**	181
Cash and cash equivalents at end of year (Note 6)	**14,301**	14,673

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2022

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:

	July 1, 2021 US$'000	Financing cash flow[ii] US$'000	Non-cash changes: Negative variable lease payments[i] US$'000	Non-cash changes: Changes in lease liabilities[iii] US$'000	Non-cash changes: Foreign exchange movement US$'000	**June 30, 2022 US$'000**
Lease liabilities (Note 20)	3,619	(2,184)	(125)	4,489	(142)	**5,657**
Bank loans (Note 21)	2,912	11,016	–	–	(3)	**13,925**
Bill payables (Note 17)	–	478	–	–	–	**478**

	July 1, 2020 US$'000	Financing cash flow[ii] US$'000	Non-cash changes: Negative variable lease payments[i] US$'000	Non-cash changes: New lease liabilities US$'000	Non-cash changes: Foreign exchange movement US$'000	June 30, 2021 US$'000
Lease liabilities (Note 20)	4,230	(1,554)	(61)	851	153	3,619
Bank loans (Note 21)	2,714	198	–	–	–	2,912

(i) Rental relief provided by the Singapore government and landlords arising from the COVID-19 pandemic.

(ii) The cash flows make up the net amount of proceeds from bank loans and repayment of bank loans in the statement of cash flows.

(iii) 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$13,089,000 (2021: US$3,478,000). As at June 30, 2022, payables relating to purchases of property, plant and equipment amounted to US$179,000 (2021: US$ Nil).

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

1 GENERAL

The Company (Registration No. 198001299R) is incorporated in Singapore with its principal place of business and registered office at 18 Tagore Lane, 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, 2022 were authorised for issue by the Board of Directors on October 7, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – 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 Singapore 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.

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group and the Company has adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I)s pronouncements does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendment to SFRS(I) 16: *COVID-19 Related Rent Concessions*

The amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequences of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after June 1, 2020 with early application permitted.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due in on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date. As a result of applying the practical expedient, rent concessions of US$125,000 (Note 26) was recognised as a negative variable lease payments (i.e. other income) in the profit or loss during the year. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of SFRS(I) 9:3.3.1.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform – Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark as at June 30, 2022, there is no impact on opening equity balances as a result of the retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– The change is necessary as a direct consequence of the reform; and

– The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Details of the non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact are disclosed in Note 4.

The Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at June 30, 2022. As a result, the amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 in June 2021 (Phase 1 amendments) continue to apply.

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.

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income" line item in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Definition of default

The Group considers 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).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement 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

Classification as debt or equity

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

Equity instruments

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

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank borrowings and bills payables

Interest-bearing bank loans, bank overdrafts 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 liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

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

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

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 contracts 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 THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

CLUB MEMBERSHIPS – Club memberships are stated at cost less impairment losses recognised when the carrying amount exceeds the estimated recoverable amount.

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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement 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.

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.

Interest income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Dividend income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies SFRS(I) 1-12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(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) Allowances for inventories

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) Recoverable amounts of trade and other receivables

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 lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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 THE FINANCIAL STATEMENTS

June 30, 2022

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.

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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Amortised cost (including cash and cash equivalents)	**22,697**	20,651	**38,346**	29,273
Finance lease receivables	**–**	208	**–**	208
Financial liabilities				
Amortised cost	**24,115**	14,544	**22,755**	10,498
Lease liabilities	**5,657**	3,619	**–**	423

(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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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.

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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
USD	**1,866**	2,249	**83**	63
RMB	**150**	343	**29**	67
SGD	**837**	258	**1,655**	2,652
VND	**7,812**	11,661	**5,398**	4,062

	COMPANY			
	Assets		Liabilities	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
RMB	**150**	343	**29**	67
SGD	**837**	293	**1,655**	3,074

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
GROUP								
Profit or loss	**(178)**	(219)	**(12)**	(28)	**82**	239	**(241)**	(760)
COMPANY								
Profit or loss	**–**	–	**(12)**	(28)	**82**	278	**–**	–

(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, 2022 would decrease/increase by US$44,000 and US$41,000 (2021: US$8,000 and US$8,000) respectively. This is mainly attributable to the Group's and Company's exposure to variable interest rates on its interest-bearing borrowings.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group is exposed to London IBOR ("LIBOR").

The key risk for the Group arising from the transition is interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of existing interest rate benchmarks, there are significant uncertainties with regards to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by the Group's interest rate risk management strategy.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at June 30, 2022 included secured bank loan indexed to LIBOR. The Group is still in the process of communication with the counterparty for LIBOR indexed exposures and specific changes have yet been agreed.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language as at June 30, 2022. The amounts of financial liabilities are shown at their carrying amounts.

	LIBOR	
	Total amount of unreformed contracts	**Amount with appropriate fallback clause**
	US$'000	**US$'000**
GROUP		
2022		
Unsecured bank loan	755	755
COMPANY		
2022		
Unsecured bank loan	755	755

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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						
2022						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**5,382**	**–**	**5,382**
Other receivables	8	Performing	12m ECL	**2,535**	**–**	**2,535**
					–	
2021						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	4,534	–	4,534
Other receivables	8	Performing	12m ECL	1,444	–	1,444
Other receivables	8	In default	Lifetime ECL	21	(21)	–
Finance lease receivables	15	(i)	Lifetime ECL (simplified approach)	208	–	208
					(21)	

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						
2022						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**6,158**	**–**	**6,158**
Other receivables	8	Performing	12m ECL	**42**	**–**	**42**
Amount owing by subsidiaries	8	In default	Lifetime ECL	**27,930**	**(1,261)**	**26,669**
					(1,261)	
2021						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	6,283	–	6,283
Other receivables	8	Performing	12m ECL	66	(21)	45
Amount owing by subsidiaries	8	In default	Lifetime ECL	19,182	(1,261)	17,921
Finance lease receivables	15	(i)	Lifetime ECL (simplified approach)	208	–	208
					(1,282)	

(i) For trade receivables and finance lease 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. Notes 7 and 15 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 59% (2021: 66%) of total trade receivables balance at year end.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

At the end of the year, the Company has outstanding trade and other receivables of US$881,000 (2021: US$1,881,000) and US$26,669,000 (2021: US$17,921,000) respectively from its subsidiaries which represent 14% (2021: 30%) and 98% (2021: 94%) 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 collateral obtained for trade receivables.

The following table shows the net exposure to credit risk after taking into account of the value of collateral obtained and insurance covered for trade receivables:

	GROUP		COMPANY	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	US$'000	US$'000	**US$'000**	US$'000
Carrying amount (Note 7)	**5,382**	4,534	**6,158**	6,283
Less: Amount covered by letters of credits from customers	**(1,201)**	(1,237)	**(1,201)**	(1,237)
Less: Credit insurance	**(3,857)**	(2,971)	**(3,857)**	(2,971)
Net exposure to credit risk	**324**	326	**1,100**	2,075

(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 THE FINANCIAL STATEMENTS

June 30, 2022

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					
2022					
Non-interest bearing	**–**	**14,842**	**479**	**–**	**15,321**
Fixed interest rate instruments	**1.41**	**7,399**	**–**	**(23)**	**7,376**
Total		**22,241**	**479**	**(23)**	**22,697**
2021					
Non-interest bearing	–	12,521	–	–	12,521
Fixed interest rate instruments	1.16	8,144	–	(14)	8,130
Finance lease receivables (fixed rate)	2.33	90	124	(6)	208
Total		20,755	124	(20)	20,859
COMPANY					
2022					
Non-interest bearing	**–**	**34,890**	**479**	**–**	**35,369**
Fixed interest rate instruments	**1.00**	**2,983**	**–**	**(6)**	**2,977**
Total		**37,873**	**479**	**(6)**	**38,346**
2021					
Non-interest bearing	–	13,146	11,943	–	25,089
Fixed interest rate instruments	0.20	4,190	–	(6)	4,184
Finance lease receivables (fixed rate)	2.33	90	124	(6)	208
Total		17,426	12,067	(12)	29,481

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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.

	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						
2022						
Non-interest bearing	**–**	**9,712**	**–**	**–**	**–**	**9,712**
Lease liabilities (fixed rate)	**2.1**	**2,166**	**3,520**	**181**	**(210)**	**5,657**
Variable interest rate instruments	**1.3**	**1,632**	**1,489**	**7,045**	**(1,458)**	**8,708**
Fixed interest rate instruments	**2.0**	**1,662**	**4,247**	**–**	**(214)**	**5,695**
Total		**15,172**	**9,256**	**7,226**	**(1,882)**	**29,772**
2021						
Non-interest bearing	–	11,632	–	–	–	11,632
Lease liabilities (fixed rate)	4.3	1,636	2,182	–	(199)	3,619
Variable interest rate instruments	2.2	910	764	–	(32)	1,642
Fixed interest rate instruments	2.0	306	1,020	–	(56)	1,270
Total		14,484	3,966	–	(287)	18,163
COMPANY						
2022						
Non-interest bearing	**–**	**8,920**	**–**	**–**	**–**	**8,920**
Variable interest rate instruments	**1.2**	**1,060**	**1,489**	**7,045**	**(1,455)**	**8,139**
Fixed interest rate instruments	**2.0**	**1,662**	**4,247**	**–**	**(213)**	**5,696**
Total		**11,642**	**5,736**	**7,045**	**(1,668)**	**22,755**
2021						
Non-interest bearing	–	7,586	–	–	–	7,586
Lease liabilities (fixed rate)	4.6	181	256	–	(14)	423
Variable interest rate instruments	2.2	910	764	–	(32)	1,642
Fixed interest rate instruments	2.0	306	1,020	–	(56)	1,270
Total		8,983	2,040	–	(102)	10,921

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 17, 20 and 21 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 debt (lease liabilities and bank loans disclosed in Notes 20 and 21 respectively) 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	
	2022	2021
	US$'000	US$'000
Proceeds from disposal of club membership fees to directors	**–**	248
Proceeds from disposal of motor vehicle to a director	**–**	52
Companies in which a director has interests in:		
Rental of land from a related party	**70**	72
Companies in which a key management personnel has interests in:		
Management fee income from a related party	**18**	25

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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	
	2022 US$'000	2021 US$'000
Short-term benefits	**1,856**	3,059
Post-employment benefits	**91**	95
Share-based payments	**51**	249
	1,998	3,403

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	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Cash at bank	**14,767**	14,669	**5,476**	5,023
Cash on hand	**13**	4	**1**	1
	14,780	14,673	**5,477**	5,024
Less: Non-current Bank balances earmarked for credit facility	**(479)**	–	**(479)**	–
Cash and cash equivalents in the consolidated statement of cash flows	**14,301**	14,673	**4,998**	5,024

The Group's cash at bank includes short-term deposits with an original maturity period of six months or less amounting to US$7,376,000 (2021: US$8,130,000) which bear effective interest at a fixed rate of 0.05% to 4.80% (2021: 0.05% to 5.50%) per annum.

The Company's cash at bank includes short-term deposits with an original maturity period of six months or less amounting to US$2,977,000 (2021: US$4,184,000) which bear effective interest at a fixed rate of 0.65% to 1.27% (2021: 0.14% to 0.48%) per annum.

In 2022, the Company's cash at bank includes an amount of US$479,000 (2021: US$ Nil) 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, 2022.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

7 TRADE RECEIVABLES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Outside parties	**5,375**	4,534	**5,277**	4,402
Related party	**7**	–	**–**	–
Subsidiaries (Note 10)	**–**	–	**881**	1,881
Less: Loss allowance	**–**	–	**–**	–
	5,382	4,534	**6,158**	6,283

The average credit period on sale of goods is 30 days (2021: 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	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Not past due and not impaired	**4,383**	3,957	**4,300**	3,978
Past due but not impaired[(i)]	**999**	577	**1,858**	2,305
Total trade receivables, net	**5,382**	4,534	**6,158**	6,283

(i) Aging of receivables that are past due but not impaired:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
<30 days	**967**	468	**1,113**	796
31 to 90 days	**6**	81	**58**	412
91 to 180 days	**9**	1	**6**	257
181 to 360 days	**3**	9	**3**	160
>360 days	**14**	18	**678**	680
	999	577	**1,858**	2,305

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

7 TRADE RECEIVABLES (CONTINUED)

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.

8 OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Subsidiaries (Note 10)[(a)]	**–**	–	**27,930**	19,182
Related parties (Note 5)	**2**	31	**–**	21
Deposits	**992**	5,756	**14**	8
Prepayments	**1,817**	3,471	**568**	924
Government grant receivable	**49**	203	**3**	72
Value added tax recoverable	**3,028**	1,886	**23**	11
Fire insurance compensation receivable	**1,438**	–	**–**	–
Others	**103**	751	**28**	37
	7,429	12,098	**28,566**	20,255
Less: Loss allowance for:				
– Subsidiaries	**–**	–	**(1,261)**	(1,261)
– Related parties	**–**	(21)	**–**	(21)
	7,429	12,077	**27,305**	18,973
Less: non-current portion:				
Deposits[(b)]	**–**	(5,073)	**–**	–
Subsidiaries	**–**	–	**(11,344)**	(11,944)
	7,429	7,004	**15,961**	7,029

(a) Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing, and repayable on demand. The balances included dividend receivables of US$11,344,000 (2021: US$11,944,000) which have been classified as non-current assets as the Company does not expect for repayment within 12 months after the reporting date.

(b) The amount related to advances paid for acquisition of leasehold land. During the year, the acquisition was completed and the advances were reclassified to "Right-of-use assets" (Note 14).

Movement in loss allowance for doubtful debts:

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Balance at beginning of year	**21**	21	**1,282**	1,282
Written off during the year	**(21)**	–	**(21)**	–
Balance at end of year	**–**	21	**1,261**	1,282

In 2021, an amount of US$1,000 was assessed not collectible and was written off in profit or loss (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

8 OTHER RECEIVABLES (CONTINUED)

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 than amounts due from subsidiaries and related parties.

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 and related parties are credit-impaired, hence the loss allowance is measured at an amount equal to lifetime ECL for these amounts.

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	
	2022	2021
	US$'000	US$'000
Raw materials	**8,372**	9,024
Work in progress	**5,839**	4,454
Finished goods	**6,902**	7,290
	21,113	20,768
Less: Allowance for inventories	**(1,176)**	(1,193)
	19,937	19,575
Movement in allowance for inventories:		
Balance at beginning of the year	**1,193**	965
(Credited) Charged to profit or loss for the year	**(17)**	228
Balance at end of the year	**1,176**	1,193

As at June 30, 2022, the Company held finished goods of US$95,000 (2021: US$74,000).

Inventories of US$40,000 (2021: US$35,000) were written off and recognised directly in profit or loss for goods which are not in saleable conditions (Note 27). In addition, the Group had written off inventories of US$2,214,000 (2021: US$ Nil) due to fire loss incident in 2022.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

10 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2022	2021
	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.

Details of the subsidiaries are described below:

Subsidiaries	Portion of ownership interest and voting power held 2022 %	2021 %	Principal activities and country of incorporation (or registration)/operations
Jatat Furniture Industries Sdn Bhd[(1)]	**100**	100	Manufacturers and exporters of furniture. (Malaysia)
Koda Woodcraft Sdn Bhd[(1)]	**100**	100	Manufacturers and exporters of furniture. (Malaysia)
Koda Indochine Co., Ltd[(1)]	**100**	100	Dormant. (Vietnam)
Koda International Co., Ltd[(4)]	**100**	100	Dormant. (Vietnam)
Koda Saigon Co., Ltd[(1)]	**100**	100	Production of wooden furniture, steel furniture, inlaying of marble on wood and interior decoration. (Vietnam)
Commune Lifestyle Pte Ltd	**100**	100	Retail of furniture. (Singapore)
Commune Lifestyle Sdn Bhd[(1)]	**100**	100	Trading and export of furniture. (Malaysia)
Commune (Dongguan) Trading Co. Ltd[(2)]	**100**	100	Trading and export of furniture. (China)
Commune (Chongqing) Trading Co. Ltd[(A)(3)]	**50**	50	Retail of furniture. (China)
Commune (Shanghai) Trading Co. Ltd[(B)(3)]	**100**	100	Retail of furniture. (China)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(A) The Group has control over Commune (Chongqing) Trading Co. Ltd. by virtue of its contractual right to appoint three out of five directors to the board of that Company.

(B) The subsidiary was incorporated on March 19, 2021.

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) Audited by Grant Thornton Zhitong Certified Public Accountants LLP.

(3) Not required to be audited in the country of incorporation and not material to the results of the Group.

(4) In the process of liquidation.

11 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP AND COMPANY	
	2022	2021
	US$'000	US$'000
Unquoted equity shares, at fair value	**6**	6
Impairment 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 recoverable amount of the available-for-sale investment and an impairment loss was recognised.

12 CLUB MEMBERSHIPS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Club memberships, at cost	**120**	280	**32**	192
Disposal	**–**	(160)	**–**	(160)
Impairment loss	**(69)**	(69)	**–**	–
Currency realignment	**(5)**	(5)	**–**	–
	46	46	**32**	32
Movement in impairment loss:				
Balance at beginning and end of year	**69**	69	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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, 2020	2,798	9,992	784	8,850	2,008	952	150	25,534
Currency realignment	84	92	40	108	46	12	4	386
Additions	–	1,626	117	776	56	67	836	3,478
Write-off	–	–	–	(39)	–	(16)	–	(55)
Disposals	–	–	–	–	–	(217)	–	(217)
At June 30, 2021	2,882	11,710	941	9,695	2,110	798	990	29,126
Currency realignment	(164)	(179)	(44)	(201)	(81)	(12)	(40)	(721)
Additions	6,213	2,463	472	1,261	184	36	2,639	13,268
Write-off	–	(753)	(193)	(1,003)	(41)	–	–	(1,990)
Disposals	–	–	–	(14)	–	–	–	(14)
Reclassification	–	200	–	165	277	–	(642)	–
At June 30, 2022	**8,931**	**13,441**	**1,176**	**9,903**	**2,449**	**822**	**2,947**	**39,669**
Accumulated depreciation:								
At July 1, 2020	–	2,184	432	6,945	1,582	521	–	11,664
Currency realignment	–	14	20	79	32	7	–	152
Depreciation for the year	–	728	226	632	123	85	–	1,794
Write-off	–	–	–	(39)	–	(10)	–	(49)
Disposals	–	–	–	–	–	(161)	–	(161)
At June 30, 2021	–	2,926	678	7,617	1,737	442	–	13,400
Currency realignment	–	(51)	(29)	(163)	(62)	(10)	–	(315)
Depreciation for the year	–	779	257	764	397	70	–	2,267
Write-off	–	(362)	(193)	(738)	(36)	–	–	(1,329)
Disposals	–	–	–	(14)	–	–	–	(14)
At June 30, 2022	**–**	**3,292**	**713**	**7,466**	**2,036**	**502**	**–**	**14,009**
Accumulated impairment:								
At July 1, 2020	–	252	–	–	–	–	–	252
Currency realignment	–	7	–	–	–	–	–	7
At June 30, 2021	–	259	–	–	–	–	–	259
Currency realignment	–	(15)	–	–	–	–	–	(15)
At June 30, 2022	**–**	**244**	**–**	**–**	**–**	**–**	**–**	**244**
Carrying amount:								
At June 30, 2022	**8,931**	**9,905**	**463**	**2,437**	**413**	**320**	**2,947**	**25,416**
At June 30, 2021	2,882	8,525	263	2,078	373	356	990	15,467

During the financial year, the Group had written off property, plant and equipment of US$648,000 due to fire loss incident in 2022.

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June 30, 2022

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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, 2020	–	–	–	648	431	453	1,532
Additions	–	–	–	–	6	–	6
Disposals	–	–	–	–	–	(172)	(172)
At June 30, 2021	–	–	–	648	437	281	1,366
Additions	6,213	2,319	86	–	30	–	8,648
Write-off	–	–	–	(495)	(20)	–	(515)
At June 30, 2022	**6,213**	**2,319**	**86**	**153**	**447**	**281**	**9,499**
Accumulated depreciation:							
At July 1, 2020	–	–	–	607	397	219	1,223
Depreciation for the year	–	–	–	27	10	35	72
Disposals	–	–	–	–	–	(116)	(116)
At June 30, 2021	–	–	–	634	407	138	1,179
Depreciation for the year	–	16	4	5	14	19	58
Write-off	–	–	–	(486)	(18)	–	(504)
At June 30, 2022	**–**	**16**	**4**	**153**	**403**	**157**	**733**
Carrying amount:							
At June 30, 2022	**6,213**	**2,303**	**82**	**–**	**44**	**124**	**8,766**
At June 30, 2021	–	–	–	14	30	143	187

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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 3 years.

	Leasehold land and buildings US$'000	Office space and retail store US$'000	Total US$'000
GROUP			
Cost:			
At July 1, 2020	4,514	3,849	8,363
Additions	2,942	480	3,422
Derecognised	(161)	–	(161)
Currency realignment	13	209	222
At June 30, 2021	7,308	4,538	11,846
Additions	6,183	3,620	9,803
Derecognised	(1,335)	(829)	(2,164)
Currency realignment	(25)	(226)	(251)
At June 30, 2022	**12,131**	**7,103**	**19,234**
Accumulated depreciation:			
At July 1, 2020	1,495	970	2,465
Depreciation for the year	468	1,184	1,652
Derecognised	(52)	–	(52)
Currency realignment	–	73	73
At June 30, 2021	1,911	2,227	4,138
Depreciation for the year	945	1,404	2,349
Derecognised	(1,135)	(677)	(1,812)
Currency realignment	(9)	(95)	(104)
At June 30, 2022	**1,712**	**2,859**	**4,571**
Carrying amount:			
At June 30, 2022	**10,419**	**4,244**	**14,663**
At June 30, 2021	5,397	2,311	7,708

During the year, certain leases for office space and retail stores expired. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of US$1,872,000 (2021: US$851,000).

In 2021, additions to the right-of-use assets include acquisition of land-use-rights of US$2,571,000, which was paid in cash.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

14 RIGHT-OF-USE ASSETS (CONTINUED)

	Office space US$'000
COMPANY	
Cost:	
At July 1, 2020	1,496
Derecognised	(161)
At June 30, 2021	1,335
Derecognised	(1,335)
At June 30, 2022	–
Accumulated depreciation:	
At July 1, 2020	924
Depreciation for the year	146
Derecognised	(52)
At June 30, 2021	1,018
Depreciation for the year	117
Derecognised	(1,135)
At June 30, 2022	–
Carrying amount:	
At June 30, 2022	–
At June 30, 2021	317

15 FINANCE LEASE RECEIVABLES

	GROUP AND COMPANY	
	2022 US$'000	2021 US$'000
Amounts receivables under finance leases:		
Year 1	–	90
Year 2	–	90
Year 3	–	34
Undiscounted lease payments	–	214
Less: Unearned finance income	–	(6)
Present value of lease payment receivables	–	208
Undiscounted lease payments analysed as:		
Recoverable within 12 months	–	90
Recoverable after 12 months	–	124
	–	214
Present value of lease payments analysed as:		
Recoverable within 12 months	–	86
Recoverable after 12 months	–	122
	–	208

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

15 FINANCE LEASE RECEIVABLES (CONTINUED)

The following table presents the amounts included in profit or loss:

	GROUP AND COMPANY	
	2022	2021
	US$'000	US$'000
Loss on derecognition of net investment in sublease (Note 27)	**143**	–
Gain on recognition of net investment in sublease (Note 26)	**–**	147

The Group entered into finance lease arrangements in December 2020 as a lessor for certain warehouse to its tenant. The term of finance lease entered is 3 years. In March 2022, the Group has terminated the lease before its expiry. As a result, the Group has recognised a loss on derecognition of net investment in sublease of US$143,000.

The Group's finance lease arrangement did not include variable payments.

The average effective interest rate contracted approximately 2.33% per annum.

Management estimated the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. In determining the expected credit losses of these receivables, management taking into account the historical default experience and the future prospects of the industries in which the lessees operate, as appropriate, in estimating the probability of default of each of these receivables occurring within their respective loss assessment time horizon, 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 finance lease receivables.

16 DEFERRED TAX (LIABILITIES) ASSETS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Balance at beginning of year	**(112)**	(79)	**(31)**	–
Credited (Charged) to profit or loss (Note 29)	**243**	(24)	**–**	(31)
Currency realignment	**12**	(9)	**–**	–
Balance at end of year	**143**	(112)	**(31)**	(31)

Certain deferred tax assets and liabilities have been offset in accordance with the Group and Company's accounting policy. The following is the analysis of the net deferred tax balances as presented on the statements of financial position:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Deferred tax assets	**319**	192	**–**	–
Deferred tax liabilities	**(176)**	(304)	**(31)**	(31)
	143	(112)	**(31)**	(31)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

16 DEFERRED TAX (LIABILITIES) ASSETS (CONTINUED)

The balance comprises mainly the tax effect of:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Property, plant and equipment	**(176)**	(304)	**(31)**	(31)
Provisions and other temporary differences	**319**	192	**–**	–
Net	**143**	(112)	**(31)**	(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$17,690,000 (2021: US$18,183,000). 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.

17 BILLS PAYABLES

The above credit facilities bear effective interest at floating rate of 3.07% 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.

In 2022, the bank facilities of one of the subsidiary with a balance of US$478,000 as at the end of the reporting period are guaranteed by the Company.

18 TRADE PAYABLES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries (Note 10)	**–**	–	**7,207**	2,153
Related parties (Note 5)	**–**	13	**–**	13
Outside parties	**4,686**	5,012	**29**	275
	4,686	5,025	**7,236**	2,441

The average credit period on purchases of goods is 30 days (2021: 30 days). No interest is charged on the trade payables.

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19 OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Accrued expenses	**3,758**	5,067	**1,445**	2,493
Advances from customers	**3,263**	4,631	**1,344**	1,939
Deferred grant income	**264**	210	**184**	113
Due to directors (Note 5)	**10**	10	**–**	–
Due to related parties (Note 5)[a]	**6**	8	**–**	1
Due to subsidiaries (Note 10)[b]	**–**	–	**110**	2,596
Refundable deposits received	**627**	544	**–**	15
Value added tax payable	**180**	371	**–**	–
Others	**625**	978	**129**	40
	8,733	11,819	**3,212**	7,197

(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.

20 LEASE LIABILITIES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Maturity analysis:				
Year 1	**2,166**	1,636	**–**	181
Year 2	**1,338**	1,195	**–**	181
Year 3	**837**	694	**–**	75
Year 4	**714**	229	**–**	–
Year 5	**631**	64	**–**	–
Year 6	**181**	–	**–**	–
	5,867	3,818	**–**	437
Less: Unearned interest	**(210)**	(199)	**–**	(14)
	5,657	3,619	**–**	423
Analysed as:				
Current	**2,075**	1,518	**–**	166
Non-current	**3,582**	2,101	**–**	257
	5,657	3,619	**–**	423

The Group and Company do not face a significant liquidity risk with regard to its lease liabilities.

21 BANK LOANS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Bank loans	**13,925**	2,912	**13,835**	2,912
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,612)**	(1,169)	**(2,522)**	(1,169)
Amount due for settlement after 12 months	**11,313**	1,743	**11,313**	1,743

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) Loan of US$755,000 (2021: US$1,642,000). The loan was taken up in May 2020 and continues until April 2023. The loan is unsecured and bears interest at 1.50% per annum above the LIBOR. The effective interest rate for the year is 2.13% (2021: 2.19%) per annum.

b) Loan of US$983,000 (2021: US$1,270,000). The loan was taken up in November 2020 and continues until October 2025. The loan is unsecured and bears fixed interest at 2% per annum.

c) Loan of US$2,922,000 (2021: US$Nil). 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.

d) Loan of US$1,790,000 (2021: US$Nil). 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.

e) Loan of US$7,385,000 (2021: US$Nil). The loan was taken up in February 2022 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 SORA. The effective interest rate for the year is 1.07% per annum.

f) Loan of US$90,000 (2021: US$Nil). The loan was taken up in April 2022 and continues until October 2022. The loan is unsecured and bears interest at 0.3% over China's One-Year Loan Prime Rate. The effective interest rate for the year is 4% per annum.

22 SHARE CAPITAL

	GROUP AND COMPANY			
	2022	2021	**2022**	2021
	Number of ordinary shares			
	'000	'000	**US$'000**	US$'000
Issued and paid up:				
At beginning of year	**82,968**	82,968	**4,786**	4,786
Issued during the year (Note 24)	**185**	–	**108**	–
At end of year	**83,153**	82,968	**4,894**	4,786

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, 2022, the number of ordinary shares of 83,153,856 (2021: 82,969,002) includes treasury shares of 59,074 (2021: 178,081).

NOTES TO THE FINANCIAL STATEMENTS

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23 TREASURY SHARES

	GROUP AND COMPANY			
	2022	2021	**2022**	2021
	Number of ordinary shares			
	'000	'000	**US$'000**	US$'000
At beginning of year	**178**	390	**75**	120
Award of performance shares (Note 24)	**(119)**	(212)	**(25)**	(45)
At end of year	**59**	178	**50**	75

24 OTHER RESERVES

	Legal reserve[(i)] US$'000	**Performance Share Plan reserve[(ii)] US$'000**	**Total US$'000**
GROUP			
Balance at July 1, 2020	74	40	114
Share-based payments	–	249	249
Award of performance shares (Note 23)	–	(45)	(45)
Balance at June 30, 2021	74	244	318
Share-based payments	–	51	51
Award of performance shares (Note 23)	–	(25)	(25)
Issuance of new shares (Note 22)	–	(108)	(108)
Balance at June 30, 2022	**74**	**162**	**236**

	Performance Share Plan reserve[(ii)] US$'000
COMPANY	
Balance at July 1, 2020	40
Share-based payments	249
Award of performance shares (Note 23)	(45)
Balance at June 30, 2021	244
Share-based payments	51
Award of performance shares (Note 23)	(25)
Issuance of new shares (Note 22)	(108)
Balance at June 30, 2022	**162**

(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).

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June 30, 2022

25 REVENUE

	GROUP	
	2022	2021
	US$'000	US$'000
Timing of revenue recognition		
At a point in time:		
– Manufacturing	**64,241**	66,677
– Retail and distribution	**15,098**	15,966
	79,339	82,643

As of June 30, 2022 and 2021, 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. As the Group has the right to bill the customers based on the contractual agreements, the Group has applied the practical expedient not to disclose the related unsatisfied performance obligation.

26 OTHER INCOME

	GROUP	
	2022	2021
	US$'000	US$'000
Rental income	**–**	24
Interest income on bank balances	**110**	100
Foreign exchange gain – net	**435**	80
Gain on disposal of club memberships	**–**	86
Gain on disposal of property, plant and equipment – net	**8**	7
Gain on recognition of net investment in sublease (Note 15)	**–**	147
Government grant income	**703**	668
Property tax and rental rebate	**160**	90
Loss allowance reversed on trade receivables – net (Note 7)	**–**	2
Freight revenue	**181**	241
Design fee	**50**	49
Gain on derecognition of right-of-use assets	**67**	–
Fire insurance compensation (partial and interim amount)	**1,438**	–
Sundry income	**156**	374
	3,308	1,868

The Group received rental rebate of US$125,000 (2021: US$61,000) for the leased buildings under the Rental Relief Framework as mandated by the Government. The rental rebate has been accounted for as rent concessions in profit or loss as negative variable rent and the receivable for rental rebate has been offset against the lease liability.

A fire incident occurred on January 3, 2022, at one of the Group's eleven factory buildings located in Long An Province, Vietnam and no casualties were reported. The Group had suffered fire loss on the property, plant and equipment and inventories as disclosed in Note 27. The affected factory building, including equipment and certain inventories stored therein are adequately insured. There were no significant operational disruptions caused as the Group have made immediate alternate arrangements.

The Group is virtually certain to the rights of insurance claims and has recognised US$1,438,000 as other income under the fire insurance compensation (being partial and interim amount of insurance claims). The insurance adjusters are still in the process of determining the final claims amount.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

27 OTHER EXPENSES

	GROUP	
	2022	2021
	US$'000	US$'000
Other receivables written off (Note 8)	**–**	1
Inventories written off (Note 9)	**40**	35
Equity-settled share-based payments (Note 24)	**51**	249
Property, plant and equipment written off due to fire loss	**648**	–
Inventories written off due to fire loss	**2,214**	–
Loss on derecognition of net investment in sublease (Note 15)	**143**	–
Others	**5**	14
	3,101	299

28 FINANCE COSTS

	GROUP	
	2022	2021
	US$'000	US$'000
Interest expense on:		
– Bank loans	**156**	69
– Bill payables	**4**	–
– Lease liabilities	**142**	171
	302	240

29 INCOME TAX EXPENSE

	GROUP	
	2022	2021
	US$'000	US$'000
Current income tax	**1,722**	1,947
Deferred tax	**(207)**	80
(Over) Under provision in prior years:		
– Income tax	**(86)**	20
– Deferred tax	**(36)**	(56)
Total	**1,393**	1,991

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

29 INCOME TAX EXPENSE (CONTINUED)

The income tax for the year can be reconciled to the accounting profit as follows:

	GROUP	
	2022 US$'000	2021 US$'000
Profit before income tax	**6,861**	11,098
Tax benefit at the domestic tax rate of 17%	**1,166**	1,887
Tax effect of revenue that is exempt from taxation	**(40)**	(79)
Tax effect of expenses that are not deductible in determining taxable profit	**280**	169
Tax effect of utilisation of deferred tax benefits previously not recognised	**–**	(130)
Tax effect of unused tax losses not recognised as deferred tax assets	**250**	10
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(141)**	170
Over provision in prior years	**(122)**	(36)
Total income tax	**1,393**	1,991

Subject to agreement by the respective tax authorities, the Group has temporary differences arising from unabsorbed tax loss carry forwards as follows:

	GROUP	
	2022 US$'000	2021 US$'000
Tax losses:		
– At the beginning of the year	**616**	401
– Adjustments	**25**	666
– Arising during the year	**817**	70
– Utilised during the year	**(17)**	(521)
At the end of the year	**1,441**	616
Deferred tax benefits on above unrecorded	**348**	154

Certain deferred tax benefits disclosed above have not been recognised due to the unpredictability of future profit streams.

30 PROFIT FOR THE YEAR

	GROUP	
	2022 US$'000	2021 US$'000
Directors' remuneration:		
– Directors of the Company	**1,337**	2,587
– Directors of the subsidiaries	**170**	166
Fees to directors of the Company	**102**	103
Employee benefits expense (including directors' remuneration)	**21,613**	22,819
Costs of defined contribution plans included in employee benefits expense	**1,683**	1,647
(Reversal of allowance) Allowance for inventories	**(17)**	228
Audit fees to auditors of the Company	**90**	88
Audit fees to member firm of the Auditors of the Company	**36**	55
Audit fees to other Auditors	**11**	–
Cost of inventories recognised as expense	**38,354**	38,619
Depreciation of property, plant and equipment (Note 13)	**2,267**	1,794

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30 PROFIT FOR THE YEAR (CONTINUED)

Amount recognised in profit or loss relating to leases (The Group as lessee)

	2022 US$'000	2021 US$'000
Depreciation expense on right-of-use assets (Note 14)	**2,349**	1,652
Interest expense on lease liabilities (Note 28)	**142**	171
Expense relating to short-term leases	**256**	93
Expense relating to variable lease payments not included in the measurement of the lease liability	**11**	3
Income from subleasing right-of-use assets (Note 35)	**–**	(24)
	2,758	1,895

The total cash outflow for leases amount to US$2,184,000 (2021: US$1,554,000).

31 DIVIDENDS

	GROUP AND COMPANY	
	2022 US$'000	2021 US$'000
Dividends paid during the financial year are as follows:		
Final tax-exempt(1-tier) dividend of US$0.0054 (equivalent to S$0.0075) per share for the financial year ended June 30, 2020	**–**	454
Interim tax-exempt(1-tier) dividend of US$0.0019 (equivalent to S$0.0025) per share for the financial year ended June 30, 2021	**–**	156
Special Interim tax-exempt(1-tier) dividend of US$0.0057 (equivalent to S$0.0075) per share for the financial year ended June 30, 2021	**–**	468
Final tax-exempt(1-tier) dividend of US$0.0056 (equivalent to S$0.0075) per share for the financial year ended June 30, 2021	**462**	–
Special final tax-exempt(1-tier) dividend of US$0.0093 (equivalent to S$0.0125) per share for the financial year ended June 30, 2021	**769**	–
Interim tax-exempt(1-tier) dividend of US$0.0018 (equivalent to S$0.0025) per share for the financial year ended June 30, 2022	**153**	–
	1,384	1,078

Dividends proposed before these financial statements were authorised and not included as liabilities in these financial statements are as follows:

	GROUP AND COMPANY	
	2022 US$'000	2021 US$'000
Final tax-exempt(1-tier) dividend of US$0.0056 (equivalent to S$0.0075) per share for the financial year ended June 30, 2021	**–**	462
Special tax-exempt(1-tier) dividend of US$0.0093 (equivalent to S$0.0125) per share for the financial year ended June 30, 2021	**–**	769
Final tax-exempt(1-tier) dividend of US$0.0054 (equivalent to S$0.0075) per share for the financial year ended June 30, 2022	**448**	–
	448	1,231

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32 EARNINGS PER SHARE

Basic earnings per ordinary share is calculated on the Group's profit after income tax attributable to the owners of the Company of US$5,673,000 (2021: US$9,098,000) divided by 82,967,000 (2021: 82,713,000) weighted average number of ordinary shares in issue during the financial year.

The fully diluted earnings per share and basic earnings per share are the same for the financial years ended June 30, 2022 and 2021.

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, 2022 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	303,861[1]	741,162	741,162	–

(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.

The Group recognised total expenses of US$51,000 (2021: US$249,000) related to equity-settled share-based payment transactions during the year.

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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 profit**	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Manufacturing	**64,241**	66,677	**6,832**	8,608
Retail and distribution	**15,098**	15,966	**124**	1,161
Total	**79,339**	82,643	**6,956**	9,769
Finance costs			**(302)**	(240)
Other income			**3,308**	1,868
Other expenses			**(3,101)**	(299)
Profit before income tax			**6,861**	11,098
Income tax expense			**(1,393)**	(1,991)
Profit for the year			**5,468**	9,107

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 profit represents the profit 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.

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34 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	2022 US$'000	2021 US$'000
Segment assets		
Manufacturing	**73,775**	62,169
Retail and distribution	**13,833**	11,865
Total segment assets	**87,608**	74,034
Unallocated assets	**364**	446
Consolidated total assets	**87,972**	74,480
Segment liabilities		
Manufacturing	**10,803**	13,285
Retail and distribution	**4,322**	5,119
Total segment liabilities	**15,125**	18,404
Unallocated liabilities	**20,236**	6,835
Consolidated total liabilities	**35,361**	25,239

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, finance lease receivables 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, finance 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	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Manufacturing	**2,590**	1,937	**18,313**	5,567
Retail and distribution	**2,026**	1,509	**4,758**	1,333
Total	**4,616**	3,446	**23,071**	6,900

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34 SEGMENT INFORMATION (CONTINUED)

In addition to the information reported above, the following were attributable to the following reportable segments:

	2022 US$'000	2021 US$'000
Manufacturing segment		
Inventories written off due to fire loss	**2,214**	–
Property, plant and equipment written off due to fire loss	**648**	–
Fire insurance compensation (partial and interim amount)	**(1,438)**	–
(Reversal) Allowance for inventories – net	**(39)**	233
Retail and distribution segment		
Loss allowance reversed on trade receivables – net	**–**	(2)
Other receivables written off	**–**	1
Allowance (Reversal) recognised on inventories – net	**22**	(5)
Inventories written off	**40**	35

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets including only property, plant and equipment) by geographical location are detailed below:

	Revenue from external customers based on location of customers	
	2022 US$'000	2021 US$'000
Asia-Pacific	**20,443**	24,425
North America	**51,177**	49,474
Europe	**6,650**	7,792
Others	**1,069**	952
	79,339	82,643

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$64,241,000 (2021: US$66,677,000), are revenues of approximately US$16,045,000 (2021: US$13,926,000) which arose from sales to the Group's largest customer.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

35 OPERATING LEASE ARRANGEMENTS

The Group as lessor

In 2021, the Group sublets its leasehold building in Singapore under operating lease and property rental income earned during the year was US$24,000. The leased premises had committed tenant for the next 4 months.

	GROUP AND COMPANY	
	2022	2021
	US$'000	US$'000
Rental income under operating lease	**–**	24

36 COMMITMENTS

Amount committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2022	2021
	US$'000	US$'000
Acquisition of leasehold land	**–**	230
Acquisition of property, plant and equipment	**309**	–
Construction of building	**184**	520
	493	750

37 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) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use*	July 1, 2022
Annual Improvements to SFRS(I)s 2018-2020	July 1, 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	July 1, 2022
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	July 1, 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*	July 1, 2023
Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*	July 1, 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

38 EVENTS AFTER THE REPORTING PERIOD

On August 31, 2022, the Group has entered into a share transfer agreement to increase its shareholding in Commune (Chongqing) Trading Co. Ltd ("Commune CQ") from 50% to 80% at a consideration amount of RMB 1. As at June 30, 2022, the results of Commune CQ had been consolidated in the Group's financial statements as it has control via the majority of board of Commune CQ.

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

Freehold land, leasehold land & buildings as at June 30, 2022

Location	Size	Annual lease Payments	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, Lot 15, Title No GM 10, Mukim Senai-Kulai 81400 Senai, Johor, Malaysia	572,963 sf	NA RM296,382	Freehold 2026	NA Zenith Heights Sdn Bhd
Vietnam Industrial Land and Factory Building(3) Lot A1, A4, A5 & A6 Thuan Dao Industrial Zone Ben Luc District Long An Province, Vietnam	665,684 sf	NA	2053	NA
Vietnam Industrial Land(4) Lot C11 & C12, Road 14 Thuan Dao IP's Expansion Phase, Long Dinh Commune, Can Duoc District, Long An Province, Vietnam	322,920 sf	NA	2061	NA
Vietnam Industrial Land and Factory Building(5) 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 November 18, 2021, this property was valued at S$12.0 million.
2. Based on professional valuation made by Messrs Chen Foo Property Consultants on June 30, 2018, this property were valued at RM23.98 million.
3. Based on professional valuation made by Jones Lang Lasalle Vietnam Company Limited on June 30, 2018, this property was valued at US$11.7 million.
4. Based on professional valuation made by Jones Lang LaSalle Vietnam Company Limited on December 7, 2020, this property was valued at US$5.9 million.
5. Based on professional valuation made by Jones Lang LaSalle Vietnam Company Limited on March 24, 2021, this property was valued at US$5.0 million.

NA Not applicable
S$ Singapore Dollars
RM Ringgit Malaysia
US$ United States Dollars

STATISTICS OF SHAREHOLDINGS

As at September 21, 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	308	28.03	25,128	0.03
100 – 1,000	224	20.38	121,020	0.15
1,001 – 10,000	336	30.57	1,586,006	1.91
10,001 – 1,000,000	218	19.84	18,215,308	21.92
1,000,001 AND ABOVE	13	1.18	63,147,320	75.99
TOTAL	**1,099**	**100.00**	**83,094,782**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JAMES KOH JYH GANG	11,023,094	13.27
2	KOH TENG KWEE	9,427,872	11.35
3	KOH JYH ENG	8,933,388	10.75
4	KOH SHWU LEE	8,285,226	9.97
5	DBS NOMINEES (PRIVATE) LIMITED	7,065,860	8.50
6	KOH SHWU LING	3,056,954	3.68
7	DBSN SERVICES PTE. LTD.	3,000,000	3.61
8	TAN KIA HONG @TANG KIA HONG	2,731,400	3.29
9	KOH ZHU LIAN JULIAN (XU ZHULIAN)	2,293,412	2.76
10	KOH ZHUXIAN JOSHUA (XU ZHUXIAN JOSHUA)	2,243,612	2.70
11	PHILLIP SECURITIES PTE LTD	2,012,672	2.42
12	RAFFLES NOMINEES (PTE.) LIMITED	1,865,284	2.24
13	WONG SE SUN	1,208,546	1.45
14	GOH HAN PENG (WU HANPING)	759,580	0.91
15	POH IK TNG	710,000	0.85
16	CHEE KWAI FUN (ZHU GUIFEN)	602,100	0.72
17	CITIBANK NOMINEES SINGAPORE PTE LTD	578,900	0.70
18	WEE HIAN KOK	556,700	0.67
19	TAN KOK CHING	520,000	0.63
20	GAN SHEE WEN(YAN XUWEN)	496,130	0.60
	TOTAL	**67,370,730**	**81.07**

STATISTICS OF SHAREHOLDINGS

As at September 21, 2022

SUBSTANTIAL SHAREHOLDERS:

Name	Direct Interest	%	Indirect Interest	%
JAMES KOH JYH GANG[(1)]	11,023,094	13.27	2,500,000	3.01
KOH TENG KWEE	9,427,872	11.35	–	–
KOH JYH ENG[(2)]	8,933,388	10.75	21,600	0.03
KOH SHWU LEE[(3)]	8,285,226	9.97	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 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 21, 2022, 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 21, 2022, the Company had 59,074 treasury shares and nil subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koda Ltd (the "**Company**") will be convened and held by way of electronic means on **Friday, October 28, 2022 at 10.00 a.m. (Singapore Time)** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended June 30, 2022 together with the Directors' Statement and the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To declare a tax-exempt (one-tier) final dividend of 0.75 Singapore cents per ordinary share for the financial year ended June 30, 2022. **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees of S$138,000 for the financial year ended June 30, 2022. (2021: S$136,000) **(Ordinary Resolution 3)**

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

5. To re-elect Mdm Koh Shwu Lee who is retiring pursuant to Regulation 89 of the Company's Constitution. *[See Explanatory Note (i)]* **(Ordinary Resolution 5)**

6. To re-elect Mr Ying Siew Hon, Francis who is retiring pursuant to Regulation 89 of the Company's Constitution. *[See Explanatory Note (ii)]* **(Ordinary Resolution 6)**

7. To re-elect Mr Phua Boon Huat who is retiring pursuant to Regulation 88 of the Company's Constitution. *[See Explanatory Note (iii)]* **(Ordinary Resolution 7)**

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

AS SPECIAL BUSINESS

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

9. **Authority to allot and issue new Shares and/or Instruments**

   That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Act**") and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue new shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require the Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, allot and issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution is in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a *pro rata* basis to existing shareholders of the Company does not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);

(2) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a *pro-rata* basis, the percentage of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for:

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or the share awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being; and

NOTICE OF ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iv)]. **(Ordinary Resolution 8)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore, October 13, 2022

Explanatory Notes:

(i) Mdm Koh Shwu Lee, if re-elected as a Director of the Company, will remain as an Executive Director of the Company.

(ii) Mr Ying Siew Hon, Francis, if re-elected 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, and Nominating and Governance Committee.

(iii) Mr Phua Boon Huat, if re-elected 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 and Remuneration Committee.

(iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total of 50% of the total number of issued Shares (excluding treasury shares or subsidiary holdings) in the capital of the Company, of which up to 15% may be issued other than on a *pro-rata* basis to shareholders. For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution 8 is passed after adjusting for new Shares arising from the exercise of any Instruments or any convertible securities or exercising of share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent bonus issue, consolidation or subdivision of Shares. The authority conferred by Ordinary Resolution 8 will, unless previously revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Important Notes to Shareholders on arrangements for the Annual General Meeting:

1. The Annual General Meeting ("**AGM**") will be held by way of electronic means on **Friday, October 28, 2022 at 10.00 a.m. (Singapore Time)**.

2. There are no printed copies of this Notice of AGM, the Proxy Form and the Annual Report for the financial year ended June 30, 2022 (the "**FY2022 Annual Report**") to be sent to Shareholders. This Notice of AGM, the Proxy Form and the FY2022 Annual Report may be accessed at the Company's website at the URL http://www.kodaonline.com by clicking on the tab titled "Investor Relation" and selecting the hyperlink titled "Announcements". This Notice of AGM, the Proxy Form and the FY2022 Annual Report are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the AGM in advance of, or live at, the AGM, addressing of substantial and relevant comments, queries and/or questions in advance of, or live at, the AGM and voting live at the AGM by the Shareholders themselves or their duly appointed proxies (other than the Chairman of the AGM) via electronic means or appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, are set out in the Company's accompanying announcement dated October 13, 2022. This announcement may be accessed at the Company's website at the URL http://www.kodaonline.com and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

4. **The Company has decided that the forthcoming AGM will be held by way of electronic means and Shareholders will not be able to attend the AGM in person. Shareholders who wish to exercise their voting rights at the AGM may vote live at the AGM by themselves or by their duly appointed proxies (other than the Chairman of the AGM) via electronic means, or appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM.** The Proxy Form for the AGM may be accessed at the Company's website at the URL http://www.kodaonline.com by clicking on the tab titled "Investor Relation" and selecting the hyperlink titled "Announcements", and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. (Singapore Time) on Monday, October 17, 2022**.

5. The Chairman of the AGM, acting as proxy, need not be a Shareholder of the Company.

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's registered office at 18 Tagore Lane Singapore 787477; or

   (b) if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia,

   in any case, by **10.00 a.m. (Singapore Time) on Tuesday, October 25, 2022**. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.**

Personal data privacy:

By submitting the Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

KODA LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number 198001299R)

PROXY FORM

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Relevant Intermediaries (as defined in the Companies Act) may appoint more than 2 proxies to attend, speak and vote at the AGM.
2. CPF Investors and SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Monday, October 17, 2022.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by CPF Investors and SRS Investors.

I/We* ______________________ (Name) ______________ (NRIC/Passport/Company Registration Number)

of ____ (Address)
being a Shareholder/Shareholders* of **KODA LTD** (the "**Company**"), hereby appoint:

Name	Address	Email Address^	NRIC/Passport Number	Proportion of Shareholdings	
				Number of Shares	%

*and/or (delete as appropriate)

Name	Address	Email Address^	NRIC/Passport Number	Proportion of Shareholdings	
				Number of Shares	%

^ Appointed proxy(ies) will have to pre-register at the pre-registration website which is accessible from the URL https://globalmeeting.bigbangdesign.co/koda2022/ in order to access the "live" audio-visual webcast or "live" audio-only stream of the Annual General Meeting ("**AGM**") proceedings.

or if no proxy is named, the Chairman of the AGM of the Company (the "**Meeting**"), as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on **Friday, October 28, 2022 at 10.00 a.m. (Singapore Time)**. *I/We direct my/our proxy/proxies to vote for or against, or abstain from voting on the Ordinary Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the appointment of Chairman of the Meeting as proxy for the resolution will be treated as invalid at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	For#	Against#	Abstain#
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended June 30, 2022 together with the Directors' Statement and the Auditors' Report thereon.			
2.	To declare a tax-exempt (one-tier) final dividend of 0.75 Singapore cents per ordinary share for the financial year ended June 30, 2022.			
3.	To approve the payment of Directors' fees of S$138,000 for the financial year ended June 30, 2022. (2021: S$136,000)			
4.	To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration.			
5.	To re-elect Mdm Koh Shwu Lee who is retiring pursuant to Regulation 89 of the Company's Constitution.			
6.	To re-elect Mr Ying Siew Hon, Francis who is retiring pursuant to Regulation 89 of the Company's Constitution.			
7.	To re-elect Mr Phua Boon Huat who is retiring pursuant to Regulation 88 of the Company's Constitution.			
8.	Authority to allot and issue new Shares and/or Instruments.			

* Delete as appropriate.
# If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate so with a [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ______________ 2022.

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. The Annual General Meeting ("**AGM**") will be held by way of electronic means on **Friday, October 28, 2022 at 10.00 a.m. (Singapore Time)**.

2. There are no printed copies of the Notice of AGM, the Proxy Form and the Annual Report for the financial year ended June 30, 2022 (the "**FY2022 Annual Report**") to be sent to Shareholders. The Notice of AGM, the Proxy Form and the FY2022 Annual Report may be accessed at the Company's website at the URL http://www.kodaonline.com/ by clicking on the tab titled "Investor Relation" and selecting the hyperlink titled "Announcements". The Notice of AGM, the Proxy Form and the FY2022 Annual Report are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the AGM in advance of, or live at, the AGM, addressing of substantial and relevant comments, queries and/or questions in advance of, or live at, the AGM and voting live at the AGM by the Shareholders themselves or their duly appointed proxies (other than the Chairman of the AGM) via electronic means or appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, are set out in the Company's accompanying announcement dated October 13, 2022. This announcement may be accessed at the Company's website at the URL http://www.kodaonline.com/ and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

4. **The Company has decided that the forthcoming AGM will be held by way of electronic means and Shareholders will not be able to attend the AGM in person. Shareholders who wish to exercise their voting rights at the AGM may vote live at the AGM by themselves or by their duly appointed proxies (other than the Chairman of the AGM) via electronic means, or appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM.** This Proxy Form for the AGM may be accessed at the Company's website at http://www.kodaonline.com/ by clicking on the tab titled "Investor Relation" and selecting the hyperlink titled "Announcements" and is also available on SGXNET at https://www.sgx.com/securities/company-announcements. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. CPF Investors and SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. (Singapore Time) on Monday, October 17, 2022**.

5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

6. The Chairman of the AGM, acting as proxy, need not be a Shareholder of the Company.

7. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's registered office at 18 Tagore Lane Singapore 787477; or

   (b) if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia,

   in any case, by 10.00 a.m. (Singapore Time) on Tuesday, October 25, 2022. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.**

8. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

GENERAL:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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
YING SIEW HON, FRANCIS	Independent Director
PHUA BOON HUAT	Independent Director

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

18 Tagore Lane
Singapore 787477

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
Singapore 048624

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
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Singapore 049320

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COMPANY SECRETARY

GN JONG YUH GWENDOLYN
Date of Appointment
November 1, 2013

SHARE REGISTRAR

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AUDIT PARTNER

LEE KANG LIN
Date of Appointment
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