

# Koda Ltd

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

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## MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD ON OCTOBER 30, 2023

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The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Annual General Meeting of the Company held on Monday, October 30, 2023 (“**AGM**”).

The Board would like to thank shareholders for their attendance at the AGM. Paragraph 6.1 of Practice Note 7.5 of the Listing Rules requires the Company to release the minutes of AGM within one month after the date of AGM. The minutes of the AGM are set out at **Annex A**.

By Order of the Board  
**Koda Ltd**

James Koh Jyh Gang  
Executive Chairman and Chief Executive Officer

November 30, 2023

## **ANNEX A**

### **KODA LTD**

(Incorporated in the Republic of Singapore)  
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#### **MINUTES OF ANNUAL GENERAL MEETING**

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Date	:	Monday, October 30, 2023
Time	:	10.00 a.m.
Place	:	18 Tagore Lane Singapore 787477
Present	:	As set out in the attendance records maintained by the Company
Chairman	:	Mr James Koh Jyh Gang

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#### **Introduction**

The Chairman welcomed the shareholders to the Annual General Meeting (“**AGM**”) of the Company.

The Chairman introduced the Board of Directors to the shareholders. The Chairman also stated that the Executive Director for Sales and Marketing, Mr Koh Jyh Eng, is currently on overseas business travel, but that he has joined the AGM by virtual means.

#### **Quorum**

As a quorum was present, the Chairman declared the AGM open.

#### **Notice**

The Chairman stated that the Company’s Annual Report for the financial year ended June 30, 2023 together with the Notice of AGM have been circulated to the shareholders.

The Chairman suggested that the Notice of AGM be taken as read.

## Questions

Shareholders were given the opportunity to submit comments, queries and/or questions related to the Ordinary Resolutions put to vote at the AGM. The deadline for submission of such comments, queries and/or questions was 10.00 a.m. on Saturday, October 21, 2023.

The Chairman informed that the Company has addressed all substantial and relevant questions received from the Securities Investors Association (Singapore) in relation to the Company's Annual Report for the financial year ended June 30, 2023, and has published its responses on the Company's website and on SGXNET on 24 October 2023. The Chairman further informed that apart from the above, the Company did not receive any comments, queries and/or questions related to the Ordinary Resolutions put to vote at this Meeting before the stated deadline from shareholders.

The Chairman stated that shareholders will have the opportunity to ask questions during the course of the AGM.

During the course of the AGM, shareholders raised various questions which were addressed by the Board of Directors and Management of the Company.

## Voting

It was noted that in accordance with Regulation 58(A) of the Company's Constitution, the Ordinary Resolutions put to vote at the AGM were decided on a poll.

The Chairman informed that as some shareholders had appointed the Chairman of the AGM as proxy to vote on their behalf at the AGM, he would be voting in accordance with their instructions.

In.Corp Corporate Services Pte. Ltd. was appointed as the Company's Polling Agent and Complete Corporate Services Pte Ltd was appointed as the Company's Scrutineers. The Chairman informed that the proxy forms lodged have been checked by the Company's Scrutineers and were found to be in order. The procedures for voting by poll at the AGM was explained by the representative of the Company's Scrutineers.

## Ordinary Business

### **1. Ordinary Resolution 1**

To receive and adopt the Audited Financial Statements of the Company and its subsidiaries for the financial year ended June 30, 2023 together with the Directors' Statement and the Auditors' Report thereon.

Mr Chiam Toon Chew ("**Mr Chiam**"), a shareholder of the Company, proposed the motion. Mr Lalchand Jethanand Daryanani ("**Mr Daryanani**"), a shareholder of the Company, seconded the motion.

The Board of Directors and Management of the Company responded to questions from shareholders as set out in **Appendix 1** of these minutes.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 1 was declared carried and it was resolved:

*“That the Audited Financial Statements of the Company and its subsidiaries for the financial year ended June 30, 2023 together with the Directors’ Statement and the Auditors’ Report thereon, be received and adopted.”*

## **2. Ordinary Resolution 2**

To approve the payment of Directors’ fees of S\$138,000 for the financial year ended June 30, 2023. (2022: S\$138,000)

Mr Daryanani, a shareholder of the Company, proposed the motion. Mdm Tang Hwee Lang (“**Mdm Tang**”), a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 2 was declared carried and it was resolved:

*“That the payment of Directors’ fees of S\$138,000 for the financial year ended June 30, 2023 be and is hereby approved.”*

## **3. Ordinary Resolution 3**

To re-appoint Deloitte & Touche LLP as the Company’s Auditors and to authorise the Directors of the Company to fix their remuneration.

Mr Daryanani, a shareholder of the Company, proposed the motion. Mr Manohar P Sabnani (“**Mr Sabnani**”), a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 3 was declared carried and it was resolved:

*“That Deloitte & Touche LLP be and is hereby re-appointed as the Company’s Auditors and the Directors of the Company be and are hereby authorised to fix their remuneration.”*

## **4. Ordinary Resolution 4**

To re-elect Mr James Koh Jyh Gang who is retiring pursuant to Regulation 89 of the Company’s Constitution.

As Ordinary Resolution 4 related to the Chairman’s re-election, he handed over the chairmanship of the meeting to Mr Tan Choon Seng, the Lead Independent Director.

The Meeting noted that Mr James Koh Jyh Gang will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company.

Mr Daryanani, a shareholder of the Company, proposed the motion. Mr Sabnani, a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 4 was declared carried and it was resolved:

*“That Mr James Koh Jyh Gang, who is retiring by rotation pursuant to Regulation 89 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”*

Mr Tan Choon Seng handed the chairmanship back to the Chairman.

## **5. Ordinary Resolution 5**

To re-elect Mr Koh Jyh Eng who is retiring pursuant to Regulation 89 of the Company’s Constitution.

The Meeting noted that Mr Koh Jyh Eng will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

Mr Daryanani, a shareholder of the Company, proposed the motion. Mdm Tang, a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 5 was declared carried and it was resolved:

*“That Mr Koh Jyh Eng, who is retiring by rotation pursuant to Regulation 89 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”*

## **6. Ordinary Resolution 6**

To re-elect Mr Tan Choon Seng who is retiring pursuant to Regulation 89 of the Company’s Constitution.

The meeting noted that Mr Tan Choon Seng will, upon re-election as a Director of the Company, remain as the Lead Independent Non-Executive Director, the Chairman of the Audit Committee, and a member of the Nominating and Governance Committee and Remuneration Committee of the Company. Mr Tan Choon Seng is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Mr Sabnani, a shareholder of the Company, proposed the motion. Ms Chua Lee Lee, a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,283,166 shares voting for the motion, representing 100.00% of the total number of shares voting for and against the motion, and 0 shares voting against the motion, representing 0.00% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 6 was declared carried and it was resolved:

*“That Mr Tan Choon Seng, who is retiring by rotation pursuant to Regulation 89 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”*

## **Special Business**

### **8. Ordinary Resolution 7**

To grant Directors of the Company authority to allot and issue new shares and/or instruments.

Mr Daryanani, a shareholder of the Company, proposed the motion. Mdm Tang, a shareholder of the Company, seconded the motion.

The motion was put to vote by way of a poll.

Based on the votes received, there were 55,259,766 shares voting for the motion, representing 99.96% of the total number of shares voting for and against the motion, and 23,400 shares voting against the motion, representing 0.04% of the total number of shares voting for and against the motion. Accordingly, Ordinary Resolution 7 was declared carried and it was resolved:

*“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*
- (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*
- (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."*

### **Conclusion**

The Chairman stated that the Company will publish the minutes of the AGM on the Company's website and SGXNET within a month after the AGM.

There being no other business, the Chairman declared the AGM closed and thanked all shareholders who attended the AGM.

## Appendix 1

Mr Chiam referred to page 130 of the Annual Report for the financial year ended June 30, 2023 (“**FY2023 Annual Report**”) and inquired on what the line item “Over time: Manufacturing” represented. Mr Kenny Zhang, the Group Chief Financial Officer of the Company (“**Group CFO**”), responded that the line item related to the Group’s supply and installation of furniture and furnishings for a hotel project undertaken by the Group in Singapore.

Mr Chiam next referred to page 131 of the FY2023 Annual Report and noted that in 2022, there was a sum of US\$2,214,000 being written off, and inquired on the reason why there was no such sum reflected for 2023. The Group CFO responded that the line item which Mr Chiam referred to was in relation to inventories written off in 2022 due to the fire incident at one of the Vietnam factory buildings. As such, there was no inventory being written off in 2023.

Mr Chiam then referred to page 137 of the FY2023 Annual Report and observed that the revenue from external customers located in North America dropped from US\$51,177,000 in 2022 to US\$21,576,00 in 2023. In this regard, Mr Chiam queried about the outlook of the Group’s sales in North America going forward. The Chairman explained that there was an overstock situation worldwide and particularly in America, reason being that many companies had projected significant growth by using the sales achieved during the pandemic period as an estimate, and as a result had submitted a significant number of pre-orders to the Group. The Chairman elaborated that the low-end furniture market experienced a drop in sales in April last year while the Group was affected by the downturn during June to July last year. The Chairman further noted that there was a recent downturn of the high-end furniture market as well. That said, the Chairman commented that in response to the downturn, the marketing team of the Group has shifted their marketing approach. In addition, the Chairman noted that customers of the Group are returning, due to the depletion of stocks on the customers’ end. However, the Chairman observed that the customers were now more cautious in their placing of orders.

Separately, the Chairman highlighted that following the market downturns, many competitors have exited the industry, and this has resulted in many of such competitors’ customers shifting to place orders with the Group instead.

The Chairman explained that there isn’t much improvement in the American market; however, due to the efforts of the marketing team, the Group is seeing an improvement in the number of orders received.

Mr Koh Jyh Eng, the Executive Director for Sales and Marketing of the Company, added that the Group’s outlook for the American market may soon reach a turning point due to the following reasons: (1) the stock available in America has been depleting, and customers have been returning; (2) the Group has been aggressively engaging in product development; and (3) the Group has been increasing its efforts to attract new customers to the Group. Mr Koh Jyh Eng noted that the Group would next need to ramp up its production levels. Mr Koh Jyh Eng further observed that current sales of the Group has yet to recover to pre-pandemic levels, and it is difficult to tell when such a full recovery can be achieved.

Mr Teo Hee Huat (“**Mr Teo**”), a proxy of DBS Nominees Pte Ltd, noted that the Chairman had highlighted that despite the inventory not yet being cleared in America, customers have been returning to place new orders. In this regard, Mr Teo inquired about whether this was due to new furniture designs created by the Group. The Chairman clarified that although the customers do still have inventory, their inventory levels of products supplied by the Group has dropped, and this therefore prompted them to place orders with the Group. The Chairman added that in addition to the above, customers were also placing orders for new products released by the Group. Separately, the Chairman shared that the Group has started approaching megastores, and the Group has since managed to secure one as a customer.

Mr Teo further asked if the Chairman could share about any developments with respect to Commune's business in China. Mr Joshua Koh Zhu Xian ("**Mr Joshua Koh**"), the Chief Executive Officer of Commune, responded that the Group was initially of the view that with the lifting of lockdown restrictions in China, the Chinese market would improve. However, this later proved otherwise, with the property market in China experiencing a downturn and the developers going bust. Mr Joshua Koh noted that in light of the foregoing, the consumer sentiment and demand for furniture dropped drastically, and this had an impact on the Group's store presence in China. That said, Mr Joshua Koh commented that the Group is currently adjusting itself to the way Chinese consumers in recent times are making purchase decisions. For instance, Mr Joshua Koh noted that Chinese consumers are generally influenced by social media and if they wanted to purchase a product, they would reach out directly to the relevant brands to make the purchases. In light of this, Mr Joshua Koh explained that the Group has been working to place the Group's products with independent retailers and multi-brand stores who have successfully marketed themselves through such channels, as these would be places which consumers would frequent visit.

Mr Joshua Koh acknowledged that in light of the slowdown in the Chinese market, the Group has realized that it should not overly depend on a single market. In this regard, he explained that the Group is now aggressively diversifying its revenue base. For instance, Mr Joshua Koh noted that the Group sees potential for the Group's brand to enter the Indian market, the European market, as well as other Asian markets such as Japan and Korea.

Mr Teo inquired if the Group's expansion into India, Europe and other countries would be via the Commune model. Mr Joshua Koh replied that in India, it is via a pure distribution model, wherein the Group would be engaging a distributor. In Europe on the other hand, the Group would be doing the distribution on its own via a third-party logistics warehouse model, meaning that the Group's products would be stored in a warehouse owned by a third-party logistics service provider, and the Group would then search for its own agents to sell the Group's products. In relation to Mr Teo's query above, the Chairman separately added that the Group has opened two stores in India and one store in Cambodia.

Mr Sabnani inquired if Commune would be progressing to online sales, or if it would still be brick-and-mortar based. Mr Joshua Koh clarified that Commune would not be an e-commerce player, given that Commune's focus is on the middle to high-end furniture market, and the sale of such furniture generally still requires a brick-and-mortar presence. That said, Mr Joshua Koh noted that Commune is pushing for a multi-channel approach, in that digital marketing would be used to capture consumer demand.

Next, in relation to the furniture sold by Commune, Mr Sabnani inquired on the percentage mix between furniture manufactured by the Group as compared to furniture which has been outsourced to third parties for manufacturing, to which Mr Joshua Koh replied that it was about evenly split.

Mr Sabnani also inquired on the revenue generated from furniture manufactured by the Group, as compared to furniture which has been outsourced to third parties for manufacturing. Mr Joshua Koh responded that both were comparable in all markets.

Mr Sabnani observed that the Group is traditionally in the business of manufacturing furniture, and the business of Commune is presently smaller than the Group's main business. In that regard, Mr Sabnani inquired if going forward this would still be the case, or if the Group has any plans to change the status quo. The Chairman responded that for the manufacturing business to grow, resource constraint is an issue. For instance, if the Group intends to increase manufacturing capacity, factories would need to be built. On the other hand, Commune can achieve growth by increasing its number of dealers. That said, the Chairman noted that growth for Commune is also not that easily achievable, given that Commune's focus is on the middle to high-end furniture market, where consumers would be more particular about the quality of furniture.

The Chairman added that the American market is currently out of Commune's consideration, as the Group's export segment has already been in American market for many years.

Mr Sabnani inquired on whether going forward, the Group intends to evolve into a third-party sourcing and retail company, or whether the Group would still retain its traditional manufacturing business and sell part of the furniture it manufactures. The Chairman responded that if Commune is able to take on the Group's capacity, the Group can channel furniture which it manufactures into Commune. Mr Sabnani further inquired on whether if this is so, Commune can then proceed to sell furniture to the American market and the Group would not be dependent on wholesalers, to which the Chairman responded in the affirmative. The Chairman added that the American market is homogenous, and the advantage of a homogenous market is that customer demands are fairly similar.

Mr Sabnani observed that retailing has its downside and difficult aspects as well, for instance, where there is overexpansion and stores needed to be closed down as a result thereof. The Chairman responded that Commune's model operated smoothly in China up until the recent market slowdown. Commune only has very few stores on its own in China, but instead relied on dealers who exclusively sold Commune's products. The Chairman noted that the advantage of this model was that Commune would not incur any capital investment; on the other hand, the disadvantage of this model was that Commune would not be able to enjoy the full benefits of retail. The Chairman explained that Commune is involved in the stocking of the goods, as well as the marketing and promotion of the products, but not in the sales aspect. The Chairman highlighted that the beauty of Commune's model in China is that firstly, Commune does not engage in distribution as the dealers arrange the logistics service providers; secondly, Commune does not have risks associated with trade receivables as Commune operates on a cash on delivery or cash in advance model, and therefore does not incur bad debts.

Mr Sabnani noted that Commune appears to prefer the franchise model, in that dealers run the stores, and Commune supplies the goods to them. In this regard, Mr Sabnani inquired on whether the dealers were required to follow certain principles, such as how the Commune goods were being presented, and added that the risk of this model is that the dealers will sometimes include their own furniture. Mr Joshua Koh responded that Commune conducts stringent training to ensure that dealers portray the brand correctly, and also conducts regular store visits to ensure only Commune's furniture are being sold. Mr Joshua Koh added that during the store visits, if the dealers are found to be selling furniture which does not belong to Commune in breach of the agreed contractual terms the relevant penalties would be applied.

Mr Sabnani inquired on whether the Group sees signs of recovery up ahead, both for Commune as well as the main manufacturing business of the Group, and if the Group provides quarterly updates. The Chairman explained that the Group provides half-yearly updates, and noted that for the manufacturing side, there have been orders coming through from both existing customers and new customers. As for the Commune side, Mr Joshua Koh stated the Group is cautiously optimistic, given that performance appears to be stabilising and sales appears to be picking up. That said, Mr Joshua Koh added that due to the high interest rate environment, there is a fall in consumer sentiment, and full recovery is unlikely to happen soon.

Mr Sabnani next inquired on whether the Group's inventory levels were under control. Mr Joshua Koh explained that Commune has dropped its inventory levels significantly through stringent ordering controls. The Group CFO added that inventory levels for the Group has dropped by more than US\$7 million, and further that the Group has also addressed the questions in relation to inventory levels raised by Securities Investors Association (Singapore) in its announcement dated 24 October 2023. The Chairman noted that the cash position of the Group remains strong, due to the Group's tightening of its capital expenditure.

Mr Sabnani asked if the Group's current office was freehold, to which the Chairman responded in the affirmative.

Mr Lee Mun Yew ("**Mr Lee**") referred to page 137 of the FY2023 Annual Report and noted the Group's region-specific revenue. On this, Mr Lee inquired if his assumption that North America's revenue was generated from the Group's manufacturing business and that Asia-Pacific's revenue was mostly generated from Commune was correct. The Chairman replied that this was not entirely accurate, given that Australia is included under the Asia-Pacific numbers where the Group's export segment sells to.

Mr Lee then inquired on the proportion of revenue from the Asia-Pacific region stemming from Commune, to which the Chairman responded that Commune contributed to approximately half of such revenue.

Mr Lee next asked if the advent of Covid-19 and other recent events has changed the Group's long-term strategy. The Chairman replied that both Commune and the rest of the Group are looking towards possible diversification into new markets and channels. The Chairman opined that one possible avenue which the Group could consider is mass production. The Chairman commented that whilst margins for mass-produced products may not be ideal, if these can be sold in large quantities, revenue would increase.

Mr Goh Han Peng ("**Mr Goh**") noted that the Group did not use to seek out megastores as customers, but this time, they have decided to do so. The Chairman responded that seeking out megastores is a completely different marketing channel. The Chairman added that when working with mega retailers, the Group is required to take on the role of the retailer, and is expected to provide post-purchase servicing to the customers as well as to ensure that the products are stocked. That said, the Chairman noted that as long as the Group is able to adapt to the system, there are potential profits to be made through such this channel.

Mr Goh inquired if the Group would need to increase the staff it employs in order to support this new model. The Chairman replied in the affirmative, and added that the Group is also increasing staff overtime.

Mr Goh next commented that he understands that whilst the Group has already been supplying the mega retailer previously, they are now trying to procure the mega retailer as a customer on a more recurring basis. The Chairman confirmed this and mentioned that the Group has just commenced its efforts in this aspect.

Mr Chiam referred to page 140 of the FY2023 Annual Report, and inquired on what the manufacturing was like in Malaysia, as compared to Vietnam. The Chairman explained that manufacturing in Malaysia is more specialised in solid timber; further, they have a team which is skilled in lamination. The Chairman noted that the Group is concentrating on the manufacturing in Malaysia for Commune products, where Commune is one of the Group's major customers. The Chairman added that some of the Group's other customers are sometimes re-channeled into Vietnam, depending on whether the specialisation and skill sets found in a particular manufacturing location is deemed more suitable.