



NOEL



Innovating for
Tomorrow's

Gifts

ANNUAL REPORT 2022

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ABOUT US

Noel Gifts International Ltd (Noel Gifts) is Singapore's leading hampers, flowers and gifts company with an extensive offering of chic floral arrangements and gifting ideas for the stylish and discerning.

Over the past 48 years, the company has been Bringing People Closer with premium quality gift selections for all occasions. Since its inception in 1975, the company began business under the name "Noel Commerce" as a year-end hamper packaging company. In 1982, the company expanded to incorporate a flower business and was renamed "Noel Hampers and Gifts Pte Ltd" a year later. In 1993, the company was renamed "Noel Gifts International Ltd" due to steady growth of the business. In the same year, the company also became a public listed company on the second board of Singapore Stock Exchange, SESDAQ. In 2008, Noel Gifts was listed on the SGX Mainboard.

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

***Bringing People Closer,
Making Everyday Better.***





“ Welcoming the new normal comes with its own set of challenges... With looming economic headwinds expected in the year ahead, the Group will need to stay agile and move expeditiously as it adapts to exponential market shifts.”

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders

As we approach our 48th year in the business, we are taking time to re-examine the company's position in a still-complex global economic environment. We give thanks to God for guiding us through another fruitful year. It is with His divine grace that after two years, there is a more optimistic business outlook following the reopening of our economy. We are also thankful to our stakeholders, business partners, staff members and customers for their patience, kindness and generous support.

Welcoming the new normal comes with its own set of challenges. While we are headed towards industrial normalisation, today's post-COVID19 landscape remains underscored by a sense of ambivalence and wavering trends arising from a confluence of crises. There is unprecedented pressure compounded by elevated commodity prices, continued global trade and supply chain constraints, increasing volatility in financial markets and unabating geopolitical tensions. With looming economic headwinds expected in the year ahead, the Group will need to stay agile and move expeditiously as it adapts to exponential market shifts.

FINANCIAL REVIEW

The full year revenue of \$20.7 million represents an increase of 8.4% from \$19.1 million in the previous financial year. The increase is, from gifts sales, mainly attributable to the improve in consumers' buying sentiment and concerted effort in the area of sales and marketing.

The Group reported a gross profit of \$10.1 million in FY2022, an increase of \$0.3 million or 3.1% as compared to \$9.8 million in FY2021. However, gross profit margin decreased from 51.3% in FY2021 to 48.8% in FY2022 due to higher cost in the supply chain.

The Group's other income of \$3.0 million in FY2022 comprises mainly government grants on wages amounting to \$1.2 million and gain on disposal of right-of-use assets of \$0.2 million and fair value gain of \$1.4 million of investment properties.

Distribution costs increased by \$0.3 million to \$2.7 million mainly due to higher marketing costs.

Administrative expenses increased by \$0.4 million to \$7.4 million mainly due to higher payroll expenses.

During the year, the Group recorded reversal of credit loss allowance on trade receivables of \$0.2 million due to the continued efforts in collections.

Income tax credit was recorded at \$0.02 million in FY2022 as compared to income tax expenses of \$0.1 million in FY2021 mainly due to adjustment for deferred tax. As a result, the Group achieved a profit of \$2.9 million in FY2022 as compared to \$1.5 million in FY2021.

In view of the Group's net cash position, the Board has proposed a final dividend of \$0.003 per ordinary shares, and a special dividend of \$0.012 per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting.

MANAGING DIRECTOR'S MESSAGE

INNOVATING FOR TOMORROW'S GIFTING

Change is the only constant. The global pandemic has not only driven the essential adoption of digital transformation but has also accelerated fundamental shifts in consumer behavior especially in the last few years. It is paramount that the Group continues to adapt, evolve and reshape its strategies to stay relevant in addressing the needs of ever-changing consumer preferences.

Our focus will be on staying adroit, innovating novel ideas, streamlining processes and embracing creative technologies to pioneer tomorrow's gifting. Moving forward, the Group will strive to enhance the end-to-end experience for our customers and their recipients, staying true to our vocation of bringing people closer as we envisage a new era of gifting.

BOARD CHANGES

We would like to welcome Mr Chee Teck Kwong Patrick as our incoming Independent Director. Mr Chee will chair the Remuneration Committee and serve as a member in the Audit and Nominating Committee, contributing towards the strategic and corporate governance of the Group with his keen industry knowledge. Mrs Ivy Tan will continue to provide advice to the Group as Non-Executive Director and senior consultant. With their vast experience and wisdom, we look forward to forging ahead and steering the Group towards greater heights of excellence.

Yours sincerely,

Wong Siu Hong Alfred
Managing Director



BOARD OF DIRECTORS



Left to right: (Front): Mrs. Ivy Tan, Mr. Wong Siu Hong Alfred, Mr. Aric Loh Siang Khee
(Back): Mr. Chee Teck Kwong Patrick, Mr. Foo Der Rong

Mr Wong Siu Hong Alfred Managing Director

Mr Wong is the founder of Noel Gifts International Ltd and has been its Managing Director since its commencement. With over 48 years of experience in the hamper, flower & gift business, he is in charge of

the strategic planning, overall financial management and growth of the Group. Since 1997, he has been spearheading the Property division, overseeing property investment and development. He is a recipient of the 1991 ENDEC Entrepreneurship Excellence Award. Mr Wong holds a Master of Business Administration degree with distinction.

BOARD OF DIRECTORS

Mrs Ivy Tan (Mdm Wong Phui Hong)

Non-Executive Director

Mrs Ivy Tan is the co-founder of Noel Gifts International Ltd, and has been re-designated from Executive Director to Non-Executive Director on 1st July 2022. Mrs Tan will also be a Senior Consultant to the Group as she has the requisite educational and professional qualifications, working experience, capabilities and ability to contribute to the Company.

Mrs Tan was the Executive Pastor of Bethesda Bedok-Tampines Church (BBTC) from 2008 to 2014. She holds a Master of Business Administration degree with distinction.

Mr Aric Loh Siang Khee

Lead Independent, Non-Executive Director

Mr Loh was appointed as an Independent Director of the Company on 1st August 2017 and was last re-elected a Director of the Company on 27th October 2021. He is the Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee. He is also the Lead Independent Non-Executive Director of the Company. Mr Loh was formerly an audit partner at Deloitte & Touche LLP, Singapore. He currently runs his own accounting practice.

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

Mr Foo Der Rong

Independent, Non-Executive Director

Mr Foo was appointed as an Independent Director of the Company on 1st August 2017. He graduated with a Bachelor of Commerce degree from Nanyang University and has a wealth of rich experience and knowledge in business development, corporate restructuring, investment strategies and operation management, in a wide range of industries.



BOARD OF DIRECTORS

Mr Foo is currently a Director of Tian International Pte Ltd, a Non-Executive Director of Southern Lion Sdn Bhd and an Independent Director of SLB Development Ltd and Matex International Ltd. His previous appointments include being the Managing Director / CEO of Intraco Ltd and PSC Corporation Ltd. He was the Vice Chairman of Teck Ghee Community Club and currently serves as a Patron of Teck Ghee Community Club.

Mr Chee Teck Kwong Patrick Independent, Non-Executive Director

Mr Chee was appointed as an Independent Director of the Company on 1st December 2021. He holds a Bachelor of Law (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. Mr Chee has been in private legal practice since 1980 and is now a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, setting up of family offices and listing of companies. He has also advised on

property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. Mr Chee had initiated and was instrumental to the setting up of a full licensed KhattarWong's law practice in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths and is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He had served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the 'National Street Soccer League – Lee Hsien Loong Challenge Trophy'.

Mr Chee also sits on the Board of several public listed companies. He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore. Mr Chee is also the recipient of the National Day Awards 2003 – 'The Public Service Medal (Pingat Bakti Masyarakat)' from the President of Republic of Singapore.

MANAGEMENT TEAM

Ms Bernadette Kwan

Chief Operating Officer

Bernadette who was recently promoted to Chief Operating Officer on 1st July 2022.

As Noel Gifts' Chief Operating Officer, Bernadette is responsible for overseeing the supply chain operations and marketing for the Group.

Having served with Noel Gifts since 1993, Bernadette has 28 years of in-depth industry experience and is familiar with every aspect of the business.

Bernadette holds an MBA from the University of Hull.

Dr Kim Wong

Assistant General Manager

Kim joined Noel Gifts in September 2005. In August 2021, Kim was promoted to Assistant General Manager. She will be working closely with the Chief Operating Officer to manage Sales and Marketing of the Group.

Kim has 17 years of experience in the Group, spanning the Sales and Marketing departments. She holds a Doctor of Business Administration (Innovation) from Singapore Management University.



MANAGEMENT TEAM

Ms Michelle Chong

Senior Manager, Finance

Michelle joined Noel Gifts in 1993. She oversees the Group's accounting, finance, tax, corporate secretarial functions and other related activities.

She possesses a professional qualification from the Association of Chartered Certified Accountants.

Ms Audrey Allyson Pavanaris

Branch Manager

Audrey is responsible for the entire business operations of Noel Hampers & Gifts in Johore, Malaysia.

She joined the Group in 1995 and is an all-rounded industry veteran with more than two decades of in-depth experience.



OPERATIONS REVIEW

FY2022 has been a significant year for Noel Gifts where the Group continued its journey of transformation, undertaking strategic projects and exploring new initiatives that sought to uphold customer excellence and reshape the gifting experience.

WELCOMING THE NEW NORMAL

With further easing of business restrictions as borders reopened, the Group welcomed the optimistic business outlook and growth potential of a reviving global economy. Hybrid working arrangements became the norm and there was a general return to the workplace that gave rise to new customer needs. We listened to the voice of our customers and refreshed our loyalty programmes with more enticing gift options to offer a greater variety. New gifting formats accompanied with a focus on personalised service were introduced to meet changing corporate needs. In the new normal, the Group accommodated to the shifting trends in consumer behaviour and preferences while staying attentive to developments in the dynamic market environment.

BEYOND DIGITAL TRANSFORMATION

The Group continued to power its digital transformation efforts with several initiatives during the year. A company-wide migration to Microsoft 365 was implemented to enable effective communication and internal collaboration across its teams within the digital workplace. As part of the company's organisational strategy, the Group also embarked on a business process reengineering project to re-examine and restructure its current workflows. The project seeks to reform established practices to improve organisational effectiveness and streamline processes to elevate customer satisfaction and build stronger customer relationships. In-depth customer research was also conducted to gather critical insights that would help inform and shape the direction of the project.



OPERATIONS REVIEW

CORPORATE SOCIAL RESPONSIBILITY

In continued partnership with St Luke's ElderCare (SLEC), the Group conducted complimentary floral arrangement workshops for the elders in their senior care centres. These include Golden Years Centre (GYC), Hougang Centre (HGC), Nee Soon Central Centre (NSC), Chong Pang Centre (CPC), Kebun Baru Centre (KBC), Changkat Centre (CKC), Tampines Centre (TPC), Ang Mo Kio Polyclinic (APC). For Christmas, the Group donated \$10,000 in support of the residents at SLEC Residence @ AMK (SLR@AMK). The donated funds were used to purchase wheelchairs for the seniors under their care.

For Chinese New Year, the Group donated \$25,000 to Focus on the Family Singapore (FOTFS) in support of their **Eat, Laugh & Love** campaign to promote family relationships. Under this collaboration, the Group also contributed 20 Chinese New Year hampers and special 5-course Reunion Menu sets to families in challenging situations. In recognition of Noel Group's collaborations with FOTFS to contribute back to the community, the Group was also presented with the Family Champion Award during FOTFS' 20th Anniversary Celebration. The award was presented by Deputy Prime Minister Heng Swee Keat.

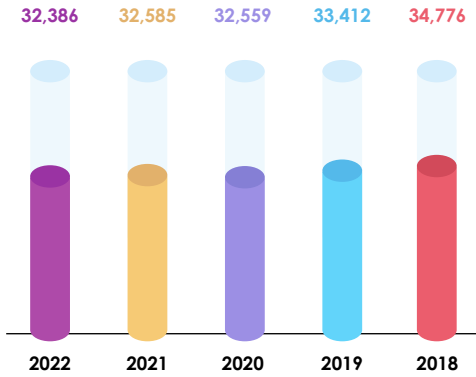
Last year, the Group also donated \$10,000 to Bartley Community Care Services (BCCS) in support of their virtual run to raise funds for the disadvantaged community.



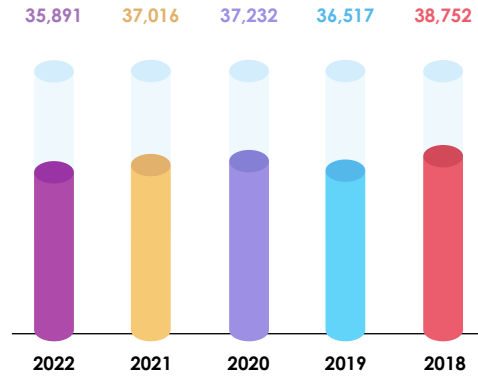
In partnership with St Luke's ElderCare Centre (SLEC), Noel Group conducted complimentary floral arrangement workshops for the elders in their senior care centres.

FINANCIAL HIGHLIGHTS

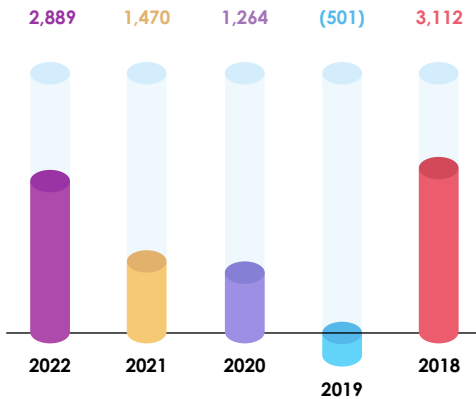
SHAREHOLDERS' FUND
(S\$'000)



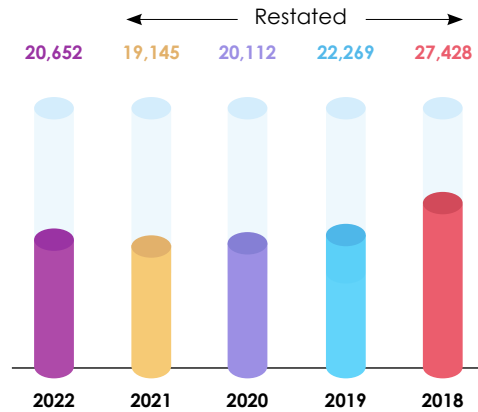
TOTAL ASSETS
(S\$'000)



PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS
(S\$'000)



TURNOVER
(S\$'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Wong Siu Hong Alfred

(Executive Chairman and Managing Director)

Wong Phui Hong

(Non-Executive Director)

Aric Loh Siang Khee

(Non-Executive and Lead Independent Director)

Foo Der Rong

(Non-Executive and Independent Director)

Chee Teck Kwong Patrick

(Non-Executive and Independent Director)

AUDIT COMMITTEE

Aric Loh Siang Khee

(Chairman)

Foo Der Rong

(Member)

Chee Teck Kwong Patrick

(Member)

NOMINATING COMMITTEE

Foo Der Rong

(Chairman)

Aric Loh Siang Khee

(Member)

Chee Teck Kwong Patrick

(Member)

REMUNERATION COMMITTEE

Chee Teck Kwong Patrick

(Chairman)

Aric Loh Siang Khee

(Member)

Foo Der Rong

(Member)

JOINT COMPANY SECRETARIES

Ong Beng Hong and Lee Yuan

(Wong Tan & Molly Lim LLC)

REGISTERED OFFICE

21 Ubi Road 1

#03-01

Singapore 408724

AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner in charge: Mr Tan Boon Leong

Appointed with effect from financial year ended

June 30, 2022

REGISTRARS AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.

30 Cecil Street

#19-08 Prudential Tower

Singapore 049712

PRINCIPAL BANKERS

- 1) The Development Bank of Singapore Limited
12 Marina Boulevard #43-03,
Marina Bay Financial Centre Tower 3,
Singapore 018982
- 2) Malayan Banking Berhad
2 Battery Road,
Maybank Tower,
Singapore 049907
- 3) United Overseas Bank Limited
80 Raffles Place, UOB Plaza,
Singapore 048624
- 4) Overseas-Chinese Banking Corporation Limited
65 Chulia Street, OCBC Centre,
Singapore 049513

SUSTAINABILITY REPORT



1. BOARD STATEMENT

We live by our vision of Bringing People Closer, Making Everyday Better.

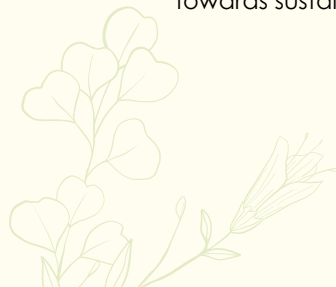
Noel Gifts International Ltd. ("Noel Gifts" or the "Company") is about building a business that recognises the needs of our customers and cares for our employees, the community, and the environment. For us, sustainability is about integrity. We want all our stakeholders to be confident in our brand, to know that we value our environment and our community while we are striving for excellence in our operations.

Sustainable growth is fundamental to Noel Gifts' business. This is a responsibility we carry towards our stakeholders to make a positive difference economically, socially, and environmentally. As a sustainable organisation, we place ourselves at a competitive advantage from other gifts company in Singapore and the region. We are pleased to share with you our sustainability report ("Report") for the year ended 30 June 2022 ("FY2022"). Through this Report, we share our progress in managing the environmental, social and governance ("ESG") factors, economic performance and customer experience (collectively as "Sustainability Factors"), to substantiate our continued commitment towards sustainability.

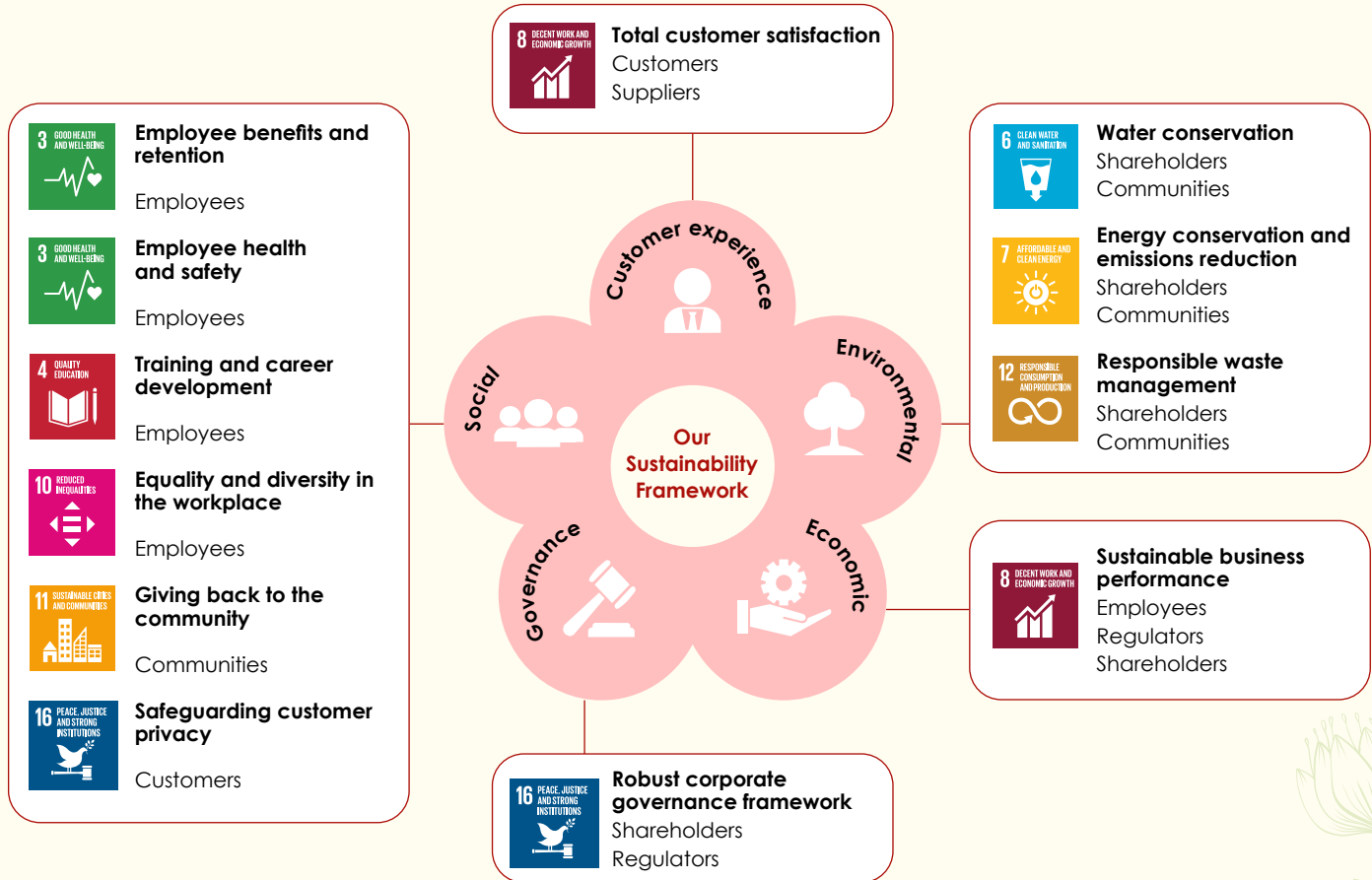
The Board having considered the Sustainability Factors as part of its strategic formulation, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs" or "Global Goals") and is supported by our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



SUSTAINABILITY REPORT



The business environment is challenging as we welcome the new normal in today's post-Coronavirus disease 2019 ("COVID-19" or "Pandemic") landscape. There is unprecedented pressure compounded by elevated commodity prices, continued global trade and supply chain constraints, increasing volatility in financial markets and unabating geopolitical tensions. With looming economic headwinds expected, we will need to stay agile and move expeditiously as we adapt to exponential market shifts.

The global Pandemic has not only driven the essential adoption of digital transformation but has also accelerated fundamental shifts in consumer behaviour. Our focus will be on innovating novel ideas, streamlining processes and embracing creative technologies to pioneer tomorrow's gifting. Moving forward, we will strive to enhance the end-to-end experience for our customers and their recipients, staying true to our vocation of bringing people closer as we envisage a new era of gifting.

SUSTAINABILITY REPORT



2. REPORTING METHODOLOGY

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

While we have not sought external assurance for this sustainability report, we relied on internal data monitoring and verification to ensure its accuracy. We will work towards external assurance for our future sustainability reports.

3. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 July 2021 to 30 June 2022 ("Reporting Period"). A sustainability report is published annually in accordance with our SR Policy.

This Report covers the gifting businesses in Singapore within Noel Gifts and its subsidiaries (the "Group") which contributed to more than 95% of our total revenue for the Reporting Period (FY2021: more than 95%).

4. FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at sustainability@noel.com.sg

SUSTAINABILITY REPORT

5. OUR BUSINESS



Suppliers

Procure flowers, gift items, packaging materials and hamper accessories from both local and overseas suppliers



Operations

Offer products through online platforms, retail outlets, telesales and outdoor sales



Customers

Customers comprise individuals and corporate customers

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that have an interest that is affected or could be affected by our activities.

At Noel Gifts, we value the diverse views provided by our various stakeholder groups - including our

communities, customers, employees, regulators, shareholders and suppliers – on areas where we can improve our operations. Over the years, we have built a strong relationship with our stakeholders who have helped us to understand ways to identify sustainability factors within the Company.





SUSTAINABILITY REPORT

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERNS RAISED
1	Communities	Community campaigns	Regularly	<ul style="list-style-type: none"> • Social inclusion • Environmental protection
2	Customers	Social media	Daily	Customer service and offerings
		<ul style="list-style-type: none"> • Newsletters • Customer satisfaction surveys • Calls 	Regularly	
		<ul style="list-style-type: none"> • Email communications • Messaging applications • Virtual meetings 	As and when required	
3	Employees	Performance and career development reviews	Annually	<ul style="list-style-type: none"> • Equal employment opportunity • Job security • Remuneration
		<ul style="list-style-type: none"> • Email communications • Employee engagement programmes • Department meetings 	Regularly	
4	Regulators	<ul style="list-style-type: none"> • Consultations and briefings organised by key regulatory bodies • Electronic communications 	As and when required	Corporate governance
5	Shareholders	<ul style="list-style-type: none"> • Group annual report • Annual general meeting 	Annually	<ul style="list-style-type: none"> • Sustainable business performance • Market valuation • Corporate governance
		Group result announcements	Half-yearly	
6	Suppliers	<ul style="list-style-type: none"> • Feedback • Email communications • Telephone calls 	Regularly	Demand volatility

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.



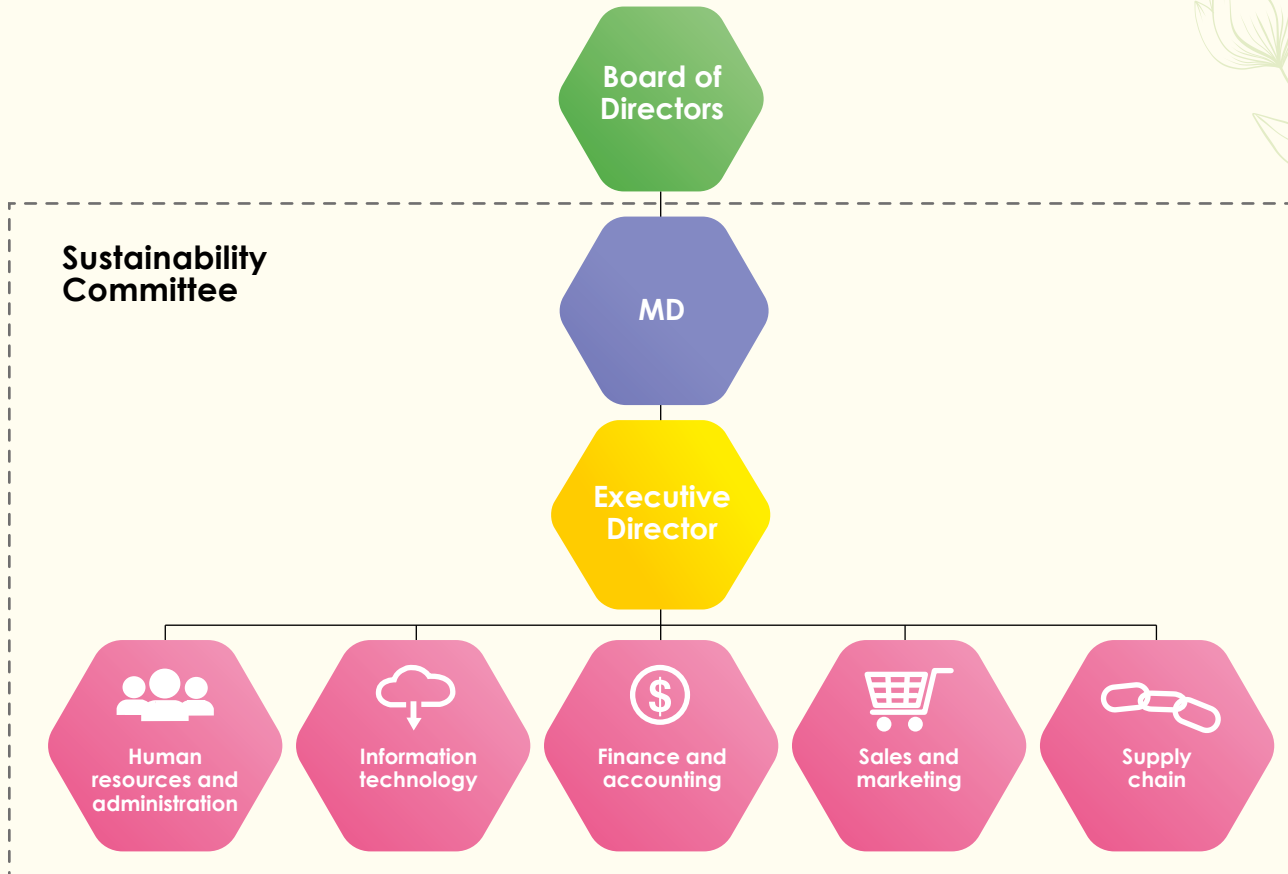
SUSTAINABILITY REPORT

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which

includes senior management executives and key managers from various functions, is led by the Group's Managing Director ("MD"), and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.



SUSTAINABILITY REPORT

7.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of

this process is a list of material Sustainability Factors disclosed in this Report. Processes involved are as shown in the chart below:



IDENTIFICATION

Identification of the material factors that are relevant to the Group's activities and data points for performance reporting



PRIORITISATION

Prioritisation of the material factors and identification of key Sustainability Factors to be reported



VALIDATION

Validation involves the verification of information and data gathered on material factors and the performance of an assessment on the completeness of key Sustainability Factors to finalise the sustainability report content



REVIEW

Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

7.3 Materiality assessment

The materiality assessment considers the likelihood of the occurrence of potential negative and positive impacts ("Likelihood of Impact") and significance of impacts on the economy, environment, people and their human rights, which in turn can indicate its contribution to sustainable development ("Significance of Impact").

7.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with

our strategy to ensure that we remain focused on our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems.

8. MATERIAL FACTORS

A materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

SUSTAINABILITY REPORT

Presented below is a list of material Sustainability Factors applicable to the Group:

S/N	MATERIAL SUSTAINABILITY FACTOR	SDG	KEY STAKEHOLDER
Customer experience			
1	Total customer satisfaction	Decent work and economic growth	<ul style="list-style-type: none"> Customers Suppliers
Economic			
2	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none"> Employees Regulators Shareholders
Environmental			
3	Energy conservation and emissions reduction	Affordable and clean energy	<ul style="list-style-type: none"> Shareholders Communities
4	Water conservation	Clean water and sanitation	<ul style="list-style-type: none"> Shareholders Communities
5	Responsible waste management	Responsible consumption and production	<ul style="list-style-type: none"> Shareholders Communities
Social			
6	Equality and diversity in the workplace	Reduced inequalities	Employees
7	Training and career development	Quality education	Employees
8	Employee benefits and retention	Good health and well-being	Employees
9	Employee health and safety	Good health and well-being	Employees
10	Giving back to the community	Sustainable communities	Communities
11	Safeguarding customer privacy	Peace, justice and strong institutions	Customers
Governance			
12	Robust corporate governance framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> Shareholders Regulators

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. Details of material Sustainability Factors are presented as follows:



SUSTAINABILITY REPORT



8.1 Total customer satisfaction

Our service quality reflects our commitment to our customers. Where our product offerings are concerned, we use fair and responsible marketing practices to keep our customers well informed of the product before they make purchase. Every year, we review our operations to improve our performance, identify areas of improvement and provide the best of services to our customers. Our strategies towards customer satisfaction are as follows:

Strong branding and competencies

We are a leading flowers and gifts company in Singapore with more than 40 years of operations and the only publicly listed flowers and gifts company in Southeast Asia. Leveraging on our core competencies which extend beyond floral arrangements and include expertise in conceptualising, designing, sourcing, packaging and gift delivery, we believe that we are able to meet customers' demands for personalised experience.

Quality products and sustainable relationship with our suppliers

Materials used in our gifting arrangements, such as fresh flowers, packaging materials and hamper accessories are carefully sourced from our qualified suppliers, with whom we have maintained long-term relationships. In order to ensure the quality of our products and services, feedback is constantly furnished by our procurement team to suppliers to make improvements. A supplier that does not meet our requirements will be disqualified. In light of global supply chain issues, we face limitations for some flower variations and we will

continuously work with our suppliers and source for substitutions of the affected flowers in the gifting arrangements and ensure that our florists maintain the presentation quality of the gifts.

Seamless online gifting experience

With an integrated system and comprehensive selections, we provide a seamless online gifting experience. Technology has made our online ordering simple and quick with a click, and customers could have their flowers and gifts delivered right to the doorstep by our friendly delivery drivers.

Wide range of gifting options for customisation

Having been in the industry for more than 40 years, we understand that gifts are often personal and most of our customers wish to customise a gift to suit a person's preference or a special occasion. Hence, we allow customers to create bespoke gifts via our website, with more than 400 gifting options (FY2021: more than 400 gifting options) carefully selected by our e-commerce team to meet customers' needs for any occasion all year round. In light of the Pandemic, we remain committed to offer affordable and quality gifts to ease the burden of customers who wish to convey their care and concern.

Rewards and redemptions

To enhance customers' shopping experience and build customer loyalty, we have a special rewards programme where customers can accumulate points from their purchases and redeem attractive gifts and vouchers.

SUSTAINABILITY REPORT



Fast and convenient delivery services

We offer same-day and weekend delivery services which allow our customers to delight their recipients with impromptu gifts and set the ground for a pleasant surprise.

To help our customers in reaching out to their loved ones or business partners who are overseas, we offer international delivery services for our stunning flowers and the finest of gifts. Customers can opt for international delivery services by simply ordering on our website.

Proactive customer engagement

Customer feedback is collected from various touchpoints such as sales teams and through

customer satisfaction surveys. We measure customer satisfaction based on the conduct of net promoter score ("NPS")¹ surveys via calls and electronic direct mails. During the Reporting Period, more than 90% (FY2021: more than 90%) of customers responded with a satisfied rating.

Feedbacks are collected to gather valuable insights on our customers' requirements, expectations and level of satisfaction for us to serve them better. We also engage our customers via social media platforms such as Facebook and Instagram. Insights gathered are discussed to improve service quality and provide inputs for our strategies.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Maintain or improve product range	Maintained more than 400 gifting options	Maintain or improve product range

8.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits, dividend payments and maintaining a robust balance sheet with strong operating cash flows.

Further details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Improve or maintain financial performance subject to market conditions	We recorded an increase in revenue and profit for the year	To strive for optimal operating performance in the face of prevailing challenges

¹ NPS is a performance indicator adopted to measure customer experience and predict business growth.

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8.3 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction to combat climate change.

To run our operations, we rely mainly on the following energy sources:

- Electricity to operate essential equipment used in our head office, online delivery services and retail outlets such as flower chillers, lighting,

various office equipment and air-conditioning; and

- Diesel fuel to operate a fleet of delivery motor vehicles owned by the Group to provide fast and convenient delivery services.

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows:

PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	FY2022	FY2021
Energy consumption			
Diesel consumption	litre	58,336.06	63,199.32
Electricity consumption	kWh	193,893.55	229,157.16
Energy consumption intensity			
Diesel consumption intensity	litre/ revenue S\$'000	2.93	3.44 ²
Electricity consumption intensity	kWh/ square foot	0.57	0.63
GHG emissions			
Direct GHG emissions (Scope 1 ³)	tonnes CO ₂ e	158.51	171.73
Indirect GHG emissions (Scope 2 ⁴)	tonnes CO ₂ e	78.55	92.79
Total GHG emissions	tonnes CO ₂ e	237.06	264.52
GHG emissions intensity	tonnes CO ₂ e/ revenue S\$'000	0.012	0.014

The decrease in GHG emissions intensity is mainly due to a decrease in diesel and electricity consumption intensity. The decrease in diesel consumption intensity is mainly due to an increase in scheduling efficiency of deliveries and increase in gifts revenue, whilst the decrease in electricity consumption intensity is mainly due to the closure of some retail outlets.

We track and review spending on energy consumption regularly to control usage and ensure that corrective actions are taken when there are unusual consumption patterns. We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power saving modes. To

² Figure has been restated due to restatement in revenue.

³ GHG emissions from consumption of diesel controlled by the Company (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the National Environment Agency ("NEA").

⁴ GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the average emissions factors published by the Energy Market Authority.

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improve air quality and reduce emissions of air pollutants from our delivery vehicles that run on diesel, 100% (FY2021: 100%) of our delivery motor

vehicles comply with at least Euro 5 emission standard⁵.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Maintain or reduce energy consumption rate	Decrease in diesel consumption intensity and electricity consumption intensity	Maintain or reduce GHG emissions intensity

8.4 Water conservation

We are committed to responsible usage of water resources through enhancing our water consumption efficiency. We rely on water resources mainly for cleaning, watering flowers for sale and in the office environment.

Our water conservation initiatives include tracking and reviewing spending on water consumption

regularly to control usage and corrective actions are taken when there are unusual consumption patterns and encourage staff to use water responsibly.

Key statistics on water consumption during the Reporting Period are as follows:

RESOURCE	WATER CONSUMPTION (CuM)		WATER CONSUMPTION INTENSITY (CuM/ revenue S\$'000)	
	FY2022	FY2021	FY2022	FY2021
Water	631.09	633.90	0.03	0.03

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
- ⁶	No material changes in water consumption intensity	Maintain or reduce water consumption intensity

8.5 Responsible waste management

We are committed to manage and minimise the impact of our retail operations on the environment through reducing waste generated from the sale of products and daily operations.

Move towards a paperless working environment

We aim to move towards a paperless working environment to reduce our paper consumption. Key initiatives include the issuance of electronic invoices and delivery orders.

⁵ Euro emission standards define the acceptable limits for exhaust emissions of vehicles. The standards range from 1 to 6 with 6 being the highest standard and the most environmentally friendly.

⁶ Not applicable as this is a newly disclosed Sustainability Factor added in this Report.



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Help the environment and protect our customers with e-catalogue

In line with our strategy to provide a seamless online gifting experience for our customers, we introduced an interactive e-catalogue (<https://www.noelgifts.com/ecatalogue>) for our diverse portfolio of products. This initiative serves to reduce the usage of printed brochures and be environmentally friendly.

In light of the Pandemic, our e-catalogue also serves to aid our consumers in making informed decisions about our products in advance and from a safe environment before visiting our retail outlets to make the purchases.

Support Singapore's zero waste vision

Singapore is working towards becoming a zero waste nation by reducing the consumption of materials, reusing and recycling materials to give them a second lease of life. To achieve the zero waste vision, NEA implemented the Mandatory Packaging Reporting ("MPR") scheme. In line with rising awareness of environmental impacts of packaging usage and our commitment to support the zero waste vision, we constantly track our packaging waste which comprises mainly carton boxes. During the Reporting Period, all⁷ the packaging waste generated from our operations were collected by a NEA licensed waste collector for recycling purpose.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Continue with existing waste reducing initiatives and develop action plans (where applicable) to improve the management of waste generated in our operations	Continued and initiated waste reducing initiatives to improve the management of waste generated in our operations	Maintain the percentage of packaging waste collected by licensed waste collector for recycling purposes

8.6 Equality and diversity in the workplace

We are committed to providing a work environment for employees that is conducive in fostering fairness, social and cultural diversity. Through a dynamic workforce, we can build our market presence and enhance our organisation's human capital.

The total number of full-time⁸ and part-time⁹ employees ("Workforce") under the entities covered in Singapore as at 30 June 2022 is 132 (FY2021: 127). The breakdown of the Workforce by employment type is as follows:

EMPLOYMENT TYPE	NUMBER OF EMPLOYEES		PERCENTAGE OF WORKFORCE	
	FY2022	FY2021	FY2022	FY2021
Full-time	129	121	98%	95%
Part-time ¹⁰	3	6	2%	5%
Workforce	132	127	100%	100%

⁷ No comparative data is available due to non-availability of information. We have strengthened our data collection process and included the relevant information in FY2022.

⁸ Full-time employees refer to individuals who work up to 44 hours a week, which is the number of contractual working hours defined in the Employment Act.

⁹ Part-time employees refer to individuals who is under a contract of service to work less than 35 hours a week.

¹⁰ Part-time employees are not included for consideration of training hours, turnover rate and parent-care leave

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The number of part-time employees is not considered to be material as the Group is not reliant on part-time employees to support its operations and long-term sustainability.

Due to the nature of the industry that we operate in, the demographics of our Workforce are predominantly female. As at 30 June 2022, 74% (FY2021: 73%) of our Workforce is made up of female employees and 75% (FY2021: 69%) is made up of female management staff. We also view diversity at the Board level as an essential element in supporting sustainable development with one (as at 30 June 2021: one) female Board members or 20% (as at 30 June 2021: 25%) female representation on the Board. The Board has adopted and implemented a board diversify policy to assist with this.

We support the employment and re-employment of employees beyond their official retirement age. We endeavour to deploy such employees in suitable positions and provide retraining or re-skilling (if necessary) under transition assistance programme that aims to support employees who are retiring or whose employments have been terminated. As at 30 June 2022, 33% (FY2021: 28%) of our Workforce is over 50 years old.

We seek to create an inclusive environment for employees from different educational backgrounds. As at 30 June 2022, percentages of employees with tertiary and non-tertiary education are 33% and 67% (FY2021: 30% and 70%) respectively.

We have signed the Employers' Pledge of Fair Employment Practices under the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP" or "Alliance"), to show our commitment towards building a workplace that respects and values our employees. The Tripartite Alliance between the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation, shares a vision for Singapore to be one of the best workplaces in the world.

As part of this Alliance, we endeavor to recruit and select employees on the basis of merit, treat them fairly and with respect, provide them with equal opportunity to be considered for training and development based on strengths and needs to help them achieve their full potential. We also endeavor to reward employees fairly based on their ability, performance, contributions and experience, abide by laws and adapt to the Tripartite Guidelines on Fair Employment Practices¹¹.

As at 30 June 2022, we have no (FY2021: zero) reported incidents of unlawful discrimination¹² against employees.

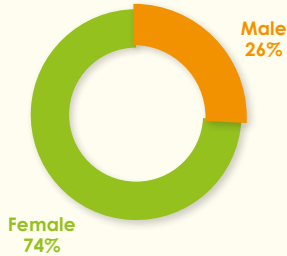
¹¹ The Tripartite Guidelines on Fair Employment Practices, formulated by the Tripartite Alliance for Fair and Progressive Employment Practices, sets out fair employment practices for adoption by employers.

¹² Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

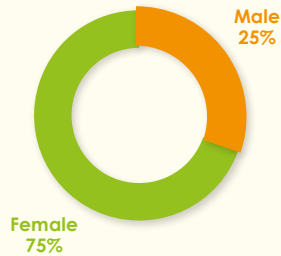


SUSTAINABILITY REPORT

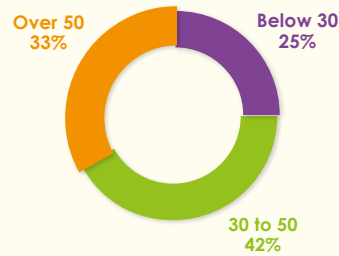
GENDER DIVERSITY (WORKFORCE)



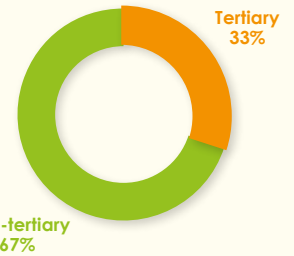
GENDER DIVERSITY (MANAGEMENT STAFF)



AGE DIVERSITY (WORKFORCE)



EDUCATIONAL DIVERSITY (WORKFORCE)



TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Maintain zero reported incident of unlawful discrimination against employees	Maintained zero reported incident of unlawful discrimination against employees	Maintain zero reported incident of unlawful discrimination against employees

8.7 Training and career development

Our employees play a vital role in contributing to the success of our Company. It is our privilege to encourage and reward employees who showcase unique skills and talents. We strive to develop talent in the organisation with the goal of sustaining and building a workforce that contributes to our business success.

Key initiatives taken by us to grow and nurture our employees are as follows:

Nurture a team of highly trained employees

Nurturing employees' talents and skills has always been our focus. We conduct regular training

and career development for our employees to equip them with the right skills and increase their work efficiency. This keeps them motivated to achieve greater professional success. In FY2022, we delivered a total of 279 training hours (FY2021: 3,318 training hours) for our employees. Our employees received an average of 2.2 training hours (FY2021: 27.4 training hours) per employee. The decrease in average training hours per employee is mainly due to more training conducted during the Pandemic in the previous Reporting Period to ensure that employees are prepared for economic recovery and growth post Pandemic. Training programmes for employees

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are primarily designed to upgrade their skills and include training courses such as product training and process improvement. We will continuously work towards fostering a learning culture at work.

Provide feedback to our employees constantly

Our employees and management receive regular feedback on their performance and career

development. During the Reporting Period, 89% of our management (FY2021: 98%) and 98% of our non-management staff (FY2021: 100%) received performance and career development reviews where applicable. We will continuously work towards improving the proportion of our staff (where applicable) that has received performance and career development reviews.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
<ul style="list-style-type: none"> Maintain or improve hours of training for employees Maintain or improve percentage of staff who received performance and career development reviews 	<ul style="list-style-type: none"> Decrease in average training hours per employee Decrease in percentage of staff who received performance and career development reviews 	<ul style="list-style-type: none"> Improve hours of training for employees Improve percentage of staff who received performance and career development reviews

8.8 Employee benefits and retention

In line with our commitment to focus on people development, we place a high priority on talent retention and competency development of our employees as we believe that well trained employees are vital to the long-term success of our business. In FY2022, our turnover rate is 28% (FY2021: 24%). To care for our staff and make our staff feel motivated and inclusive, we provided the following employee benefits during FY2022:

Our employees are entitled to 'Shared Parental Leave' and 'Paternity Leave' as per the

requirements of the Ministry of Manpower in Singapore. To support employees with family commitments, additional benefits such as parent-care leave ("PCL") are in place for our employees. This is in line with our commitment to support our employees to attend to their aged parents who have medical conditions. The PCL benefits supplement the existing leave entitlements. We had 24 full-time employees (FY2021: 28) who took PCL in FY2021 and we are happy to announce that 92% (FY2021: 100%) of these full-time employees have continued to be with us 12 months after they returned to work.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Maintain or reduce staff turnover rate subject to market conditions	No material changes in staff turnover rate	Maintain or reduce staff turnover rate subject to market conditions



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8.9 Employee health and safety

A work environment that prioritises the well-being of employees and allows them to work safely builds loyalty amongst employees and supports the sustainability of our business. Accordingly, we place emphasis on creating a safe and conducive workplace for employees to perform and develop in.

We are bizSAFE Level 4 certified by the Workplace Safety and Health Council. Both certifications recognise our continuous efforts to incorporate safety as part of the business model. We aim to provide a hazard-free workplace by adopting the following key measures:



- A safety team is in place to manage workplace safety and health risks;
- A set of workplace safety and health policies and procedures is in place;
- All new employees are briefed about the workplace safety and health policies and procedures during orientation; and

- Engaging an external consultant to assess compliance with the prevailing rules and regulations.

We encountered zero fatalities, zero high-consequence work-related injuries¹³, zero recordable work-related injuries and zero recordable work-related ill health cases¹⁴ in FY2022 (FY2021: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

Due to concerns over the spread of the Pandemic, we periodically circulate advisories and guidelines on Safe Management Measures¹⁵ and health and safety via our staff mobile application. As a safety precaution, we will immediately isolate any employees suspected to be exposed to the COVID-19 virus, sanitise their work areas, ensure they work from home and periodically follow up on the employee's well-being and status of the COVID-19 test results.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
¹⁶	Maintained zero incident of workplace fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases	Maintain zero incident of workplace fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases

¹³ High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

¹⁴ Work-related ill health cases refer to identifiable, adverse physical or mental conditions arising from and/or made worse by a work activity and/or work-related situation.

¹⁵ The Ministry of Manpower ("MOM"), the National Trades Union Congress ("NTUC"), and the Singapore National Employers Federation ("SNEF") have issued details of the Safe Management Measures for employers to resume operations.

¹⁶ Not applicable as this is a newly disclosed Sustainability Factor added in this Report.

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8.10 Giving back to the community

Noel Gifts is committed to care for the community. On this front, several programmes were initiated for the communities as follows:

Floral arrangement workshops to bring cheer to the elderly at the St Luke's ElderCare

In the spirit of sharing kindness with the community, we continued to collaborate with St Luke's ElderCare to conduct floral workshops for the elderly at their centres and engaging them through these meaningful activities. The initiative is part of our efforts to give back to the community by sharing and guiding the elderly on how to create their own floral arrangements.



Donation to St Luke's ElderCare

We believe that Christmas has always been the season of giving. While many things may have changed, the spirit of Christmas remains. To share kindness with people around us for the joyous occasion, we donated \$10 to St Luke's ElderCare for every Christmas hamper sold. The donated funds of approximately \$10,000 were used to purchase wheelchairs for the residents at St Luke's ElderCare Residence @ Ang Mo Kio.



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Donation to Focus on the Family Singapore

We partnered with Focus on the Family Singapore in support of their Eat, Laugh & Love campaign to promote family relationships. Under this partnership, we donated \$10 to Focus on the Family Singapore for every CNY hamper purchased and the donated funds amounted to approximately \$28,000. In addition, we distributed goodie bags and reunion dinner sets to families in challenging situations.

Focus on the Family Singapore is a donor-supported Institution of Public Character ("IPC") dedicated to help families thrive amidst the pressures & demands of today's world. The organisation focuses on fostering strong and irreplaceable family bonds through talks and workshops, events and family counselling.



Supporting Bartley Community Care Services Challenge 2021

We donated \$10,000 to Bartley Community Care Services in support of their Bartley Community Care Services Challenge 2021, a virtual walk/run/cycle fundraiser event, as one of the sponsors to rally support and raise funds for disadvantaged children, low income families and vulnerable seniors.



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TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Initiate community engagement campaigns	Initiated community engagement campaigns	Initiate community engagement campaigns

8.11 Safeguarding customer privacy

Customers are one of our key stakeholders and it is our duty to protect their privacy. Our website uses an order form for customers to submit ordering information such as personal data, products, and services. We also collect their contact information (such as their email address) and financial information (such as their account or credit card numbers). Contact information from the order form is in turn used to send orders and information about us to our customers.

We conduct our business in compliance with all applicable data protection laws that governs the collection, use, disclosure and care of personal data. In addition to abiding to the mandatory data privacy laws, we have on our own accord,

stepped up measures to further protect customer privacy by having our own policies. On the Company website, a privacy statement is in place to demonstrate our commitment to privacy. It mainly discloses our information gathering and dissemination practices for the website: www.noelgifts.com. It also serves to educate users on the types of data that are collected as well as the purposes. In addition, an email address is also listed for users who have data privacy concerns to reach out to us if they feel that their privacy concerns have not been adequately addressed or considered.

In FY2022, there were zero cases of substantiated complaints¹⁷ concerning breaches of customer privacy and loss of customer data (FY2021: zero incidents).

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
No cases of substantiated complaints concerning breaches of customer privacy and loss of customer data	Maintained zero case of substantiated complaint concerning breaches of customer privacy and loss of customer data	Maintain zero case of substantiated complaints concerning breaches of customer privacy and loss of customer data



¹⁷ A substantiated complaint refers to a complaint that has been investigated by the relevant authority and violation of regulations has been established.

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8.12 Robust corporate governance framework

We are committed to achieve high standards of corporate governance and firmly believe a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In

FY2022, no complaints on serious offence¹⁸ is received (FY2021: zero incidents).

The overall SGTI score assessed by National University of Singapore Business School is 69 for the year 2022 (Year 2021: 72).

Please refer to the Corporate Governance Report of the Annual Report for details of our corporate governance practices.

TARGET FOR FY2022	PERFORMANCE IN FY2022	TARGET FOR FY2023
Maintain zero complaint on serious offence received	Maintained zero complaint on serious offence received	Maintain zero complaint on serious offence received



¹⁸ A serious offence is defined as one that involves fraud or dishonesty amounting to not less than \$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company.




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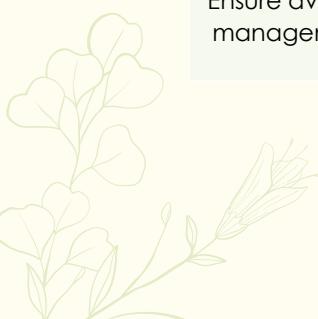


9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to

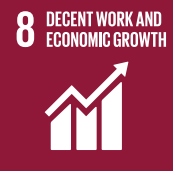


shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG	OUR EFFORT (SUSTAINABILITY FACTOR)
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> We ensure that our employees are treated fairly and are provided with the necessary welfare, which in turn helps us to maintain a motivated workforce that is vital to the success of our business (Section 8.8 Employee benefits and retention) We put in place safety measures to ensure the well-being of our employees, which in turn helps us to maintain a motivated workforce that is vital to the success of our business (Section 8.9 Employee health and safety)
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>We empower our employees by investing in training and development and provide feedback to enhance our business competencies (Section 8.7 Training and career development)</p>
 <p>Ensure availability and sustainable management of water sanitation for all</p>	<p>We perform regular tracking and reviewing of water consumption and encourage staff to use water responsibly to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. (Section 8.4 Water conservation)</p>







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SDG	OUR EFFORT (SUSTAINABILITY FACTOR)
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, it also helps us to reduce costs incurred to support our business operations. (Section 8.3 Energy conservation and emissions reduction)</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • We place heavy emphasis on customer satisfaction as we understand that a high level of customer satisfaction is essential to the continued success of our business. This also helps to contribute to economic growth as well as the protection and creation of jobs. (Section 8.1 Total customer satisfaction) • We contribute to economic growth through creating long-term value for our stakeholders. (Section 8.2 Sustainable business performance)
 <p>Reduce inequality within and among countries</p>	<p>We ensure equal opportunity and fair pay for all regardless of gender, age and educational level by establishing various human resource related policies to facilitate this goal. (Section 8.6 Equality and diversity in the workplace)</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>We initiate various campaigns to promote social inclusion and sustainable communities. (Section 8.10 Giving back to the community)</p>

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SDG	OUR EFFORT (SUSTAINABILITY FACTOR)
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<p>We implement measures such as adopting e-catalogue and managing packaging waste for our diverse portfolio of products and are moving towards a paperless working environment. (Section 8.5 Responsible waste management)</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • We take a serious view of safeguarding our customers' personal data and privacy as our long-term success is dependent on how we value our customer's concerns. (Section 8.11 Safeguarding customer privacy) • We are committed to high standards of corporate governance and adopt a zero tolerance approach towards corruption as we believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value. (Section 8.12 Robust corporate governance framework)



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10. GRI CONTENT INDEX

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Organisational profile			
102-1	Name of the organisation	About us	1
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> About us Financial contents > Notes to financial statements > Corporate Information Financial contents > Notes to financial statements > Subsidiaries Financial contents > Notes to financial statements > Segment information 	1 65 94-96 121-126
102-3	Location of headquarters	<ul style="list-style-type: none"> Corporate information Financial contents > Notes to financial statements > Corporate information 	13 65
102-4	Location of operations	<ul style="list-style-type: none"> Corporate information Financial contents > Notes to financial statements > Corporate Information Financial contents > Notes to financial statements > Subsidiaries Financial contents > Notes to financial statements > Segment information 	13 65 94-96 121-126
102-5	Ownership and legal form	<ul style="list-style-type: none"> Financial contents > Notes to financial statements > Corporate Information Financial contents > Notes to financial statements > Subsidiaries Financial contents > Statistics of shareholdings 	65 94-96 192-193
102-6	Markets served	Financial contents > Notes to financial statements > Segment information	121-126
102-7	Scale of the organisation	<ul style="list-style-type: none"> Financial highlights Sustainability Report > Material factors > Sustainable business performance Sustainability Report > Material factors > Equality and diversity in the workplace Financial contents > Statements of financial position Financial contents > Consolidated statement of profit or loss and other comprehensive income 	12 23 26-28 56-57 58

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GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
102-8	Information on employees and other workers	Sustainability Report > Material factors > Equality and diversity in the workplace	26-28
102-9	Supply chain	<ul style="list-style-type: none"> Sustainability Report > Our business Sustainability Report > Material factors > Total customer satisfaction 	17 22-23
Organisational profile			
102-10	Significant changes to the organisation and its supply chain	None	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	35-37
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> Managing Director's message Sustainability Report > Board statement 	3-4 14-15
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> About us Sustainability Report > Material factors > Robust corporate governance framework Financial contents > Corporate Governance Report 	1 34 150-190
Governance			
102-18	Governance structure	<ul style="list-style-type: none"> Sustainability Report > Policy, practice and performance reporting > Reporting structure Sustainability Report > Material factors > Robust corporate governance framework Financial contents > Corporate Governance Report 	19 34 150-190



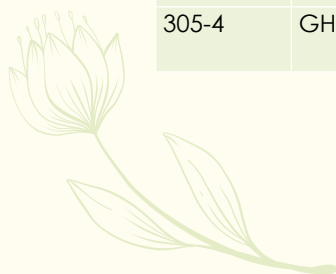
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GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder engagement	17-18
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder engagement	17-18
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder engagement	17-18
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> Sustainability Report > Stakeholder engagement Sustainability Report > Material factors > Total customer satisfaction 	17-18 22-23
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial contents > Notes to financial statements > Subsidiaries	94-96
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, practice and performance reporting > Sustainability reporting processes	20
102-47	List of material topics	Sustainability Report > Material factors	20-34
102-48	Restatements of information	There is a minor restatement of the following: <ul style="list-style-type: none"> Sustainability Report > Material factors > Energy conservation and emissions reduction 	24-25
102-49	Changes in reporting	Sustainability Factors added: <ul style="list-style-type: none"> Sustainability Report > Material factors > Water conservation Sustainability Report > Material factors > Employee health and safety 	25 30
102-50	Reporting period	Sustainability Report > Reporting period and scope	16
102-51	Date of most recent report	Annual Report 2021 > Sustainability Report 2021	–
102-52	Reporting cycle	Sustainability Report > Reporting period and scope	16
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	16

SUSTAINABILITY REPORT



GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> Sustainability Report > Reporting methodology Sustainability Report > GRI content index 	16 38-42
102-55	GRI content index	Sustainability Report > GRI content index	38-42
102-56	External assurance	Sustainability Report > Reporting methodology	16
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material factors	20-34
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Report > Board statement Sustainability Report > Policy, practice and performance reporting Sustainability Report > Material factors 	14-15 19-20 20-34
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Report > Material factors 	20-34
Category: Economic			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> Financial highlights Sustainability Report > Material factors > Sustainable business performance Financial contents > Statements of financial position Financial contents > Consolidated statement of profit or loss and other comprehensive income 	12 23 56-57 58
Category: Environmental			
302-1	Energy consumption within the organisation	Sustainability Report > Material factors > Energy conservation and emissions reduction	24-25
302-3	Energy intensity	Sustainability Report > Material factors > Energy conservation and emissions reduction	24-25
303-5	Water consumption	Sustainability Report > Material factors > Water conservation	25
305-1	Direct (Scope 1) GHG emissions	Sustainability Report > Material factors > Energy conservation and emissions reduction	24-25
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report > Material factors > Energy conservation and emissions reduction	24-25
305-4	GHG emissions intensity	Sustainability Report > Material factors > Energy conservation and emissions reduction	24-25





SUSTAINABILITY REPORT

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
306-2	Management of significant waste-related impacts	Sustainability Report > Material factors > Responsible waste management	25-26
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material factors > Employee benefits and retention	29
401-3	Parental leave	Sustainability Report > Material factors > Employee benefits and retention	29
404-1	Average hours of training per year per employee	Sustainability Report > Material factors > Training and career development	28-29
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material factors > Training and career development	28-29
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report > Material factors > Training and career development	28-29
405-1	Diversity of governance bodies and employees	Sustainability Report > Material factors > Equality and diversity in the workplace	26-28
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material factors > Equality and diversity in the workplace	26-28
413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Operations review • Sustainability Report > Material factors > Giving back to the community 	10-11 31-33
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report > Material factors > Safeguarding customer privacy	33

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Other Comprehensive Income
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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Noel Gifts International Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2022.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 30 June 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Wong Siu Hong Alfred,
Wong Phui Hong
Aric Loh Siang Khee
Foo Der Rong
Chee Teck Kwong Patrick

In accordance with Rule 720(6) of the Listing manual of the Singapore Exchange Securities Trading Limited, Wong Siu Hong Alfred, Foo Der Rong and Chee Teck Kwong Patrick retire and, being eligible, offer themselves for re-election.

DIRECTORS' STATEMENT

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

The director 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 director's shareholdings kept by the Company under Section 164 of the Companies Act 1967, except as follows:

Name of director	Direct interest		Deemed interest	
	1 July 2021	30 June 2022	1 July 2021	30 June 2022
The Company				
Noel Gifts International Ltd.				
(Ordinary shares)				
Wong Siu Hong Alfred	28,635,627	28,635,627	18,000,000	18,000,000
Wong Phui Hong	6,831,372	6,831,372	8,500,000	8,500,000
Subsidiary				
Noel Hampers & Gifts (Johore) Sdn. Bhd.				
(Ordinary shares at RM1 each)				
Wong Phui Hong	1,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Wong Siu Hong Alfred and Wong Phui Hong are deemed to have an interest in all the shares held by the Company in its subsidiaries.

There were no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 July 2022.

DIRECTORS' STATEMENT

Share options

There were no share options granted during the financial year to subscribe to unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

The Audit Committee ("Committee") of the Company, comprising of all non-executive directors, is chaired by Aric Loh Siang Khee, a non-executive director, and includes Foo Der Rong and Chee Teck Kwong Patrick, both whom are non-executive directors.

The Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- (a) the audit plans and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the audit plans 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 position of the Company and the Group;

DIRECTORS' STATEMENT

Audit committee (cont'd)

- (f) the co-operation and assistance given by the management to the Group's external auditors; and
- (g) the re-appointment of the external auditors of the Group.

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

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Wong Siu Hong Alfred
Director

Wong Phui Hong
Director

Singapore
30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Report on the audit on the financial statements

Opinion

We have audited the financial statements of Noel Gifts International Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, 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)") 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 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Fair value of investment properties

As at 30 June 2022, the Group's and Company's investment properties are carried at fair value of \$16,558,000, which represents 46% and 47% of the Group's and Company's total assets, respectively. During the year ended 30 June 2022, the Group recognised fair value gain of \$1,425,000 from investment properties.

Management has determined the fair value measurement of the Group's and Company's investment properties through a valuation process and engaged the assistance of an independent real estate valuation expert ("external appraiser"). The valuation process involves significant judgement in the selection and application of the appropriate valuation techniques, key inputs and estimates. Accordingly, we have identified this as a key audit matter.

As part of our audit, we considered the objectivity, independence and competency of the external appraiser, and discussed and obtained an understanding of the valuation technique used by the external appraiser and management i.e., the market comparison method. With the assistance from our internal valuation specialist, we evaluated the appropriateness of the valuation technique used and the reasonableness of key inputs used in the valuations, such as recent sale prices of similar properties in the vicinity, consideration of adjustments for size, location, age, amenities and other relevant factors. We also corroborated the implied valuation metrics using an alternative valuation technique i.e., the income approach that considers the relevant market rental income and capitalisation rate. We also assessed the adequacy of the disclosures on the fair value measurement of the Group's and Company's investment properties, and the related key sources of estimation uncertainty in Notes 3.2, 14 and 30 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Key audit matters (cont'd)

Allowance for expected credit losses on trade receivables

As at 30 June 2022, the Group and the Company have trade receivables of \$849,000 and \$484,000, respectively that are net of expected credit loss ("ECL") allowance of \$335,000 and \$189,000, respectively. The Group and Company apply the simplified approach in calculating ECL in accordance with SFRS(I) 9 *Financial Instruments* and recognises loss allowance based on lifetime expected losses at each reporting date.

The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns, historical credit loss experience and rates, and adjusted for forward-looking information to reflect the forecast economic conditions relevant to the customers. A considerable amount of judgment is required in developing these estimates and we have determined that this is a key audit matter.

As part of our audit, we reviewed management's credit control procedures in respect of monitoring and managing the credit risk of trade receivables. We requested trade receivables confirmations for major debtors, performed procedures to obtain evidence of receipts from the customers subsequent to the reporting date, reviewed the customers' past payment trends and management's identification of trade receivables with heightened collection risks. We reviewed assumptions made by management in their assessment of the recoverability of the outstanding trade receivables, which include the probability and timing of the collection. We tested the reasonableness and arithmetic accuracy of the key inputs and assumptions used by management in the provision matrix, including but not limited to the similarity of credit and repayment patterns of trade receivables, aging analysis based on days overdue data, analysis of historical write-offs and credit losses, and the information and economic data such as GDP forecast considered in the determination of forward-looking adjustment to the historical loss rates. We also assessed the adequacy of the Group's and Company's disclosures related to the ECL of trade receivables, credit risk management, and the related key sources of estimation uncertainty included in Notes 3.2, 5 and 31 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Key audit matters (cont'd)

Impairment of plant and equipment and right-of-use assets

As at 30 June 2022, the Group and Company have plant and equipment and right-of-use assets of \$446,000 and \$728,000, and \$338,000 and \$728,000, respectively, and these assets form the cash generating units ("CGUs") of the Group and Company. Management has identified impairment indicators for certain CGUs based on their operating performance and has estimated their recoverable amount based on their value in use derived from management's cash flow projections. Pursuant to this assessment, impairment loss of \$136,000 was recognised for the year ended 30 June 2022.

The Group's and Company's identification of impairment indicators and the estimation of the recoverable amount of CGUs with indicators of impairment are significant to our audit due to the estimation uncertainty associated with the current market and economic condition and they involved significant management judgment. Accordingly, we have identified this as a key audit matter.

As part of our audit, we reviewed management's identification of impairment indicators for the Group's and Company's CGUs where the plant and equipment and right-of-use assets belong and their process and basis of determining recoverable amount of the relevant CGUs based on historical and expected future financial performance. In respect of the CGUs' value in use, we evaluated the methodology used by management in estimating value in use and assessed the assumptions used, such as revenue and growth projections, budgeted profits and the discount rate applied. We evaluated the robustness of management's budgeting process by comparing the actual results to previously forecasted results and performed sensitivity analyses on key assumptions for alternative reasonably possible scenarios. We involved our internal valuation specialist to assist us in evaluating management's discount rate by comparing against external data.

We also assessed the adequacy of the disclosures related to the Group's and Company's plant and equipment and right-of-use assets, and the related key sources of estimation uncertainty in Notes 3.2, 12 and 13 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Other matter

The financial statements of the Group for the year ended 30 June 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 30 September 2021.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Noel Gifts International Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.
- 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 Noel Gifts International 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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Boon Leong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2022

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	11,890	14,234	8,723	11,693
Trade receivables	5	849	1,042	484	535
Amounts due from subsidiaries	6	–	–	153	55
Deposits, other receivables and prepayments	7	769	682	708	645
Inventories	8	1,544	1,466	1,173	1,007
		<u>15,052</u>	<u>17,424</u>	<u>11,241</u>	<u>13,935</u>
Non-current assets					
Deposits, other receivables and prepayments	7	222	–	222	–
Subsidiaries	9	–	–	3,097	3,097
Club membership	10	208	200	208	200
Financial assets at fair value through other comprehensive income ("FVTOCI")	11	2,642	2,495	2,642	2,495
Plant and equipment	12	446	665	338	502
Right-of-use assets	13	728	1,099	728	1,099
Investment properties	14	16,558	15,133	16,558	15,133
Deferred tax assets	19	35	–	25	–
		<u>20,839</u>	<u>19,592</u>	<u>23,818</u>	<u>22,526</u>
Total assets		<u>35,891</u>	<u>37,016</u>	<u>35,059</u>	<u>36,461</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	504	425	399	347
Amounts due to subsidiaries	6	–	–	1,004	986
Other payables	16	1,786	2,137	1,419	1,795
Contract liabilities	17	121	118	56	50
Lease liabilities	18	624	760	624	760
Income tax payable		49	96	30	40
		<u>3,084</u>	<u>3,536</u>	<u>3,532</u>	<u>3,978</u>
Non-current liabilities					
Provision for reinstatement costs	16	132	164	132	164
Lease liabilities	18	289	697	289	697
Deferred tax liabilities	19	–	34	–	4
		<u>421</u>	<u>895</u>	<u>421</u>	<u>865</u>
Capital and reserves					
Share capital	20	10,251	10,251	10,251	10,251
Foreign currency translation reserve	2.6(b)	(34)	(87)	–	–
Fair value adjustment surplus	20	43	110	43	110
Retained earnings		22,126	22,311	20,812	21,257
		<u>32,386</u>	<u>32,585</u>	<u>31,106</u>	<u>31,618</u>
Total liabilities and equity		<u>35,891</u>	<u>37,016</u>	<u>35,059</u>	<u>36,461</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

		Group	
	Note	2022 \$'000	2021 (restated) \$'000
Revenue	21,33	20,652	19,145
Cost of sales		(10,590)	(9,393)
Gross profit		10,062	9,752
Other operating income	22	2,965	1,856
Distribution expenses	33	(2,656)	(2,404)
Administrative expenses		(7,376)	(7,022)
Other operating expenses		(324)	(255)
Write-back of/(loss) allowance on trade receivables	5	231	(295)
Finance costs	18	(32)	(60)
Profit before tax	23	2,870	1,572
Income tax credit/(expense)	24	19	(102)
Profit for the year attributable to owners of the Company		2,889	1,470
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Net fair value (loss)/gain in equity instruments at FVTOCI		(17)	71
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign subsidiaries		(3)	(1)
Exchange differences in respect of net assets of a subsidiary reclassified to profit or loss on liquidation		56	–
Net fair value (loss)/gain in debt instruments measured at FVTOCI		(50)	23
Other comprehensive income for the year		(14)	93
Total comprehensive income for the year attributable to owners of the Company		2,875	1,563
Earnings per share (cents)			
Basic and diluted	25	2.82	1.43

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Group	Note	Share capital	Foreign currency translation reserve	Fair value adjustment surplus	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		10,251	(86)	26	22,368	32,559
Profit for the year		-	-	-	1,470	1,470
Other comprehensive income for the year		-	(1)	94	-	93
Total comprehensive income for the year		-	(1)	94	1,470	1,563
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	26	-	-	-	(1,537)	(1,537)
Total contributions by and distributions to owners		-	-	-	(1,537)	(1,537)
<u>Others</u>						
Transfer upon disposal of equity instruments designated as at FVTOCI		-	-	(10)	10	-
Total others		-	-	(10)	10	-
Balance at 30 June 2021		10,251	(87)	110	22,311	32,585

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Group	Note	Share capital	Foreign currency translation reserve	Fair value adjustment surplus	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		10,251	(87)	110	22,311	32,585
Profit for the year		-	-	-	2,889	2,889
Other comprehensive income for the year		-	53	(67)	-	(14)
Total comprehensive income for the year		-	53	(67)	2,889	2,875
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	26	-	-	-	(3,074)	(3,074)
Total contributions by and distributions to owners		-	-	-	(3,074)	(3,074)
Balance at 30 June 2022		10,251	(34)	43	22,126	32,386

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Company	Note	Share capital	Fair value adjustment surplus	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		10,251	26	21,677	31,954
Profit for the year		-	-	1,107	1,107
Other comprehensive income for the year		-	94	-	94
Total comprehensive income for the year		-	94	1,107	1,201
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	26	-	-	(1,537)	(1,537)
Total contributions by and distributions to owners		-	-	(1,537)	(1,537)
<u>Others</u>					
Transfer upon disposal of equity instruments designated as at FVTOCI		-	(10)	10	-
Total others		-	(10)	10	-
Balance at 30 June 2021		10,251	110	21,257	31,618

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Company	Note	Share capital	Fair value adjustment surplus	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		10,251	110	21,257	31,618
Profit for the year		-	-	2,629	2,629
Other comprehensive income for the year		-	(67)	-	(67)
Total comprehensive income for the year		-	(67)	2,629	2,562
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	26	-	-	(3,074)	(3,074)
Total contributions by and distributions to owners		-	-	(3,074)	(3,074)
Balance at 30 June 2022		10,251	43	20,812	31,106

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Profit before income tax		2,870	1,572
Adjustment for:			
Reversal of impairment loss on club membership	10	(8)	(8)
Depreciation of plant and equipment	12	338	427
Amortisation on right-of-use assets	13	587	911
Impairment loss on right-on-use assets	13	136	224
Dividend income from financial assets at FVTOCI	11	(28)	(37)
Interest income from financial assets at amortised cost	22	(36)	(22)
Interest income from financial assets at FVTOCI	22	(68)	(67)
Finance costs	18	32	60
Fair value gain on investment properties	14	(1,425)	(79)
(Write-back of)/loss allowance on trade receivables	5	(231)	295
Allowance for/(write-back of) inventories	8	57	(25)
Inventories written-off	8	49	11
Net foreign exchange gain	23	(5)	(1)
Loss on liquidation of subsidiary	23	56	–
Plant and equipment written off	23	–	1
Gain on disposal of plant and equipment	22	(13)	–
Gain on early termination of leases	18	(151)	–
Rental rebates and relief	18	(48)	(129)
Operating cash flows before changes in working capital		<u>2,112</u>	<u>3,133</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Changes in working capital:			
Trade receivables		424	(395)
Deposits, other receivables and prepayments		(309)	53
Inventories		(184)	557
Trade payables		79	46
Other payables		(391)	333
Contract liabilities		3	(63)
Cash flows generated from operations		<u>1,734</u>	<u>3,664</u>
Interest received		104	89
Income tax paid		(97)	(86)
Net cash flows generated from operating activities		<u>1,741</u>	<u>3,667</u>
Investing activities			
Dividend income	11	28	37
Proceeds on disposal of financial assets at FVTOCI	11	–	135
Purchase of financial assets at FVTOCI		(214)	(95)
Proceeds on disposal of plant and equipment		13	–
Purchase of plant and equipment	12	(109)	(154)
Net cash flows used in investing activities		<u>(282)</u>	<u>(77)</u>
Financing activities			
Dividends paid	26	(3,074)	(1,537)
Payment of principal portion of lease liabilities	18	(697)	(688)
Payment of interest portion of lease liabilities	18	(32)	(60)
Net cash flows used in financing activities		<u>(3,803)</u>	<u>(2,285)</u>
Net (decrease)/increase in cash and cash equivalents		(2,344)	1,305
Cash and cash equivalents at the beginning of the financial year		<u>14,234</u>	<u>12,929</u>
Cash and cash equivalents at the end of the financial year	4	<u>11,890</u>	<u>14,234</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

1. Corporate information

Noel Gifts International Ltd. is incorporated and domiciled in Singapore with its principal place of business and registered office at 21 Ubi Road 1, #03-01, Singapore 408724. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

The principal activities of the subsidiaries are disclosed in Note 9.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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 and Company take 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.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("'\$'000"), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these new standards did not have any material effect on the financial performance or position of the Group and Company.

2.3 *Standards issued but not yet effective*

The Group and Company have not adopted the following standards applicable to the Group and Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment</i> – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s Standards 2018-2021	1 January 2022
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.5 *Transactions with non-controlling interest*

Non-controlling interest represents the equity subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amounts by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange prevailing at end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and reflected under Foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Computers	3 years
Leasehold improvements	3 to 8 years
Furniture and fittings	5 to 8 years
Motor vehicles	5 to 7 years
Equipment	2 to 8 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The impairment of intangible assets are assessed based on the policies disclosed in Note 2.10.

The useful lives of intangible assets are assessed as either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets (cont'd)*

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership has an indefinite useful life as the membership has no expiry date.

2.9 *Investment properties*

Investment properties are properties that are either owned by the Group and Company that are held to earn rental or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.9 Investment properties (cont'd)

Subsequent to initial recognition, investment properties are measured at fair value (i.e. fair value model). Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. The fair values of the Group's and Company's investment properties are revalued at reporting date on a systematic basis based on management's valuation. Management's valuation takes into account valuations from independent professional valuers with reference to recent transactions of similar properties in the vicinity.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.10 Impairment of non-financial assets

The Group and Company assess at each reporting date whether there is an indication that an asset or cash-generating unit may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and Company make an estimate of the asset's or cash-generating unit's recoverable amount.

An asset's or cash-generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, where it would be determined at the cash-generating unit level. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cash flows have not been adjusted.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of non-financial assets (cont'd)*

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or cash-generating unit's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset or cash-generating unit is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Group and Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group and Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group and Company have debt instruments at amortised cost and fair value through other comprehensive income ("FVTOCI").

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Financial assets measured at FVTOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income and accumulated in the Fair Value Adjustment Surplus is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group and Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("FVTOCI") on an instrument-by-instrument basis. If such election is made, subsequent gains and losses arising from changes in fair value that are recognised in other comprehensive income are accumulated in the Fair Value Adjustment Surplus and 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 retained earnings. Dividends from such investments are to be recognised in profit or loss when the Group's and Company's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety other than investments in debt and equity instruments at FVTOCI that are explained separately above, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument. The Group and Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when the Group and Company currently have a legally enforceable right to set off the recognised amounts; and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets*

The Group and Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compare 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 of initial recognition. In making this assessment, the Group and Company consider 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 and Company's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and Company's core operations. The credit risk management and monitoring processes are disclosed in Note 31.

Irrespective of the outcome of the above assessment, the Group and Company presume 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 and Company have reasonable and supportable information that demonstrates otherwise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets (cont'd)*

Despite the foregoing, the Group and Company assume 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, based on the criteria disclosed in Note 31.

For trade receivables, the Group and Company apply a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using an established provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor's ability to pay.

The Group and Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company.

The Group and Company recognise an impairment gain or loss in profit or loss for the ECLs (or write-back) required 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 Fair Value Adjustment Surplus, and does not reduce the carrying amount of the financial asset in the statements of financial position. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.15 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition. Costs are calculated on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value based on the age, historical and expected future usage of inventories. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

2.16 *Provisions*

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Leases*

The Group and Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a contract includes lease and non-lease components, the Group and Company apply SFRS(I) 15 to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

As lessee

The Group and Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognise lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets. 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 Group and Company have not used this practical expedient.

Right-of-use assets

The Group and Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised starting from the commencement date of the lease on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and Company and payments of penalties for terminating the lease, if the lease term reflects the Group and Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (using the effective interest method) and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group and Company have applied the amendment to SFRS(I) 16 *Leases: Covid-19-Related Rent Concessions*. The Group and Company apply the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group and Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and Company assess whether there is a lease modification.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

As lessee (cont'd)

Short-term leases and leases of low-value assets

The Group and Company apply the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

The Group and Company enter into lease agreements as a lessor with respect to its investment properties. Leases for which the Group and Company are a lessor are classified as finance or operating leases.

Leases in which the Group and Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in the Group's "Revenue" (Note 21) in the consolidated statement of profit or loss and other comprehensive income as such leasing activities form part of the Group's ordinary activities. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned. When a contract includes lease and non-lease components, the Group and Company apply SFRS(I) 15 to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.18 **Employee benefits**

Defined contribution plans

The Group and Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 **Revenue**

The Group recognises revenue from the following major sources:

- Sale of gifts and hampers
- Rental income

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods (gifts and hampers)

The Group sells flowers and gifts to its customers. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery of the products.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). Revenue from the customer loyalty points is recognised when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognised until the points are redeemed or expire.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.19 Revenue (cont'd)

Rental income from operating leases

The Group earns rental income from leasing of investment properties held under operating leases (Note 2.17). Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

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

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.20 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

(b) *Deferred income tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

(b) *Deferred income tax (cont'd)*

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

2.21 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. 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. When the grant relates to an asset, the fair value is recognised as deferred income on the statements of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Significant accounting judgements and estimates

The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure made at the end of each financial year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. Significant accounting judgements and estimates (cont'd)

3.1 Critical judgements in applying the accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, 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.

The Group and Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

Investment properties are carried at fair values, with changes in fair values being recognised in profit or loss. The Group and Company have engaged the assistance of an independent real estate valuation expert (the "external appraiser") in determining the fair value of investment properties as at reporting date. The external appraiser has determined the fair value of certain investment properties using the market comparable approach as the primary approach that makes reference to recent transactions of similar properties in the vicinity. Management has made reference to the relevant observed market data (i.e., price per square meter) of comparable properties used by the external appraiser to determine the fair value of the remaining investment properties. In determining the fair value, the external appraiser and management has exercised significant judgement in determining the fair values with reference to recent transactions of similar properties in the vicinity, with adjustments made to price per area of comparable properties to account for different attributes such as location, tenure, building size, age and conditions.

The carrying amount of the investment properties based on their fair values at the end of the reporting period and the related information on fair value measurement are disclosed in Notes 14 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Allowance for expected credit loss ("ECL") on trade receivables

The Group and Company determine ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns and historical credit loss experience and rates. The provision matrix is initially based on the Group's and Company's historical observed default rates. The Group and Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information to reflect the forecast economic conditions relevant to the customers. At every reporting date, historical credit loss rates are updated and changes in the forward-looking information are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the trade receivables as at the end of the reporting period is disclosed in Note 5 to the financial statements.

Impairment of plant and equipment and right-of-use assets

The Group and Company assess whether there are any indicators of impairment for plant and equipment and right-of-use assets at each reporting date. Plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cashflows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates are subject to significant estimation uncertainty. The carrying amount of plant and equipment and right-of-use assets are disclosed in Note 12 and 13, respectively to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

4. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	2,747	5,369	1,668	4,215
Fixed deposits	9,143	8,865	7,055	7,478
	<u>11,890</u>	<u>14,234</u>	<u>8,723</u>	<u>11,693</u>

Fixed deposits of the Group and Company bear effective interest at an average rate of 1.01% (2021: 0.22%) and 1.02% (2021: 0.23%) per annum respectively. The fixed deposits of the Group and Company are for an average tenure of 182 days (2021: 125 days) and 146 days (2021: 70 days) respectively.

Fixed deposits are cash and cash equivalents as these can be withdrawn at any time with insignificant change in value

5. Trade receivables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Third parties	1,184	1,667	673	868
Less: Loss allowances	(335)	(625)	(189)	(333)
	<u>849</u>	<u>1,042</u>	<u>484</u>	<u>535</u>

The average credit period is 30 days (2021: 30 days). Trade receivables are unsecured and interest rate of 1% (2021: 1%) per month is charged on the overdue balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

5. Trade receivables (cont'd)

Expected credit losses

The movements in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	625	333	333	164
(Write-back of)/charge for the year	(231)	295	(119)	171
Written-off	(59)	(3)	(25)	(2)
At end of the year	335	625	189	333

6. Amounts due from subsidiaries Amounts due to subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Amounts due from subsidiaries (trade)	54	25
Amounts due from subsidiaries (non-trade)	191	122
Less: Loss allowance	(92)	(92)
	99	30
Total amount due from subsidiaries	153	55
Amounts due to subsidiaries (non-trade)	1,004	986

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Amounts due from subsidiaries Amounts due to subsidiaries (cont'd)

Amounts due from subsidiaries (trade) are unsecured and have an average credit period of 30 days (2021: 30 days). No interest is charged on outstanding balances.

Amounts due from and to subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

Expected credit losses

The movements in allowance for expected credit losses of amounts due from subsidiaries (non-trade) computed based on lifetime ECL was as follows:

	Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	92	448
Written-off during the year	–	(448)
Charge for the year	–	92
At the end of the year	<u>92</u>	<u>92</u>

Amounts due from and to subsidiaries subject to offsetting agreements are as follows:

Company	Gross carrying amounts before offsetting	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	\$'000	\$'000	\$'000
2022			
Amounts due from subsidiaries	206	(53)	153
Amounts due to subsidiaries	(1,057)	53	(1,004)
2021			
Amounts due from subsidiaries	184	(129)	55
Amounts due to subsidiaries	(1,115)	129	(986)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Deposits, other receivables and prepayments

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets:				
Deposits	856	408	830	394
Other receivables	44	54	40	52
	<u>900</u>	<u>462</u>	<u>870</u>	<u>446</u>
Non-financial assets:				
Prepayments	91	48	60	27
Grant receivable from Job Support Scheme ("JSS")	–	172	–	172
	<u>91</u>	<u>220</u>	<u>60</u>	<u>199</u>
	<u>991</u>	<u>682</u>	<u>930</u>	<u>645</u>
Current	769	682	708	645
Non-current	222	–	222	–
	<u>991</u>	<u>682</u>	<u>930</u>	<u>645</u>

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

Deposits relate to security deposits refundable upon expiration of lease arrangements.

8. Inventories

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Liquor	700	740	561	525
Gifts and accessories	844	726	612	482
	<u>1,544</u>	<u>1,466</u>	<u>1,173</u>	<u>1,007</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Inventories (cont'd)

	Group	
	2022	2021
	\$'000	\$'000
Consolidated statement of profit or loss and other comprehensive income		
Inventories recognised as an expense in cost of sales	7,873	7,479
Inclusive of:		
- Allowance for/(write-back of) inventories	57	(25)
- Inventories written-off	49	11
	<u>49</u>	<u>11</u>

9. Subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	3,738	3,738
Less: Allowance for impairment	(641)	(641)
	<u>3,097</u>	<u>3,097</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. Subsidiaries (cont'd)

Movement in allowance for impairment on investment in subsidiaries was as follows:

	Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	641	1,472
Written-off	–	(833)
Charge for the year	–	2
At end of the year	641	641

During the year ended 30 June 2021, impairment loss of \$833,000 was written off due to the winding up of Noel Gifts Malaysia Sdn. Bhd.

The details of the subsidiaries are as follows:

Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2022	2021
<i>Held by the Company</i>				
Humming Flowers & Gifts Pte. Ltd. ⁽¹⁾	Singapore	Selling of hampers, flowers and gifts	100	100
Noel Hampers & Gifts (Johore) Sdn. Bhd. ⁽²⁾	Malaysia	Selling of hampers, flowers and gifts	90	90
Noel Property Development Pte. Ltd. ⁽³⁾	Singapore	Dormant	100	100
Noel Gifts (Chengdu) Co., Ltd ⁽³⁾	People's Republic of China	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. Subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2022	2021
Held by the Company (cont'd)				
Gift Collective Pte. Ltd. ⁽⁴⁾	Singapore	Engage in retail sale via Internet and wholesale trade of a variety of goods	100	100

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ Audited by UHY, Malaysia.

⁽³⁾ Not required to be audited as the Company is dormant.

⁽⁴⁾ Audited by Wong Partners, Singapore.

There were no subsidiaries that have non-controlling interests that is material to the Group.

10. Club membership

	Group and Company	
	2022	2021
	\$'000	\$'000
Club membership, at cost	208	208
Less: Allowance for impairment	–	(8)
	<u>208</u>	<u>200</u>

Club membership represents management's right of use of facilities at selected establishments and has no expiry dates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

10. Club membership (cont'd)

Movement in allowance for impairment on club membership was as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	8	16
Reversal	(8)	(8)
At end of the year	<u>-</u>	<u>8</u>

The carrying amount reflect management's best estimate of its realisable value less cost to sell. During the year ended 30 June 2022, impairment loss of \$8,000 (2021: \$8,000) was reversed due to increase in market prices.

11. Financial assets at fair value through other comprehensive income

	Group and Company	
	2022	2021
	\$'000	\$'000
At fair value through other comprehensive income:		
- Equity instruments (quoted)	1,647	1,450
- Debt instruments (quoted)	995	1,045
Total financial assets at FVTOCI	<u>2,642</u>	<u>2,495</u>

The investments offer the Group and Company the opportunity for return through interest income, dividends and capital gains. During the financial year ended 30 June 2022, a fair value loss of \$67,000 (2021: fair value gain of \$94,000) was recorded in the other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. Financial assets at fair value through other comprehensive income (cont'd)

Investment in equity instruments at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
Quoted equity instruments at FVTOCI		
- Ascendas Real Estate Investment Trust	331	342
- Comfortdelgro Corporation Ltd	56	41
- Mapletree North Asia Comm REIT Units	62	54
- Netlink NBN Trust	243	48
- Oversea-Chinese Bank Corporation Limited	58	61
- DBS Group Holdings Ltd	31	31
- United Overseas Bank Limited	52	51
- Singapore Airlines Ltd	51	49
- Singapore Telecommunications Limited	25	23
- Frasers Property Treasury Pte Ltd	490	498
- GLL IHT Pte Ltd	248	252
	<u>1,647</u>	<u>1,450</u>

The Group and Company have elected to measure these equity securities at FVTOCI due to the Group's and Company's intention to hold these equity securities for long-term appreciation and dividend income.

During the year, the Group recognised dividend of \$28,000 (2021: \$37,000) (Note 22) from its equity instruments at FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. Financial assets at fair value through other comprehensive income (cont'd)

Investment in equity instruments at fair value through other comprehensive income (cont'd)

During the year ended 30 June 2021, the Group and Company disposed of its investment in equity instruments at DBS Group Holdings Ltd. The fair value at the date of derecognition amounted to \$135,000. The cumulative gain arising from the disposal amounted to \$10,000 and were transferred from fair value adjustment surplus to retained earnings. There was no disposal of investment in equity instruments for the year ended 30 June 2022.

Investment in debt instruments at fair value through other comprehensive income

The debt instruments include listed redeemable medium term notes and bonds that bears fixed interest rates ranging from 3.035% to 4.150% (2021: 3.035% to 4.150%) per annum.

These investments are held by the Group and Company within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, these investments are classified as at FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. Plant and equipment

Group	Leasehold improvements					Total
	Computers	improvements	Furniture and fittings	Motor vehicles	Equipment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 July 2020	2,392	652	298	1,585	599	5,526
Additions	96	38	–	–	20	154
Disposals	(1)	(39)	(3)	–	(49)	(92)
Written-off	(23)	–	(8)	–	–	(31)
At 30 June 2021 and 1 July 2021	2,464	651	287	1,585	570	5,557
Additions	47	42	1	–	27	117
Disposals	(24)	(108)	(10)	(10)	(41)	(193)
Translation difference	(1)	–	–	(1)	–	(2)
At 30 June 2022	2,486	585	278	1,574	556	5,479
Accumulated depreciation:						
At 1 July 2020	2,206	608	279	960	534	4,587
Depreciation	113	45	15	227	27	427
Disposals	(1)	(39)	(3)	–	(49)	(92)
Written-off	(22)	–	(8)	–	–	(30)
At 30 June 2021 and 1 July 2021	2,296	614	283	1,187	512	4,892
Depreciation	125	19	5	168	21	338
Disposals	(24)	(108)	(10)	(10)	(41)	(193)
Translation difference	(2)	(1)	–	(1)	–	(4)
At 30 June 2022	2,395	524	278	1,344	492	5,033
Net carrying amount:						
At 30 June 2022	91	61	–	230	64	446
At 30 June 2021	168	37	4	398	58	665

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. Plant and equipment (cont'd)

Company	Computers	Leasehold improve- ments	Furniture and fittings	Motor vehicles	Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 July 2020	2,174	589	226	1,032	325	4,346
Additions	107	38	–	–	20	165
Written off	(16)	–	(8)	–	–	(24)
At 30 June 2021 and 1 July 2021	2,265	627	218	1,032	345	4,487
Additions	40	42	–	–	15	97
Disposals	(24)	(108)	(10)	–	(21)	(163)
At 30 June 2022	2,281	561	208	1,032	339	4,421
Accumulated depreciation:						
At 1 July 2020	2,012	550	209	638	270	3,679
Depreciation	104	44	9	148	24	329
Written-off	(15)	–	(8)	–	–	(23)
At 30 June 2021 and 1 July 2021	2,101	594	210	786	294	3,985
Depreciation	112	18	4	107	20	261
Disposals	(24)	(108)	(10)	–	(21)	(163)
At 30 June 2022	2,189	504	204	893	293	4,083
Net carrying amount:						
At 30 June 2022	92	57	4	139	46	338
At 30 June 2021	164	33	8	246	51	502

Additions during the year include an amount for reinstatement costs capitalised of \$8,000 (2021: \$Nil) for the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. Right-of-use assets

The Group and the Company lease their offices, warehouses and retail outlets. The lease terms ranges from one to three years (2021: one to three years). The Group and Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are disclosed in Note 18.

The Group and Company also have certain leases of equipment with lease terms of 12 months or less. The Group and Company apply the "short-term lease" recognition exemptions for these leases.

Group	Offices	Warehouses	Retail Outlets	Total
	\$'000	\$'000	\$'000	\$'000
Cost:				
At 1 July 2020	1,630	354	1,097	3,081
Additions	–	–	245	245
End of leases	–	(226)	(153)	(379)
At 30 June 2021 and 1 July 2021	1,630	128	1,189	2,947
Additions	–	95	287	382
End of leases	–	(128)	–	(128)
Early termination	–	–	(1,015)	(1,015)
At 30 June 2022	1,630	95	461	2,186
Accumulated amortisation:				
At 1 July 2020	384	186	392	962
Amortisation	384	109	418	911
End of leases	–	(226)	(153)	(379)
At 30 June 2021 and 1 July 2021	768	69	657	1,494
Amortisation	384	66	137	587
End of leases	–	(128)	–	(128)
Early termination	–	–	(655)	(655)
At 30 June 2022	1,152	7	139	1,298
Accumulated impairment:				
At 1 July 2020	–	–	130	130
Charge for the year	–	–	224	224
At 30 June 2021 and 1 July 2021	–	–	354	354
Charge for the year	–	–	136	136
Early termination	–	–	(330)	(330)
At 30 June 2022	–	–	160	160
Net carrying amount:				
At 30 June 2022	478	88	162	728
At 30 June 2021	862	59	178	1,099

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. Right-of-use assets (cont'd)

Company	Offices	Warehouses	Retail outlets	Total
	\$'000	\$'000	\$'000	\$'000
Cost:				
At 1 July 2020	1,630	128	1,097	2,855
Additions	–	–	245	245
End of leases	–	–	(153)	(153)
At 30 June 2021 and 1 July 2021	1,630	128	1,189	2,947
Additions	–	95	287	382
End of leases	–	(128)	–	(128)
Early termination	–	–	(1,015)	(1,015)
At 30 June 2022	1,630	95	461	2,186
Accumulated amortisation:				
At 1 July 2020	384	5	392	781
Amortisation	384	64	418	866
End of leases	–	–	(153)	(153)
At 30 June 2021 and 1 July 2021	768	69	657	1,494
Amortisation	384	66	137	587
End of leases	–	(128)	–	(128)
Early termination	–	–	(655)	(655)
At 30 June 2022	1,152	7	139	1,298
Accumulated impairment:				
At 1 July 2020	–	–	130	130
Charge for the year	–	–	224	224
At 30 June 2021 and 1 July 2021	–	–	354	354
Charge for the year	–	–	136	136
Early termination	–	–	(330)	(330)
At 30 June 2022	–	–	160	160
Net carrying amount:				
At 30 June 2022	478	88	162	728
At 30 June 2021	862	59	178	1,099

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. Right-of-use assets (cont'd)

During the year, the Group and Company carried out a review of the recoverable amount of its right-of-use assets of certain cash generating units ("CGUs") i.e., retail outlets within the Gifts segment which had been loss-making. The review led to the recognition of impairment loss of \$136,000 (2021: \$224,000) during the year recognised in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

The recoverable amount of the CGUs that contained these right-of-use assets has been determined based on its value-in-use and a discount rate of 9.0% (2021: 8.9%) was used. A reasonable change in management's assumptions of revenue growth rates, gross margin and discount rate used would not result in a significant change recoverable amount of the CGUs.

14. Investment properties

Investment properties held by the Group and Company are as follows:

		Group and Company	
	Note	2022	2021
		\$'000	\$'000
Statements of financial position			
At beginning of the year		15,133	15,054
Fair value gain on investment properties	22	1,425	79
At end of the year		<u>16,558</u>	<u>15,133</u>
Comprises:			
Leasehold property		14,658	13,383
Freehold properties		<u>1,900</u>	<u>1,750</u>
		<u>16,558</u>	<u>15,133</u>

The property rental income earned by the Group from its investment properties are leased out under operating leases, amounted to \$456,000 (2021: \$476,000) (Note 21).

Direct operating expenses arising on the investment properties that generated rental income in the year amounted to \$162,000 (2021: \$152,000). There are no non-rental generating investment properties during the year ended 30 June 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. Investment properties (cont'd)

The Group and Company have no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 30 June 2022 and 2021 by an external appraiser and management. The valuations by the external appraiser were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation approach, techniques and inputs used by the external appraiser and management are disclosed in Notes 3.2 and 30. At 30 June 2022, the residential unit and 3 (2021: 2) industrial units were valued by external appraiser and 7 (2021: 8) industrial units were valued by management.

Investment properties held by the Group and Company are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
50 Playfair Road (10 units), Singapore	Industrial	Freehold	–
33 Rochester Drive (1 unit), Singapore	Residential	Leasehold	81 years

Group and Company as lessor

The Group and Company have entered into operating leases on its investment properties with lease terms of between one to two years (2021: one to three years), with one to two years extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessees does not have an option to purchase the property at the expiry of the lease period and there are no variable rent arrangements with lessees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. Investment properties (cont'd)

Group and Company as lessor (cont'd)

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group and Company	
	2022	2021
	<u>\$'000</u>	<u>\$'000</u>
No later than one year	424	272
Later than one year but not later than five years	209	47
	<u>633</u>	<u>319</u>

15. Trade payables

	Group		Company	
	2022	2021	2022	2021
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Third parties	395	317	312	258
GST payables, net	109	108	87	89
	<u>504</u>	<u>425</u>	<u>399</u>	<u>347</u>

Trade payables are unsecured, non-interest bearing with credit terms ranging from 30 to 60 days (2021: 30 to 60 days). No interest is charged on the trade payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

16. Other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial liabilities:				
Accrued operating expenses	1,458	1,220	1,128	930
Remuneration payable to directors	24	22	24	22
Tenancy deposits	110	90	110	90
Sundry payables	140	111	111	86
	<u>1,732</u>	<u>1,443</u>	<u>1,373</u>	<u>1,128</u>
Non-financial liabilities:				
Provision for reinstatement costs	147	179	147	179
Deferred income	39	679	31	652
	<u>186</u>	<u>858</u>	<u>178</u>	<u>831</u>
	<u>1,918</u>	<u>2,301</u>	<u>1,551</u>	<u>1,959</u>
Current	1,786	2,137	1,419	1,795
Non-current	132	164	132	164
	<u>1,918</u>	<u>2,301</u>	<u>1,551</u>	<u>1,959</u>

Deferred income comprise grant received for the purpose of plant and equipment and Job Support Scheme received from the Singapore government of \$39,000 and \$Nil (2021: \$28,000 and \$651,000), respectively for the Group and \$31,000 and \$Nil (2021: \$28,000 and \$624,000), respectively for the Company. Deferred income is amortised over the periods necessary to match the depreciation of plant and equipment purchased with the related grants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

16. Other payables (cont'd)

The movement of provision for reinstatement costs is as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	179	217
Addition	8	–
Utilisation	(40)	(38)
At end of the year	<u>147</u>	<u>179</u>
Current	15	15
Non-current	<u>132</u>	<u>164</u>
	<u>147</u>	<u>179</u>

Provision for reinstatement costs relate to the estimated costs to be incurred to restore the current leased premise to its original condition at the end of the tenure of the lease in 2023 to 2025.

17. Contract liabilities

The Group and Company have recognised the revenue related contract liabilities in relation to customer loyalty programme and customer advances.

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Receipts from customers	68	79	24	30
Customer loyalty points	<u>53</u>	<u>39</u>	<u>32</u>	<u>20</u>
	<u>121</u>	<u>118</u>	<u>56</u>	<u>50</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. Lease liabilities

Group and Company as lessee

Maturity analysis of lease liabilities is disclosed in Note 31.

Reconciliation of liabilities arising from financing activities

A reconciliation of liabilities arising from financing activities is as follows:

	Note	Group and Company	
		2022	2021
		\$'000	\$'000
At beginning of the year		1,457	2,029
Lease payments		(729)	(748)
Non-cash changes:			
- Additions		382	245
- Early termination		(181)	-
- Accretion of interest		32	60
- Rental rebates and relief	22	(48)	(129)
At end of the year		<u>913</u>	<u>1,457</u>
Current		624	760
Non-current		<u>289</u>	<u>697</u>
		<u>913</u>	<u>1,457</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. Lease liabilities (cont'd)

Group and Company as lessee (cont'd)

Amounts recognised in profit or loss

	Note	Group	
		2022	2021
		\$'000	\$'000
Amortisation of right-of-use assets	13	587	911
Interest expense on lease liabilities		32	60
Gain on early termination of leases		(151)	–
Impairment loss on right-of-use assets	13	136	224
Rental rebates and relief	22	(48)	(129)
Lease expense not recognised in lease liabilities			
- Expense relating to short-term leases (included in cost of sales)		85	70
- Expense relating to variable lease payments not recognised in lease liabilities		37	72
		<u>678</u>	<u>1,208</u>

Total cash outflow

The Group had total cash outflow for leases of \$851,000 (2021: \$890,000) in respect of lease liabilities recognised, payment for short-term leases and variable lease payments.

Variable lease payments

The lease for certain retail outlets contains variable lease payments that are based on a percentage of sales generated by the outlets ranging from 10% to 15% (2021: 10% to 15%), on top of fixed payments. These variable lease payments are recognised in the consolidated statement of profit or loss and other comprehensive income when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. Lease liabilities (cont'd)

Group and Company as lessee (cont'd)

Extension options not included in recognition of right-of-use assets and lease liabilities at the end of the reporting period

The Group and Company have several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and Company's business needs.

	Group and Company	
	2022	2021
	\$'000	\$'000
Gross lease payments for extension options not expected to be exercised		
- Within one year	12	6
- Two to five years	1,844	1,818
- More than five years	55	116
	1,911	1,940

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

19. Deferred tax assets/(liabilities)

Deferred tax prior to offsetting of balance within the same tax jurisdiction as at 30 June relates to the following:

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax assets/(liabilities):</i>				
Provisions	66	60	6	47
Leases	32	(2)	34	(17)
Differences in tax and book depreciation of plant and equipment	(63)	(92)	29	42
	<u>35</u>	<u>(34)</u>	<u>(69)</u>	<u>(72)</u>
			Company	
			Statement of financial position	
			2022	2021
			\$'000	\$'000
<i>Deferred tax assets/(liabilities):</i>				
Provisions			38	60
Leases			31	–
Differences in tax and book depreciation of plant and equipment			(44)	(64)
			<u>25</u>	<u>(4)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

20. Share capital, Fair value adjustment surplus

Share capital

	Group and Company			
	2022		2021	
	Number of ordinary shares	\$'000	Number of ordinary shares	\$'000
Issued and paid up:				
At beginning and end of year	102,476,024	10,251	102,476,024	10,251

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Fair value adjustment surplus

Fair value adjustment surplus represents the cumulative fair value changes of financial assets at FVTOCI until they are disposed of or impaired.

21. Revenue

Disaggregation of revenue

	Note	Group	
		2022	2021
		\$'000	\$'000
Sale of gifts and hampers, recognised at point in time		20,196	18,669
Rental income, recognised on straight-line basis over the lease term	14	456	476
		<u>20,652</u>	<u>19,145</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

21. Revenue (cont'd)

Contract liabilities

As at 30 June 2022, the transaction price allocated to performance obligation that are unsatisfied (or partially satisfied) in relation to customer loyalty programme and advance payment from customers are disclosed in Note 17 to the financial statements. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract, which is expected to occur in the following year.

22. Other operating income

	Note	Group	
		2022	2021
		\$'000	\$'000
Government grants			
- Job Support Scheme ("JSS")		870	1,126
- Rental Rebate and Relief	18	48	129
- Wage Credit Scheme		95	49
- Work life grant		–	124
- Job Growth Scheme		97	84
- Senior Employment Credit		12	13
- Foreign worker rebate		–	17
- Others		105	101
Dividend income from financial assets at FVTOCI	11	28	37
Interest income from financial assets at amortised cost		36	22
Interest income from financial assets at FVTOCI		68	67
Gain on disposal of plant and equipment		13	–
Gain on disposal of right-of-use assets (early termination of leases)	18	151	–
Fair value gain on investment properties	14	1,425	79
Others		17	8
		<u>2,965</u>	<u>1,856</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

22. Other operating income (cont'd)

Job Support Scheme ("JSS")

The JSS was introduced to provide wage support to employers to retain local employees during the period of economic uncertainty. Under the JSS, the Government co-funds between 10% to 75% of the first \$4,600 of gross monthly wages paid of eligible employee in the form of a cash grant up to September 2021, based on sector in which the Group operates in. Grants which have been received but not yet recognised in the consolidated statement of profit or loss and other comprehensive income are recognised as deferred income (Note 16).

Rental rebates and relief

The Group received rent concessions as part of the COVID-19 support under the Rental Relief Framework, which provides for mandated equitable co-sharing of rental obligations between the Government, landlords and tenants.

The Rental Relief Framework requires qualifying property owners which have received support via a government cash grant to in turn provide the necessary rental relief to their eligible Small and Medium Enterprises ("SMEs") and specified Non-Profit Organisations tenant-occupiers of the prescribed properties.

The Group recognised COVID-19-related rent concessions received from lessors to which the Group applied the practical expedient as disclosed in Note 2.17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

23. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group	
		2022	2021
		\$'000	\$'000
Employee benefit expense (including directors' remuneration)		7,494	6,615
Cost of defined contribution plans included in employee benefit expense		755	639
Audit fees:			
- Auditor of the Company		100	71
- Other auditors		2	2
Non-audit fees:			
- Auditor of the Company		16	12
- Other auditors		-	7
Directors' remuneration:			
- Directors of the Company		718	678
- Other directors		49	42
Directors' fees		91	74
Reversal of impairment loss on club membership	10	(8)	(8)
Depreciation of plant and equipment	12	338	427
Amortisation of right-of-use assets	13	587	911
Impairment loss on right-of-assets	13	136	224
(Write-back of)/Loss allowance on trade receivables	5	(231)	295
Allowance for/(write-back of) inventories	8	57	(25)
Inventories written-off	8	49	11
Net foreign exchange gain		(5)	(1)
Loss on liquidation of a subsidiary		56	-
Plant and equipment written off		-	1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

24. Income tax (credit)/expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the year ended 30 June 2022 and 2021 are:

	Group	
	2022	2021
	\$'000	\$'000
Current income tax:		
- Current year	44	92
- Under provision in respect of prior year	6	82
	<u>50</u>	<u>174</u>
Deferred tax		
- Origination and reversal of temporary differences	47	72
- (Over)/under provision in respect of prior year	(116)	-
	<u>(69)</u>	<u>(72)</u>
Income tax (credit)/expense recognised profit or loss	<u>(19)</u>	<u>102</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

24. Income tax (credit)/expense (cont'd)

Relationship between tax (credit)/expense and accounting profit

A reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2022 and 2021 were as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before income tax	2,870	1,572
Income tax expense at statutory tax rate of 17% (2021: 17%)	488	267
Effect of different tax rate of subsidiaries operating in other jurisdictions	–	1
Non-deductible expenses	40	83
Income not subject to tax	(386)	(294)
(Over)/Under provision in prior years	(110)	82
Effect of partial tax exemption	(35)	–
Tax incentives and rebates	(23)	(26)
Others	7	(11)
Income tax (credit)/expense recognised profit or loss	(19)	102

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

25. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the years ended 30 June 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Profit for the year attributable to owners of the Company used in the purpose of computation of basic and diluted earnings per share (\$'000)	<u>2,889</u>	<u>1,470</u>
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share ('000)	<u>102,476</u>	<u>102,476</u>
Earnings per share (cents)		
- Basic and diluted	<u>2.82</u>	<u>1.43</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

26. Dividends

	Group and Company	
	2022	2021
	<u>\$'000</u>	<u>\$'000</u>
<i>Dividends on ordinary shares paid during the year:</i>		
First and final exempt (one-tier) dividend for 2021: 0.3 cents (2020: 0.2 cents) per ordinary share	307	205
Special exempt (one-tier) dividend for 2021: 2.7 cents (2020: 1.3 cents) per ordinary share	2,767	1,332
	<u>3,074</u>	<u>1,537</u>
<i>Proposed dividends on ordinary shares not recognised as a liability as at 30 June:</i>		
First and final exempt (one-tier) dividend for 2022: 0.3 cents (2021: 0.3 cents) per ordinary share	307	307
Special exempt (one-tier) dividend for 2022: 1.2 cents (2021: 2.7 cents) per ordinary share	1,230	2,767
	<u>1,537</u>	<u>3,074</u>

Proposed dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and have not been included as a liability in these financial statements.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information

Operating segments

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

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

Segment profit represents the profit earned by each segment without investment revenue and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	\$'000	\$'000	\$'000
2022			
Revenue	<u>20,196</u>	<u>456</u>	<u>20,652</u>
Result:			
Segment result	(58)	141	83
Other operating income	1,433	11	1,444
Fair value gain on investment properties	–	1,425	1,425
Finance costs	(32)	–	(32)
Unallocated other operating income			28
Unallocated interest income			68
Unallocated other expense			(146)
Profit before income tax			<u>2,870</u>
Income tax credit			19
Profit for the year			<u>2,889</u>
Other information:			
Capital expenditure on plant and equipment	117	–	117
Depreciation on plant and equipment	333	5	338
Amortisation on right-of-use assets	587	–	587
Write-back of allowance on trade receivables	(231)	–	(231)
Impairment loss on right-of-use assets	136	–	136
Gain on early termination of leases	(151)	–	(151)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information (cont'd)

Operating segments (cont'd)

	<u>Gifts</u>	<u>Properties</u>	<u>Group</u>
	\$'000	\$'000	\$'000
2022			
Asset:			
Segment asset	4,559	16,766	21,325
Deferred tax assets			35
Unallocated assets			14,531
Total assets			<u>35,891</u>
Liabilities:			
Segment liabilities	3,613	(157)	3,456
Income tax payable			49
Total liabilities			<u>3,505</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information (cont'd)

Operating segments (cont'd)

	Gifts	Properties	Group
	\$'000	\$'000	\$'000
2021			
Revenue	<u>18,669</u>	<u>476</u>	<u>19,145</u>
Result:			
Segment result	(329)	253	(76)
Other operating income	1,659	14	1,673
Fair value gain on investment properties	–	79	79
Finance costs	(60)	–	(60)
Unallocated other operating income			37
Unallocated interest income			67
Unallocated other expense			(148)
Profit before income tax			<u>1,572</u>
Income tax expense			(102)
Profit for the year			<u>1,470</u>
Other information:			
Capital expenditure on plant and equipment	154	–	154
Depreciation on plant and equipment	419	8	427
Amortisation on right-of-use assets	911	–	911
Loss allowance on trade receivables	295	–	295
Impairment loss on right-of-use assets	<u>224</u>	<u>–</u>	<u>224</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information (cont'd)

Operating segments (cont'd)

	<u>Gifts</u>	<u>Properties</u>	<u>Group</u>
	\$'000	\$'000	\$'000
2021			
Asset:			
Segment asset	4,924	15,364	20,288
Unallocated assets			16,728
Total assets			<u>37,016</u>
Liabilities:			
Segment liabilities	4,144	157	4,301
Income tax payable			96
Deferred tax liabilities			34
Total liabilities			<u>4,431</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Segment information (cont'd)

Geographical segments

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

	Revenue from external customers		Non-current assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	20,395	18,839	17,940	17,097
Malaysia	257	306	–	–
Total	<u>20,652</u>	<u>19,145</u>	<u>17,940</u>	<u>17,097</u>

28. Related party transactions

Significant transactions with subsidiaries:

	Company	
	2022	2021
	\$'000	\$'000
Sale of goods	(182)	(146)
Purchase of goods	75	62
Management fee	(981)	(910)
Franchisee fee	(14)	(16)
SAP maintenance fee	(55)	(55)
Rental income	(309)	(236)
Freight charges	–	(5)
Expenses borne on behalf with recharges	<u>1,553</u>	<u>1,162</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. Related party transactions (cont'd)

Compensation of directors and key management personnel

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

	Group	
	2022	2021
	\$'000	\$'000
Short-term benefits	1,336	1,161
Defined contribution plans	71	59
	<u>1,407</u>	<u>1,220</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets and liabilities by category were as follows:

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	4	11,890	14,234	8,723	11,693
Trade receivables	5	849	1,042	484	535
Amounts due from subsidiaries	6	–	–	153	55
Deposits and other receivables	7	900	462	870	446
Total financial assets at amortised cost		<u>13,639</u>	<u>15,738</u>	<u>10,230</u>	<u>12,729</u>
Equity instruments at FVTOCI	11	1,647	1,450	1,647	1,450
Debt instruments at FVTOCI	11	995	1,045	995	1,045
Financial assets at FVTOCI		<u>2,642</u>	<u>2,495</u>	<u>2,642</u>	<u>2,495</u>
Financial liabilities					
Trade payables	15	395	317	312	258
Amounts due to subsidiaries	6	–	–	1,004	986
Other payables	16	1,732	1,443	1,373	1,128
Total financial liabilities at amortised cost		<u>2,127</u>	<u>1,760</u>	<u>2,689</u>	<u>2,372</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities

Fair value hierarchy

The Group and Company categorise fair value measurements using a fair value hierarchy that is dependent 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 as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities (cont'd)

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the financial year:

	Note	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Group and Company					
2022					
<u>Financial assets</u>					
<i>At FVTOCI</i>					
- Equity instruments (quoted)	11	1,647	–	–	1,647
- Debt instruments (quoted)	11	995	–	–	995
		<u>2,642</u>	<u>–</u>	<u>–</u>	<u>2,642</u>
<u>Non-financial assets</u>					
- Investment properties	14	<u>–</u>	<u>–</u>	<u>16,558</u>	<u>16,558</u>
2021					
<u>Financial assets</u>					
<i>At FVTOCI</i>					
- Equity instruments (quoted)	11	1,450	–	–	1,450
- Debt instruments (quoted)	11	1,045	–	–	1,045
		<u>2,495</u>	<u>–</u>	<u>–</u>	<u>2,495</u>
<u>Non-financial assets</u>					
- Investment properties	14	<u>–</u>	<u>–</u>	<u>15,133</u>	<u>15,133</u>

There has been no transfer of assets between Levels 1, 2 and 3 during the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 30 Jun \$'000	Valuation techniques	Key inputs	Range of inputs
Recurring fair value measurements				
2022				
Investment properties (Note 14)	16,558	Market comparable approach	Transacted price per square metre ("psm") of comparable properties*	Industrial: \$6,656 to \$7,279 psm Residential: \$16,814 psm
2021				
Investment properties (Note 14)	15,133	<i>ditto</i>	<i>ditto</i>	Industrial: \$5,994 to \$6,332 psm Residential: \$15,487 psm

* These price metrics are subject to adjustments to account for different attributes such as location, tenure, building size, age and conditions of the property.

A significant increase/(decrease) in price per square metre based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements (cont'd)

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements using significant unobservable inputs (Level 3)	
	2022	2021
	\$'000	\$'000
Group and Company		
Investment properties		
At beginning of the year	15,133	15,054
Fair value gain on investment properties	1,425	79
At end of the year	<u>16,558</u>	<u>15,133</u>

Fair value gain on investment properties is recognised in "Other operating income" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities (cont'd)

Level 3 fair value measurements (cont'd)

(iii) *Valuation policies and procedures*

The Group's and Company's chief operating decision maker oversees the Group's and Company's financial reporting valuation process and is responsible for setting and documenting the Group's and Company's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's and Company's policy to engage independent real estate valuation expert who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair value measurement* guidance to perform the valuation.

For valuations performed by external appraisers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group and Company) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Fair value of assets and liabilities (cont'd)

Fair value of financial assets and financial liabilities that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Note	Quoted prices in active markets for identical assets	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total	
	(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	\$'000	
Group and Company					
2022					
<u>Financial assets</u>					
Deposits (non-current)	7	–	–	215	215

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing arrangements at the end of the financial year.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade receivables, amounts due from subsidiaries, deposits and other receivables (current), trade payables, amounts due to subsidiaries and other payables

The carrying amounts of these balances approximate fair value due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, equity price risk and fair value interest rate risk. The Group and Company are not exposed to significant foreign exchange rate risk as the purchases and sales are denominated in its respective functional currencies. Any movement in foreign exchange rate is unlikely to impact the results and equity of the Group and Company materially.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel of the Group and Company. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors.

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

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade receivables (Note 5), deposits and other receivables (Note 7) and investments in debt instruments at FVTOCI (Note 11). The Company is also exposed to credit risks arising from amounts due from subsidiaries (Note 6). The Group and Company have adopted procedures in extending credit terms to counterparties and in monitoring its credit risk. The Group and Company only grant credit to creditworthy counterparties. Cash and cash equivalents are held with creditworthy institutions and is subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The Group's and Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and Company have policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group and Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 120 days past due, which are derived based on the Group's and Company's historical information.

To minimise credit risk and to monitor significant increase in credit risk on an ongoing basis, the Group and Company have developed and maintained the Group's and Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's and Company's own trading records to rate its major customers and other debtors. The Group and Company consider available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Significant increase in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtors in the group and changes in the operating results of the debtor

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

As disclosed in Note 2.13, regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

Despite the foregoing, the Group and Company assume 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:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- 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 and Company consider a financial asset to have low credit risk when it has an internal credit risk grading of "Performing" or external credit rating of "investment grade" as per globally understood definition.

The Group and Company regularly monitor 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.

The Group and Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the customer to make settlement
- A breach of contract, such as a default or past due event
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The Group and Company categorise a financial asset for potential write off 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, or in the case of trade receivables, when the amounts are over a year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Group's and Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising (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 > 120 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 or Company have no realistic prospect of recovery.	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

The table below details the credit quality of the Group's and Company's financial assets (excluding Cash and cash equivalents that are subject to immaterial credit loss as explained in the beginning of this section) as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				\$'000	\$'000	\$'000
2022						
Trade receivables	5	Note A	Lifetime ECL (simplified)	1,184	(335)	849
Deposits and other receivables	7	Performing	12-month ECL	900	–	900
Debt instruments at FVTOCI	11	Performing	12-month ECL	995	–	995
					<u>(335)</u>	
2021						
Trade receivables	5	Note A	Lifetime ECL (simplified)	1,667	(625)	1,042
Deposits and other receivables	7	Performing	12-month ECL	462	–	462
Debt instruments at FVTOCI	11	Performing	12-month ECL	1,045	–	1,045
					<u>(625)</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Company				\$'000	\$'000	\$'000
2022						
Trade receivables	5	Note A	Lifetime ECL (simplified)	673	(189)	484
Amounts due from subsidiaries	6	Performing	12-month ECL	153	–	153
Amounts due from subsidiaries	6	In default	Lifetime ECL (Credit- impaired)	92	(92)	–
Deposits and other receivables	7	Performing	12-month ECL	870	–	870
Debt instruments at FVTOCI	11	Performing	12-month ECL	996	–	996
					<u>(281)</u>	
2021						
Trade receivables	5	Note A	Lifetime ECL (simplified)	868	(333)	535
Amounts due from subsidiaries	6	Performing	12-month ECL	55	–	55
Amounts due from subsidiaries	6	In default	Lifetime ECL (Credit- impaired)	92	(92)	–
Deposits and other receivables	7	Performing	12-month ECL	446	–	446
Debt instruments at FVTOCI	11	Performing	12-month ECL	1,045	–	1,045
					<u>(425)</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Trade receivables (Note A)

The Group and Company applied the simplified approach to determine lifetime ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on the aging of trade receivables of various customer segments that are grouped based on similar loss patterns and historical credit loss experience and rates. The provision matrix estimates ECL using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. As the Group's and Company's historical credit loss experience do not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's and Company's different customer base.

	Trade receivables – days past due						Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 Days	91 to 120 days	> 120 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
2022							
Gross carrying amount	258	167	74	50	49	586	1,184
Loss allowance	–	–	–	(3)	(2)	(330)	(335)
							<u>849</u>
2021							
Gross carrying amount	388	135	75	63	271	735	1,667
Loss allowance	–	(6)	(5)	(12)	(82)	(520)	(625)
							<u>1,042</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Trade receivables (Note A) (cont'd)

	Trade receivables – days past due						Total
	Not past due	1 to 30 days	31 to 60 days	61 to 90 Days	91 to 120 days	> 120 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Company							
2022							
Gross carrying amount	158	105	46	29	26	309	673
Loss allowance	–	–	–	(3)	(1)	(185)	(189)
							<u>484</u>
2021							
Gross carrying amount	175	79	42	37	160	375	868
Loss allowance	–	(3)	(3)	(7)	(60)	(260)	(333)
							<u>535</u>

Deposits and other receivables

Deposits and other receivables are considered to have low credit risk as there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and Company measured the loss allowance using 12-month ECL and determined that the ECL is immaterial.

Amounts due from subsidiaries

The amounts due from subsidiaries that are categorised as “Performing” are considered to have low credit risk as the timing of payment is controlled by the holding company taking into account cash flow management within the holding company’s group of companies and there has been no significant increase in the risk and probability of default on the amounts due from these subsidiaries since initial recognition after considering their respective financial and liquidity positions,

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Amounts due from subsidiaries (cont'd)

factors that are specific to the subsidiaries and general current and expected economic conditions of the industry in which the subsidiaries operate. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL and the ECL is immaterial to the Company.

The Company has identified certain amounts due from subsidiaries that are categorised as "In default". Management has taken into account the financial position of these subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the receivables as well as the loss upon default. Management has specifically provided for loss allowance amounting to \$92,000 (2021: \$92,000) for these amounts due from subsidiaries.

Debt instruments at FVTOCI

The Group and Company do hold any no collateral over the investments in debt instruments at FVTOCI (Note 11). The Group and Company have considered these investments to have low credit risk. They include those issued by a counterparty with external credit rating of AA- i.e., "investment grade" that do not carry significant risk of credit loss, and those that are not rated i.e. "NR" but the instruments are either issued by or are guaranteed by their holding companies who are large financial stable publicly traded companies. In evaluating the credit risk of NR debt instruments, the Group and Company have assessed the historical default experience and considered various external sources of actual and forecast economic and financial information relevant to the counterparties and their guarantors. These NR instruments have been assigned an internal credit risk grading of "Performing" based on the Group's and Company's assessment. Accordingly, for the purpose of impairment assessment for these debt instruments, the loss allowance is measured at an amount equal to 12-month ECL and the related expected credit losses are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Exposure to credit risk and credit risk concentration profile

At the end of the reporting period, although the Group's and Company's credit exposure are concentrated in Singapore due to the location of their principal business activities, the Group and Company have no significant concentration of credit risk with any single customer or counterparty. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities. The Group's and Company's objective are to maintain a healthy liquidity position through the maintenance of adequate cash and cash equivalents and placing significant investments in financial assets held for long-term capital appreciation purposes that are relatively liquid in nature such as quoted investments.

The Group's and Company's liquidity risk management policy is to monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and Company's operation and mitigate the effects of fluctuations in cash flows. The Group and Company also use lease contracts as means of managing its financial cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	One year or less	One to five years	Total
	\$'000	\$'000	\$'000
Group			
2022			
Trade payables	395	–	395
Other payables	1,732	–	1,732
Lease liabilities	642	294	936
Total undiscounted financial liabilities	<u>2,769</u>	<u>294</u>	<u>3,063</u>
2021			
Trade payables	317	–	317
Other payables	1,443	–	1,443
Lease liabilities	791	710	1,501
Total undiscounted financial liabilities	<u>2,551</u>	<u>710</u>	<u>3,261</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	One year or less \$'000	One to five years \$'000	Total \$'000
2022			
Trade payables	312	–	312
Amounts due to subsidiaries	1,004	–	1,004
Other payables	1,373	–	1,373
Lease liabilities	642	294	936
Total undiscounted financial liabilities	<u>3,331</u>	<u>294</u>	<u>3,625</u>
2021			
Trade payables	258	–	258
Amounts due to subsidiaries	986	–	986
Other payables	1,128	–	1,128
Lease liabilities	791	710	1,501
Total undiscounted financial liabilities	<u>3,163</u>	<u>710</u>	<u>3,873</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. Financial risk management policies and objectives (cont'd)

Equity price risk

Equity price risk is the risk that that fair value of the Group's and Company's financial instruments will fluctuate because of changes in market prices. The Group and Company are exposed to equity price risk arising from its investment in quoted equity instruments at FVTOCI (Note 11) which are held for long-term capital appreciation and dividend income rather than trading purposes. The Group and Company does not actively trade such investments.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the inputs to the valuation model (i.e., quoted priced of the investments) had been 5% (2021: 10%) higher/lower with all other variables held constant, the Group's and Company's fair value adjustment surplus account would increase/decrease by \$82,000 (2021: \$145,000).

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group and Company are exposed to fair value interest rate risk arising from its investment in quoted debt instruments at FVTOCI (Note 11). The Group does not actively trade such investments.

Sensitivity analysis for fair value interest rate risk

At the end of the reporting period, if the inputs to the valuation model (i.e., quoted priced of the investments) had been 5% (2021: 5%) higher/lower with all other variables held constant, the Group's and Company's fair value adjustment surplus account would increase/decrease by \$50,000 (2021: \$52,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Capital management

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

Management reviews the capital structure on an ongoing basis. The Group's and the Company's overall strategy remained unchanged from prior year.

33. Comparative figures

Certain comparative figures for the financial year ended 30 June 2021 have been retrospectively reclassified to present credit card fees that were previously included as an offset to the Group's Revenue (Note 21), to be included as part of the Group's Distribution expenses to appropriately reflect the nature of the fees in the Consolidated statement of profit or loss and other comprehensive income. The comparative figures for the financial year ended 30 June 2021 have been reclassified as follows:

	As previously reported	Reclassification	As reclassified
	\$'000	\$'000	\$'000
30 June 2021			
<u>Consolidated statement of profit or loss and other comprehensive income</u>			
Revenue	18,884	261	19,145
Distribution expenses	(2,143)	(261)	(2,404)

As the amounts are reclassifications of items within the consolidated statement of profit or loss and other comprehensive income, the reclassifications did not have any effect on the statements of financial position, changes in equity and cash flows. Comparatives for the beginning of the preceding period have not been presented as there is no impact on the opening balance at 1 July 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

34. Events occurring after the reporting date

On 30 September 2022, the Group and Company accepted an option to purchase its investment property located at 33 Rochester Drive, Singapore, for a consideration of \$2,030,000. The sale of the property is expected to be completed by 25 November 2022.

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 30 September 2022.

CORPORATE GOVERNANCE REPORT

Noel Gifts International Ltd. (the “**Company**” or together with its subsidiaries, the “**Group**”) is committed to maintain high standards of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2018 (the “**Code**” so as to ensure greater transparency and protection of the shareholders’ interests.

The Report describes the practices the Company has undertaken with respect to each of the principles and provisions and the extent of its compliance with the Code and should be read as a whole, instead of being separated under the different principles of the Code. The Company has complied with the principles and provisions as set out in the Code and the Listing Manual where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

Board Matters

Principle 1: 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 of Directors (the “**Board**”) oversees the business affairs of the Group and sets overall corporate strategy and direction. It approves the Group's strategic plans, key business initiatives and financial objectives, major investment and divestment and funding proposals. The Board also monitors the operating and financial performance and oversees the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls.

The Board has delegated certain functions to the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”, and together with the AC and NC, collectively the “**Committees**” and each a “**Committee**”) to assist with the execution of its specific responsibilities. Each Committee has its own written terms of reference which clearly set out its composition, authorities, objectives, duties, powers and responsibilities (including reporting back to the Board) which has been amended to be in line with the Code, where applicable. The Chairman of the respective Committees will report to the Board on their discussion and recommendations on the specific agendas for the Board's approval.

Provision
1.4 of
the Code

CORPORATE GOVERNANCE REPORT

Matters Requiring Board Approval

The Board decides on matters that require its approval and clearly communicates this to Management in writing.

Provision
1.3 of
the Code

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

- approval of half yearly and full year results announcements;
- approval of the annual report and financial statements;
- declaration of interim dividends and/or proposal of final dividends;
- approval of corporate strategy(ies);
- authorisation of major investments and funding proposals;
- convening of shareholders' meetings; and/or
- any other matters as may be considered necessary by the Board from time to time.

Every Director is expected, in the course of carrying out his/her duties, to act in good faith, provide insights and consider at all times, for the interests of the Company as a whole. The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. While the Board does not have in place a code of conduct and ethics, it aims to set an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Guidelines on the same are also generally set out in the employee handbook of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Deviated
from
Provision
1.1 of
the Code

The Board conducts regular scheduled meetings on a half yearly basis and ad-hoc meetings as warranted by particular circumstances. During the meetings, important matters concerning the Group may be put to the Board by way of circulating resolutions for approval.

Provision
1.6 of
the Code

Access to Information

The Management has full access to the Directors and vice versa for guidance or exchange of business and governance practices outside of the meetings.

CORPORATE GOVERNANCE REPORT

Management provides 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. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

Provision
1.6 of
the Code

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Company Secretary administers, attends and prepares minutes of Board meetings, assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and ensures that the Company's Constitution and relevant rules and regulations, including those of the Companies Act 1967 (the "**Companies Act**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), are complied with. The Company Secretary ensures the quality, quantity and timeliness of the flow of information within the Board and its Committees and between Management and the Independent Directors, advises the Board on all corporate governance matters, facilitates orientation and assists with professional development as and when required. The appointment and the removal of the Company Secretary is a decision of the Board as a whole.

Provision
1.7 of
the Code

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

Board and Committee Meetings held in the financial year ended 30 June 2022 (“FY2022”)

Directors attend and actively participate in Board and Committee meetings. The number of Board Meetings held in FY2022 and the record of the attendance at those meetings were as follows:

Name	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Wong Siu Hong Alfred	3	3	2	2 ¹	1	1 ¹	1	1 ¹
Ms Wong Phui Hong	3	3	2	2 ¹	1	1 ¹	1	1 ¹
Mr Foo Der Rong	3	3	2	2	1	1	1	1
Mr Aric Loh Siang Khee	3	3	2	2	1	1	1	1
Mr Koh Soo Keong ²	3	1	2	1	1	1	1	1
Mr Chee Teck Kwong Patrick ³	3	2	2	1	1	0	1	0

Notes:

1. By invitation.
2. Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
3. Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

While the Board considers Directors' attendance at Board and Committee meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group and ensures that Directors with multiple board representations give sufficient time and attention to the affairs of the Company.

The current Board members generally do not have more than six (6) directorships in other listed companies. Accordingly, the NC is satisfied that the Directors are able to devote sufficient time and attention to the affairs of the Group and to satisfy their duties as Directors to the Company.

Provision
1.5 of
the Code

CORPORATE GOVERNANCE REPORT

Training of Directors

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Board is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards. Appropriate external trainings will be arranged when necessary at the Company's expense.

Provision
1.2 of
the Code

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, upon appointment as a new Director, the new Director will receive a formal letter of appointment or service agreement from the Company and the letter or agreement will indicate the relevant information on his/her duties and responsibilities as a Director. The new Director will be briefed by the Board to familiarise them with the Group's operations and strategic directions. First-time Directors who have no prior experience as a director of a company listed on the SGX-ST will also undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST.

Provision
1.2 of
the Code

The Board as a whole is updated regularly on the latest corporate governance, listing practices, risk management matters and key changes to the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board and Committees members.

To attain a better understanding of the Group's business, the new Director will visit the Group's operational facilities and meet with the key management personnel.

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.

During FY2022, the Board mainly consisted of five qualified members, three of whom were Independent Directors, and two of whom were Executive Directors. The three Independent Directors made up a majority of the Board of Directors.

Provisions
2.2 and
2.3 of the
Code

In line with Provision 2.2 of the Code, as the Chairman is not an independent director, the Independent Directors made up a majority of the Board for FY2022. The Board has reviewed its composition and is satisfied that such composition is appropriate, given the background, qualifications and experience of each Director. In the event of any change to the scope of the business activities, the Board will invite more suitable candidates to join the Board as well as to rotate the members at the right time. Key information on the Directors is set out on pages 5 to 7 of the Annual Report 2022. Following Mr Koh Soo Keong's resignation as a Director on 22 September 2021, the Board appointed Mr Chee Teck Kwong Patrick as a Director of the Company on 1 December 2021, as a Non-Executive and Independent Director of the Board, Chairman of the Remuneration Committee, and member of the Audit and Nominating Committees. As announced on 30 June 2022, Ms Wong Phui Hong was re-designated as a Non-Executive Director of the Company with effect from 1 July 2022.

With the introduction of Rule 710A of the Listing Rules effective from 1 January 2022, the Board has formulated and implemented a board diversity policy that addresses gender, skills and experience and other relevant aspects of diversity, and has published a copy of its Board Diversity Policy on the Company's website.

Provision
2.4 of
the Code

Under the Board Diversity Policy, the Board considers whether there is an appropriate mix of members of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company. In reviewing the appointments of new Directors, the Board together with the NC ensures that it sets relevant objectives to promote and achieve diversity on the Board, and appointments are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.

CORPORATE GOVERNANCE REPORT

In discharging their duties, the Board and the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The Company aims to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. The Board, through the Nominating Committee, has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations, and is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge, skills and/or business, financial, accounting and management experience, so as to avoid groupthink and foster constructive debate.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company, attributes and gender (with one female Non-Executive Director on the Board) provide for effective direction for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies of the Board are reviewed on an annual basis by the Nominating Committee with reference to the Board Diversity Policy to ensure that the Board has the appropriate mix of skills, knowledge, experience including familiarity in the Company's core markets, age, gender and length of service, and assess the combined factors against the requirements needed to govern and direct the Company's strategic objectives.

The criterion for independence is based on the definition given in the Code and Rule 210(5)(d) of the SGX-ST Listing Manual.

Provisions
2.1 of the
Code

The Board considers an "Independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its Substantial Shareholders or 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. Having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual, the Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in conduct, character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

CORPORATE GOVERNANCE REPORT

The Independent Directors, led by the Lead Independent Director, meet at least once annually without the presence of the other Directors and the Management and, where necessary, the Lead Independent Director provides feedback to Board and/or the Chairman of the Board after such meetings.

Provisions
2.5 of the
Code

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 Wong Siu Hong Alfred is both the Chairman of the Board and the Managing Director of the Group. The Board believes that in the case of the Group, the two roles complement each other. In addition, key business decisions will require the Board's approval and the Board is of the view that there are sufficient safeguards and checks to ensure that the Management is accountable to the Board as a whole and there is a balance of power and authority. In terms of scheduling board meetings, setting meeting agenda, managing the flow of information to the Board and ensuring compliance, the Managing Director would be in the best position to carry them out effectively and efficiently since he is also involved in the day-to-day running of the business. The Managing Director is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that the Management will conform to such practices.

Deviated
from
Provision
3.1 of
the Code

In view of Mr Wong Siu Hong Alfred's concurrent appointment as Chairman and Managing Director of the Group, Mr Aric Loh Siang Khee has been appointed as the Lead Independent Director of the Company to provide leadership in situations where the Chairman is conflicted and to ensure that a channel of communication is always available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate pursuant to Provision 3.3 of the Code. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and Managing Director, Executive Director, General Manager or Senior Manager, Finance has failed to resolve or for which such contact is inappropriate.

Provision
3.3 of
the Code

CORPORATE GOVERNANCE REPORT

The Company is of the view that it maintained a satisfactory independent element on the Board for FY2022 as majority of the Board comprised of Independent Directors and the Company believes the Board is able to exercise independent judgment on corporate affairs. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the NC and the Board believe that Mr Wong Siu Hong Alfred, as one of the founders of the Group and the MD since the Company's listing, is in the best position to lead the Board as Chairman and MD.

Deviated
from
Provision
3.1 of
the Code

Principle 4: Board Membership

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

The Board established the NC which consisted of 3 directors during FY2022, all of whom are independent. Mr Foo Der Rong is the NC Chairman, and he has no relationship with the Company, its related corporations, its substantial shareholders or its officers and is not directly associated with substantial shareholders. The NC comprised of the following directors during FY2022:

Chairman	:	Mr Foo Der Rong (Independent Director)
Member	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Koh Soo Keong (Independent Director) ¹
Member	:	Mr Chee Teck Kwong Patrick (Independent Director) ²

Provisions
1.4 and
4.1 of the
Code

Notes:

1. Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
2. Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its composition, procedures governing meetings, duties and functions, reporting procedure, disclosure in the annual report in compliance with the Code of Corporate Governance and procedures relating to changes in the NC's Terms of Reference.

CORPORATE GOVERNANCE REPORT

The NC is regulated by its terms of reference and its principal functions include:

- a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
 - b) the review of the process and criteria for evaluation of the performance of the Board, its board committees and directors;
 - c) the review of training and professional development programmes for the Board and its directors;
 - d) the appointment and re-appointment of directors (including alternate directors, if any);
 - e) making recommendations to the Board on all board appointments;
 - f) developing a process to assess the effectiveness of the Board and contribution by each Director;
 - g) on an annual basis, determining whether a Director is independent; and
 - h) formulating guidelines to ensure a Director having multiple board representations has sufficient time and attention devoted to the affairs of each company.
- Provisions
1.4 and
4.1 of the
Code

The NC reviews annually the independence declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the provisions provided in the Code and Rule 210(5)(d) of the SGX Listing Rules. Based on the assessments and with the concurrence of the NC, the Board is of the view that Mr Foo Der Rong, Mr Aric Loh Siang Khee, Mr Koh Soo Keong and Mr Chee Teck Kwong Patrick were Independent Directors for FY2022.

Provision
4.4 of
the Code

The NC has assessed that each Director of the Company will be able to carry out his duties as a Director of the Company, taking into consideration the Director's listed company board directorships and other principal commitments. The NC also takes into consideration the Company's existing regime of Directors as an additional check and balance on the performance of each individual Director and that the Director should have the responsibility to determine whether he or she will be able to discharge his or her duties properly and effectively as a Director when taking on additional listed company board directorship.

The NC, with concurrence from the Board, has determined that no Director may serve on the Board with more than 6 public listed companies' directorships. The Board views that having multiple companies' representations do not hinder their ability to carry out their roles and duties and will benefit the Company, given that the Directors will be able to bring the relevant experience and knowledge obtained from the board representations in other companies.

CORPORATE GOVERNANCE REPORT

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

Provision
4.5 of
the Code

Name of Director	Academic & professional qualification	Board committee as a Chairman or member	Appointment	Date of first appointment	Date of last re-election	Present Directorships in other listed companies	Past directorships in other listed companies
Mr Wong Siu Hong Alfred	Master of Business Administration with Distinction	n/a	Executive	17 Aug 1983	23 October 2020	n/a	n/a
Ms Wong Phui Hong ⁽¹⁾	Master of Business Administration with Distinction	n/a	Non-Executive	17 Aug 1983	27 October 2021	n/a	n/a
Mr Foo Der Rong	Bachelor of Commerce	Chairman of Nominating Committee / Member of Audit & Remuneration Committees	Non-Executive / Independent	1 Aug 2017	23 October 2020	<ul style="list-style-type: none"> • Matex International Ltd • SLB Development Ltd 	<ul style="list-style-type: none"> • Aedge Group Limited
Mr Aric Loh Siang Khee	Bachelor of Accountancy (Hons)	Chairman of Audit Committee / Member of Nominating & Remuneration Committees	Non-Executive / Independent	1 Aug 2017	27 October 2021	n/a	<ul style="list-style-type: none"> • Tee International Ltd
Mr Chee Teck Kwong Patrick	Bachelor of Law (Hons) University of Singapore Solicitor in the Senior Courts of England and Wales Notary Public Commissioner for Oaths	Chairman of Remuneration Committee / Member of Audit & Nominating Committees	Non-Executive / Independent	1 Dec 2021	n/a	<ul style="list-style-type: none"> • China International Holdings Limited • OneApex Limited • MeGroup Ltd • QAF Limited • Sheng Siong Group Ltd 	<ul style="list-style-type: none"> • CSC Holdings Limited • Hanwell Holdings Limited • Hai Leck Holdings Limited • Ramba Energy Limited (now known as Eneco Energy Limited) • Tat Seng Packaging Group Ltd

Notes:

1. Ms Wong Phui Hong was re-designated as a Non-Executive Director on 1 July 2022.

Currently, the Company does not have any Alternate Directors on the Board and all independent directors have not served on the Board for more than 9 years.

CORPORATE GOVERNANCE REPORT

The Board, through the delegation of its authority to the NC, has used its best efforts to assess that each Director appointed to the Board possesses the necessary background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each Director, through his unique contributions, brings to the Board to a more independent and objective perspective to enable that more balanced and well-considered decisions are made. The search and nomination process for the new Directors, if any, will be made through the search companies, contacts and recommendations that will go through the normal selection process, so as to find the right candidates. The NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. The NC seeks candidates widely and beyond persons directly known to the existing Directors. Résumés of suitable candidates are reviewed and background checks are conducted before interviews are conducted again for the short-listed candidates. New Directors will be appointed by the Board after the NC has reviewed and recommended their appointments to the Board. The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the company.

Provision
4.3 of
the Code

The Company's Constitution requires one-third of the Directors to retire and subject themselves to re-election by the shareholders at every AGM. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommends that Mr Wong Siu Hong Alfred and Mr Foo Der Rong be nominated for re-election at the forthcoming AGM and the Board had accepted the NC's recommendation.

Provision
4.5 of
the Code

The Company's Constitution permits a director to be appointed to fill a casual vacancy to hold office until the next following annual general meeting. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommends that Mr Chee Teck Kwong Patrick be nominated for re-election at the forthcoming AGM and the Board had accepted the NC's recommendation.

The details of the directors seeking re-election are found in Table A set out on pages 182 to 190 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

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

The NC is responsible for recommending and implementing a process to evaluate the effectiveness of the Board and the Committees as well as to assess the contribution by each individual director to the overall effectiveness of the Board.

On the recommendation of the NC, the Board has adopted a formal system of evaluating Board performance which included the evaluation of the performance of the Board as a whole with the use of evaluation forms to assess the effectiveness of the Board, each of the Committees and the individual Directors.

Provision
5.1 of
the Code

For FY2022, each Director has completed the Board Member Self-Evaluation Form and also the Board and Committee Performance Evaluation as a whole. The completed forms are returned to the Company Secretary for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board. Any recommendations and suggestions arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

Provision
5.2 of
the Code

The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. Such assessments by the Directors are useful and constructive and this collective process has provided opportunities to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

The evaluation of Board and Committee performance as a whole is conducted annually to identify areas of improvement and as a form of good Board management practice. The last Board of Directors' evaluation was conducted in August 2022 and the results had been presented to the NC for discussion. The NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

CORPORATE GOVERNANCE REPORT

No external facilitators were used in the assessment of the Board as a whole and the individual directors.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy 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.

The RC comprised entirely of Non-Executive Directors, all of whom, including the RC Chairman, are independent for FY2022. The RC comprised the following directors during FY2022:

Provision
6.2 of
the Code

- Chairman : Mr Koh Soo Keong¹ (Independent Director)
- Chairman : Mr Chee Teck Kwong Patrick² (Independent Director)
- Member : Mr Aric Loh Siang Khee (Independent Director)
- Member : Mr Foo Der Rong (Independent Director)

Notes:

1. Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
2. Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors. The overriding principle is that no director should be involved in deciding his own remuneration.

The principal functions of the RC are to review and make recommendations:

- (a) a framework of remuneration for the Board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

Provision
6.4 of
the Code

CORPORATE GOVERNANCE REPORT

Provision
6.4 of
the Code

No member of the RC shall be 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 RC has access to expert advice inside and outside the Group, if necessary, on matters of executive compensation. For FY2022, the RC has not consulted any external remuneration consultants as there was no required remuneration matters that rendered the appointment of any remuneration consultants necessary.

In setting the remuneration packages, the RC would take into consideration the performance of the Group, as well as each Director and the key management personnel, aligning their interests with the shareholders, and linking rewards to the corporate and individual performance. Non-Executive Directors will receive their fees in accordance with a framework comprising a basic fee and an additional fee for serving on each and every sub-committee of the Company. The Board recommends the payment of Directors' fees to be approved at the forthcoming AGM.

Mr Foo Der Rong has executed a further 2 years' appointment agreement effective from 1 August 2021 with the Company, Mr Aric Loh Siang Khee has executed a further 2 years' appointment agreement effective from 1 July 2021 with the Company, and Mr Chee Teck Kwong Patrick has executed a 2 years' appointment agreement effective from 1 December 2021 with the Company. The Managing Director, Mr Wong Siu Hong Alfred, has executed a renewed 3-year's service agreement with the Company effective from 1 July 2021. The service agreement can be terminated by either party by giving not less than three months' written notice in accordance with the terms of the service agreement. Ms Wong Phui Hong, whose 2.5-year Executive Director service agreement with the Company effective from 1 January 2020 had concluded, is a Non-Executive Director of the Company.

While Mr Koh Soo Keong had executed an appointment agreement for 2 years effective from 1 June 2020, he had resigned as a director of the Company on 22 September 2021.

The RC will also review the Company's obligation under the service agreement(s) entered into with the Executive Director(s) and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC will always aim to be fair and avoid rewarding poor performance.

CORPORATE GOVERNANCE REPORT

Principle 7: Level and Mix of Remuneration

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

One of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and / or service contract terms for each of the Directors and key management personnel.

The terms of the executive directors' and key management personnel's service agreements cover the terms of employment, salaries and other benefits such as profits sharing. Based on the RC's review, the RC is of the view that the service agreements include fair and reasonable termination clauses which are not overly generous. The RC is of the opinion that the performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

Deviated from Provision 7.1 of the Code

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies as well as the performance of the Group as a whole and the performance of each individual director. The remuneration of Directors is reviewed to ensure that remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is appropriate and commensurate with the level of contribution, taking into account factors such as effort, time spent, and responsibilities of the Directors.

Provision 7.3 of the Code

Provision 7.2 of the Code

The Directors' fees are reviewed annually and the Company submits the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from the Executive Director(s) and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Director(s) owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director(s) in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

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.

The Group's remuneration policy is to provide compensation packages at market rates which will reward successful performance and will also attract, retain and motivate managers and Directors.

The Group currently adopts a remuneration policy for staff comprising of a fixed component and a variable component. The fixed component is in the form of a basic salary. The variable component is in the form of variable bonus that will be linked to the Company and the individual performance.

The summary of the remuneration table for the Directors and the key management personnel of the Company and the Group for FY2022 is set out below.

Provision
8.1 of
the Code

Name of Director	Fee	Salary inclusive of Employer's CPF	Bonus inclusive of Employer's CPF	Other Benefits	Total
	%	%	%	%	%
S\$250,000 to S\$500,000					
Wong Siu Hong Alfred	–	73%	17%	10%	100%
Wong Phui Hong	–	72%	18%	10%	100%
Below S\$250,000					
Aric Loh Siang Khee	100%	–	–	–	100%
Foo Der Rong	100%	–	–	–	100%
Koh Soo Keong ¹	100%	–	–	–	100%
Chee Teck Kwong Patrick ²	100%	–	–	–	100%

Notes:

- 1) Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
- 2) Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

CORPORATE GOVERNANCE REPORT

Key Management Personnel	Salary and benefit (inclusive of Employer's CPF)	Bonus inclusive of Employer's CPF	Other Benefits	Total
Below S\$250,000				
Bernadette Kwan	87%	13%	0%	100%
Wong Lai Kuan, Kim	87%	13%	0%	100%
Tan Choon Soon (Jason)	94%	6%	0%	100%
Chong Yu Ngan (Michelle)	88%	12%	0%	100%
Audrey Allyson Pavanaris	83%	15%	2%	100%

The total remuneration in aggregate paid to the top five key management personnel (who are not Directors or the CEO of the Company) in the Company and its subsidiaries for FY2022 was S\$597,000. In the interest of maintaining confidentiality, good morale and a strong team spirit within the Group, the Company is not disclosing the individual remuneration of the Directors and the top five key management personnel of the Group as the Company believes that such disclosure may result in prejudice to its business interest given the highly competitive environment the Company is operating in. Instead, the Company has disclosed the breakdown showing the level and mix of the remuneration of each individual Director and the top five key management personnel into types of compensation in percentage terms and in bands of S\$250,000. As the Company has given disclosure on its remuneration policies and procedures for setting remuneration in this report, the Board believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of the Directors and employees, the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation. As such, the Board is of the view that the disclosures as currently set out in this report and the Company's practices in respect of remuneration are consistent with the intent of Principle 8 of the Code.

Deviated from Provision 8.1 (a) and 8.1(b) of the Code

Key information on the key management personnel is set out on pages 8 to 9 of the Annual Report 2022.

CORPORATE GOVERNANCE REPORT

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds S\$100,000 for FY2022 are as follows:

Provision
8.2 of
the Code

Employee	Family Relationship	Salary and Benefit (inclusive of Employer's CPF)	Bonus inclusive of Employer's CPF	Total
S\$100,000 to S\$200,000				
Wong Lai Kuan, Kim	Daughter of Alfred Wong (Managing Director)	87%	13%	100%

In discharging their duties, the RC members have access to advice from the internal human resources personnel, and if required, advice from external experts.

Save as disclosed above, none of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S\$100,000 during the year is a substantial shareholder of the Company or an immediate family member of a Director, the MD or a substantial shareholder of the Company.

Provision
8.2 of
the Code

The Company does not have any employee share schemes.

Provision
8.3 of
the Code

Accountability and Audit

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board strives to maintain a high standard of transparency and is mindful of its obligation to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects including all information on the major developments that will affect the Group.

The Board reviews and approves the half-yearly and full year financial results announcements as well as any announcements before their release on the SGXNET. Shareholders are provided with the half-yearly and full year results on a timely manner.

CORPORATE GOVERNANCE REPORT

In line with the requirements of SGX-ST, negative assurance confirmations on unaudited half year financial results were issued by the Board confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the unaudited half year financial results to be false or misleading in any material aspect.

All the directors and executive officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the SGX-ST Listing Manual.

Principle 9: 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 recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

The Board, with assistance from the Management, ensures a sound system of internal controls to safeguard shareholders' interest and the Group's assets is in place, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Provision
9.1 of
the Code

The Board has approved a Group's risk management framework for the identification of key risks within the business which is aligned with the ISO 31000:2018 risk management framework.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the AC. The Management will then take corrective measures to strengthen the internal controls.

CORPORATE GOVERNANCE REPORT

Based on the system of internal controls and risk management framework established and maintained by the Group, work performed by the internal auditors (further details of which are set out in the section below relating to Principle 10) and the external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology controls were adequate and effective as at 30 June 2022 and during FY2022.

For FY2022, the Board has received assurances:

- a) from the Managing Director and the Senior Manager, Finance 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) from the Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Provision
9.2 of
the Code

Principle 10: Audit Committee

The Board should establish an Audit Committee which discharges its duties objectively.

The AC comprised the following three directors, all of whom, including the Chairman, are Independent Directors during FY2022:

Provision
10.2 of
the Code

- Chairman : Mr Aric Loh Siang Khee (Independent Director)
- Member : Mr Koh Soo Keong¹ (Independent Director)
- Member : Mr Chee Teck Kwong Patrick² (Independent Director)
- Member : Mr Foo Der Rong (Independent Director)

Notes:

1. Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
2. Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

CORPORATE GOVERNANCE REPORT

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two 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 of
the Code

The Board is of the view that AC members are appropriately qualified to discharge their responsibilities and they have accounting and/or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. At least two members of the AC, including the AC Chairman have recent and relevant accounting or related financial management expertise or experience.

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

Provision
10.1 of
the Code

- a) reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the financial performance;
- b) reviews at least annual the adequacy and effectiveness of the Company's internal controls and risk management systems;
- c) reviews the assurance from the Managing Director and the Senior Manager, Finance on the financial records and financial statements;
- d) recommends to the Board the appointment and removal of external auditors and their fees and terms of engagement for the shareholders' approval;
- e) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- f) 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. The company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns;

CORPORATE GOVERNANCE REPORT

- g) reviews the independence and objectivity of the external auditors, at least annually; and
- h) reviews any interested person transactions as defined in the Listing Manual.

The AC has free and independent access to the external auditors, and other senior management staff for information that it may require. It has full discretion to invite any Director or executive officer to attend their meetings. The AC has the power to investigate any matters brought to their attention, within its terms of reference, with the power to seek any professional advice at the Company's expense.

To keep abreast with the changes in the financial reporting standards and the related issues which may have a direct impact on the financial statements, discussions will be held with the external auditors as and when applicable, when they are attending the AC meetings.

All AC members attended the meetings held during FY2022. All AC members have met up with the external auditors and internal auditors in the absence of the management team in August 2022.

Provision
10.5 of
the Code

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objective and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group.

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objective and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group. The AC is satisfied with the independence and objectivity of Ernst & Young LLP and has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

For FY2022, the remuneration paid or payable to the Group's external auditors for providing the audit and other non-audit services are set out on page 116 of the Annual Report.

Having assessed the external auditors based on its own interactions with the external auditors, Management's evaluation and on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rules 712, 715, and 716 of the SGX-ST Listing Manual in relation to its auditors have been complied with.

The Group has an existing whistle-blowing policy for all employees of the Group, the details of which are set out in the Company's employees' handbook. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about fraud and for whistle-blowing in good faith. Whistle-blowing reports may be submitted to an email address managed by the AC which Management of the Group does not have access to. The responsibility for the oversight and monitoring of whistle-blowing reports lies with the AC, led by the AC Chairman. The ability of the AC to investigate whistle-blowing reports independently without the oversight of Management helps to ensure that the Group is able to address reports on misconduct or wrongdoings relating to the Group and its officers.

Pursuant to Rule 1207(18A) and 1207(18B) of the Listing Manual, the AC has reviewed the Group's whistle-blowing policy to ensure that the identity of whistle-blowers will be kept confidential, and ensure that the Group will commit to ensuring the protection of whistle-blowers against detrimental or unfair treatment.

The Board noted that no incidents in relation to whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

The Company's external auditors, carry out, in the course of their statutory audit, a review of the effectiveness of the internal financial controls to the extent of their scope as laid out in the audit plan. The external auditors, during the conduct of their normal audit procedures, may also report on any matters relating to the internal controls. Any non-compliance and recommendation for improvement will be reported to the AC. The Management will follow up on the auditors' recommendations as part of its role in the review of the Company's internal control systems.

CORPORATE GOVERNANCE REPORT

The Management reviews the Company's business and its operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies.

In FY2022, based on the reports submitted by Ernst & Young LLP and the various controls put in place by the Management, the AC is satisfied that there are adequate internal controls to meet the needs of the Group in its current business environment.

The Company had appointed Yang Lee & Associates ("**YLA**" or "**IA**") to provide internal audit services within the Group for a period of three financial years.

YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls, and other relevant disciplines. The Company's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The IA's primary line of reporting is to the AC, which also decides on the appointment, termination and remuneration of the internal auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and the AC ensures that the IA is adequately resourced and have appropriate standing within the Company.

On an annual basis, the IA prepares and executes a risk-based audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. Key audit findings are presented to the AC and the results of the findings are also shared with the external auditor.

YLA completed one review during FY2022 in accordance with the risk-based audit plan approved by the AC. The Management has adopted key recommendations of the IA set out in the IA's report.

CORPORATE GOVERNANCE REPORT

The role of the IA is to support the AC in ensuring that the Company maintains a sound system of internal controls and risk management by assessing the adequacy and effectiveness of the key controls and procedures, conducting in-depth audits of high-risk areas and undertaking investigation as directed by the AC.

Provision
10.4 of
the Code

The AC is satisfied that the internal auditor is independent, effective, adequately resourced and has appropriate standing in the Company.

During FY2022, the AC has met with the internal auditor and the external auditor once respectively, without the presence of Management.

Shareholder Rights and Engagement

Principle 11: Shareholders' 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.

The Company believes in treating all shareholders fairly and equitably. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

The Company provides shareholders with the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated.

Provision
11.1 of
the Code

CORPORATE GOVERNANCE REPORT

Any notice of a general meeting of shareholders is issued at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions before the scheduled date of such meeting. The Company's Constitution also allows any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, shareholders who hold shares through custodial institutions may attend the general meetings as observers. The Board welcomes the views of the shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Chairmen of the respective Committees and key management personnel are invited to attend the AGM and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Provision
11.4 of
the Code

Provision
11.3 of
the Code

The attendance of the Directors of the Company at the Company's general meeting(s) held during FY2022 are reflected in the table below:

Provision
11.3 of
the Code

Name of Director	General Meeting(s)
Number of meeting(s) held:	1
Number of meeting(s) attended:	
Mr Wong Siu Hong Alfred	1
Ms Wong Phui Hong	1
Mr Foo Der Rong	1
Mr Aric Loh Siang Khee	1
Mr Koh Soo Keong ¹	0
Mr Chee Teck Kwong Patrick ²	0

Notes:

- 1) Mr Koh Soo Keong resigned as a director of the Company on 22 September 2021.
- 2) Mr Chee Teck Kwong Patrick was appointed as a director of the Company on 1 December 2021.

CORPORATE GOVERNANCE REPORT

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Relevant Order**"), no printed copies of the Notice of AGM, the proxy form, the Annual Report and Appendix in relation to the proposed renewal of the share buy-back mandate in respect of the AGM will be despatched to shareholders. Copies of the Notice of AGM, the proxy form, the Annual Report and the Appendix in relation to the proposed renewal of the share buy-back mandate have been uploaded on SGXNet and are now also available on the Company's website at the URL <https://www.noelgifts.com/Annual-Report>.

The Company's AGM is held within the mandatory period, being four months after the close of the financial year. Together with the Annual Report, the Company also attaches a copy of the proxy form to shareholders in order for shareholders to appoint a proxy(ies) to vote on their behalf on the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) excluding investors who hold shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable), and who wish to participate in the AGM by (a) submitting questions in advance of the AGM; and/or (b) appointing a proxy(ies) to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. Shareholders (including CPF or SRS investors) may also submit questions related to the resolutions to be tabled for approval at the AGM.

CORPORATE GOVERNANCE REPORT

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. In compliance with the Relevant Order, notwithstanding that the forthcoming AGM will be held physically, alternative arrangements have still been put in place to allow shareholders to participate at the AGM by (a) submitting questions in advance of the AGM, and/or (b) voting by proxy at the AGM. A Relevant Intermediary¹ may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). CPF Investors and/or SRS Investors (as may be applicable) may attend and cast their vote(s) at the general meeting. CPF and SRS Investor who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint a proxy(ies), in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Provision
11.4 of
the Code

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board and Management thereto. These minutes are published on SGXNet and the Company's corporate website as soon as practicable.

Provision
11.5 of
the Code

For greater transparency and fairness in the voting process, voting at shareholders' meetings will be conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages. The Company has conducted voting via electronic polling since FY2015.

¹ A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE REPORT

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting. Resolutions are, as far as possible, structured separately and may be voted on independently. All polls are conducted in the presence of independent scrutineers.

Provision
11.2 of
the Code

The Company does not have a fixed dividend policy. The Company adheres to the guidelines set by the Board for dividend payment. In addition, the amount of dividends will also depend on the general financial condition, cash flow, future expansion and investment plans and other factors as the Directors may deem appropriate.

Deviated
from
Provision
11.6 of
the Code

Whistle-Blowing Policy

The Company has established the whistle-blowing procedure where employees within the Group may raise concerns about possible improprieties in matters of business activities, financial reporting and unethical or illegal conduct through well defined and accessible channels. The details of the whistle-blowing policy are set out in the Company's employees' handbook which all employees have access to. To ensure independent investigation of such matters and for appropriate follow up action, employees may submit whistle-blowing reports to the Audit Committee through an email address managed by the AC which Management of the Group does not have access to. Pursuant to Rule 1207(18A) and 1207(18B) of the Listing Manual, the AC will review the Group's whistle-blowing policy to ensure that the identity of whistle-blowers will be kept confidential, and ensure that the Group will commit to ensuring the protection of whistle-blowers against detrimental or unfair treatment.

Interested Person Transactions

The Group does not have any interested person transaction (excluding transaction less than \$100,000) in FY2022 that is discloseable under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

Material Contracts

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

Dealings in Securities

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

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

Risk management policies

The Group does not have a Risk Management Committee. However, the management regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks as well as appropriate measures to control and mitigate these risks. With the assistance of YLA, the Company has developed an enterprise risk management framework to guide management.

CORPORATE GOVERNANCE REPORT

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 recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures. Communication is made through:

- a) Disclosures to SGXNET; and
- b) Annual reports which are prepared and issued to all shareholders.

In line with the Relevant Order, no printed copies of the Annual Report will be issued to shareholders for FY2022. A copy of the Annual Report has been uploaded on SGXNet and is available on the Company's website at the URL <https://www.noelgifts.com/Annual-Report>.

While the Company does not have an investor relations policy, it maintains a website for marketing purposes and regularly conveys pertinent information to shareholders through SGXNET announcements. Shareholders may contact the Company with questions and the Company may respond to such questions via the Company's investor relations email at noelgifts_investor@noel.com.sg.

Deviated
from
Provision
12.3 of
the Code

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meetings of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

Provision
12.1 of
the Code

CORPORATE GOVERNANCE REPORT

TABLE A

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:-

Name of Director	Mr Wong Siu Hong Alfred	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
Date of appointment	17 Aug 1983	1 Aug 2017	1 Dec 2021
Date of last election	23 October 2020	23 October 2020	N/A
Age	69	68	67
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Wong's performance as Executive Director of the Company	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Foo's performance as an Independent Director of the Company. The Board considers Mr Foo to be independent for the purpose of Rule 210(5)(d) of the Listing Manual of the SGX-ST.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Chee's performance as an Independent Director of the Company. The Board considers Mr Chee to be independent for the purpose of Rule 210(5)(d) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive
Job Title	Executive Chairman and Managing Director	Non-Executive and Independent Director	Non-Executive and Independent Director

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wong Siu Hong Alfred	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
Professional qualifications	Master of Business Administration with Distinction	Bachelor of Commerce	<ul style="list-style-type: none"> Bachelor of Law (Hons) University of Singapore Solicitor in the Senior Courts of England and Wales Notary Public Commissioner for Oaths
Working experience and occupation(s) during the past 10 years	Managing Director of Noel Gifts International Ltd	Executive Director of Aedge Group Ltd	<ul style="list-style-type: none"> Senior Consultant, KhattarWong LLP (2007-2017) Senior Consultant Whithers KhattarWong LLP (2017 – present)
Shareholding interest in the listed issuer and its subsidiaries	The Company 28,635,627 shares (as set out on page 184 of the AR)	None	None
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	Brother of Mdm Wong Phui Hong, an Executive Director of the Company.	None	None
Conflict of interest (including any competing business)	None	None	None
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

Name of Director	Mr Wong Siu Hong Alfred	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
Other Principal Commitments Including Directorships	<ul style="list-style-type: none"> Noel Hampers & Gifts (Johore) Sdn Bd Noel Property Development Pte Ltd (Dormant) Humming Flowers & Gifts Pte Ltd St. Luke's Eldercare Ltd 	<ul style="list-style-type: none"> Pavillon Holdings Ltd Matex International Ltd SLB Development Ltd 	<ul style="list-style-type: none"> China International Holdings Limited OneApex Limited MeGroup Ltd QAF Limited Sheng Siong Group Ltd

The general statutory disclosures of the Directors are as follows:-

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(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

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(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
(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

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(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
(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

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(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
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No	No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
	(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
	(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,	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

CORPORATE GOVERNANCE REPORT

	Question	Mr Alfred Wong Siu Hong	Mr Foo Der Rong	Mr Chee Teck Kwong Patrick
(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
	Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange?	n/a	n/a	n/a
	If yes, please provide details of prior experience.	n/a	n/a	n/a
	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.	n/a	n/a	n/a

BOARD DIVERSITY POLICY

1. Purpose

To set up Noel Gifts International Ltd's ("Noel Gifts" or the "Company") approach to diversity on the appointment and composition of its board of directors ("the Board").

2. Policy Statement

- 2.1 The Company recognises the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities commensurate with the Company's ever-evolving operating environment. A diverse Board will consist of Directors of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments to the Board are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.
- 2.2 The Nominating Committee ("Committee") reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors. In reviewing the Board composition, the Committee will:
 - (a) consider diversity factors in particular, skills, knowledge, experience including familiarity in the Company's core markets, age, gender and length of service, and assess the combined factors against the requirements needed to govern and direct the Company's strategic objectives.
 - (b) identify and nominate suitable candidates to the Board based on merit and independence, and against objective criteria while paying due regard to the need for diversity on the Board.

3. Objectives

The Board is committed to observe the need for diversity when selecting its members. The contribution each Director brings and the composition thereof provides a good reflection of the range and adequacy of diversity on the Board.

4. Monitoring and Reporting

The Board's assessment of its composition from a diversity perspective is reflected annually under the Corporate Governance section of the Company's Annual Report. This Policy will also be published on the Company's website under the Annual Report.

5. Review of the Policy

The Committee will review the Policy to assess its relevance and effectiveness, when appropriate. Revisions, if necessary, will be recommended to the Board for approval.

STATISTICS OF SHAREHOLDING

As at 12 September 2022

SHARE CAPITAL

Issued and fully paid-up capital	– S\$102,476,024
Number of Ordinary shares (excluding treasury shares and subsidiary holdings)	– 102,476,024
Number of Treasury Shares	– NIL
Number of Subsidiary holdings	– NIL
Class of shares	– Ordinary shares
Voting rights	– 1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	12	1.22	360	0.00
100 – 1,000	111	11.32	74,395	0.07
1,001 – 10,000	548	55.86	2,320,260	2.26
10,001 – 1,000,000	294	29.97	13,809,910	13.48
1,000,001 AND ABOVE	16	1.63	86,271,099	84.19
TOTAL	981	100.00	102,476,024	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	WONG SIU HONG ALFRED	23,568,827	23.00
2.	ROYAL INST OF CONSTRUCTION ECONOMISTS PTE LTD	10,121,500	9.88
3.	LIM JULIAN	8,000,000	7.81
4.	WONG PHUI HONG	6,831,372	6.67
5.	ROYAL WORLD TRUST PTE LTD	5,091,000	4.97
6.	WONG HO HON KEITH	5,000,000	4.88
7.	WONG LAI KUAN KIM	5,000,000	4.88
8.	TAN BIAN KIAN	4,500,000	4.39
9.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,700,000	3.61
10.	WONG KOON HONG	3,617,200	3.53
11.	TAN DENG ZHENG (CHEN DENGZHENG)	2,000,000	1.95
12.	TAN DENG ZHI (CHEN DENGZHI)	2,000,000	1.95
13.	TAN GEOK BEE	1,849,500	1.80
14.	DBS NOMINEES (PRIVATE) LIMITED	1,810,850	1.77
15.	LIM YEW LIAN	1,705,250	1.66
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,475,600	1.44
17.	WANG TONG PENG @WANG TONG PANG	911,900	0.89
18.	YAP BOH SIM	800,000	0.78
19.	PHILLIP SECURITIES PTE LTD	781,750	0.76
20.	GUO DIANYAN	500,000	0.49
TOTAL		89,264,749	87.11

STATISTICS OF SHAREHOLDING

As at 12 September 2022

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Wong Siu Hong Alfred	28,635,627	27.94	18,000,000 ¹	17.57
Lim Julian	8,000,000	7.81	28,635,627 ²	27.94
Wong Phui Hong	6,831,372	6.67	8,500,000 ³	8.29
Tan Bian Kian	4,500,000	4.39	6,831,372 ⁴	6.67
Wong Koon Hong	3,617,200	3.53	1,705,250 ⁵	1.66
Lim Yew Lian	1,705,250	1.66	3,617,200 ⁶	3.53
Royal Institute Of Construction	9,956,000	9.72	–	–

Notes:

- (1) Mr Wong Siu Hong Alfred deemed interest comprises 18,000,000 Shares held by following persons:
 - (i) 8,000,000 held by his wife, Mdm Lim Julian;
 - (ii) 5,000,000 held by his daughter Miss Wong Lai Kuan Kim; and
 - (iii) 5,000,000 held by his son Mr Wong Ho Hon Keith.
- (2) Mdm Lim Julian is deemed to be interested in the shares held by her husband, Mr. Wong Siu Hong Alfred.
- (3) Ms Wong Phui Hong's deemed interest comprises 8,500,000 Shares held by following persons:
 - (i) 4,500,000 held by her husband Mr Tan Bian Kian;
 - (ii) 2,000,000 held by her son Mr Tan Deng Zhi; and
 - (iii) 2,000,000 held by her son Mr Tan Deng Zheng.
- (4) Mr Tan Bian Kian is deemed to be interested in the shares held by his wife, Mdm Wong Phui Hong.
- (5) Mr Wong Koon Hong is deemed to be interested in the shares held by his wife, Mdm Lim Yew Lian.
- (6) Mdm Lim Yew Lian is deemed to be interested in the shares held by her husband, Mr. Wong Koon Hong.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 12 September 2022, approximately 24.62% of the Company's total number of issued shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

PORTFOLIO HELD BY PROPERTY DIVISION

Held By	Existing Use	Location	Storeys / Unit no.	Area (sq ft)	Tenure	Unexpired term of lease
Noel Gifts International Ltd	Light Industrial	50 Playfair Road Singapore 367995	#03-01	3,477	Freehold strata titles	-
			#05-01	3,477		
	#06-01		3,477			
	#06-02		1,399			
	#06-03		1,970			
	#06-04		1,464			
	#07-01		3,466			
	#07-02		1,227			
	#07-03		1,970			
	#07-04		1,464			
				<u>23,391</u>		
Noel Gifts International Ltd	Residential	33 Rochester Drive Singapore 138638	#28-04	1,216	Leasehold	81

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Noel Gifts International Ltd. will be held at The Board Room, 21 Ubi Road 1, #03-01, Singapore 408724 on Wednesday, 26 October 2022 at 9.00 a.m. for the following purposes:-

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.noelgifts.com/Annual-Report>. A printed copy of this Notice will NOT be despatched to members.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2022 together with the Auditor's Report thereon. **Resolution 1**
2. To declare a first and final dividend of S\$0.003 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.012 per ordinary share (one-tier tax exempt) for the financial year ended 30 June 2022. **Resolution 2**
3. To re-elect the following Directors of the Company retiring pursuant to Regulation 87 of the Constitution of the Company:
 - (a) Mr Wong Siu Hong Alfred; and **Resolution 3**
 - (b) Mr Foo Der Rong, **Resolution 4**

(See Explanatory Note (i))
4. To re-elect Mr Chee Teck Kwong Patrick as a Director of the Company retiring pursuant to Regulation 94 of the Constitution of the Company. **Resolution 5**

(See Explanatory Note (ii))
5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 6**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

7. To approve the payment of Directors' fees of S\$125,000.00 for the financial year ending 30 June 2023, to be paid quarterly in arrears. **Resolution 7**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:-

8. **Authority to issue shares** **Resolution 8**

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

- (a) (i) issue shares or convertible securities 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 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 the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

NOTICE OF ANNUAL GENERAL MEETING

provided that:-

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and instruments to be issued pursuant to this Resolution shall 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 Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% 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);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(See Explanatory Note (iii))

9. **Renewal of Share Buy-Back Mandate**

Resolution 9

"That:-

- (i) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of: -
- (a) market purchase(s) on the SGX-ST ("**Market Purchase**"); and/or
- (b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("**Off-Market Purchase**"),

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

NOTICE OF ANNUAL GENERAL MEETING

- (ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-
- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
 - (b) the date by which the share buy-backs are carried out to the full extent mandated; or
 - (c) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

- (iii) in this Resolution:-

“Maximum Limit” means the number of Shares representing 10 per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, applicable goods and services tax and other related expenses) which shall not exceed: -

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

NOTICE OF ANNUAL GENERAL MEETING

where:-

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

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

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

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

(See Explanatory Note (iv))

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of Noel Gifts International Ltd. (the "**Company**") to the dividend being obtained at the Annual General Meeting to be held on 26 October 2022 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 2 November 2022 for the purpose of determining shareholders' entitlements to the final dividend of S\$0.003 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.012 per ordinary share (one-tier tax exempt) (the "**Dividends**").

Duly completed and stamped registrable transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Ltd ("**CDP**"), together with all relevant documents of title thereto, received by the Company's Share Registrar, In. Corp Corporate Services Pte Ltd, at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 up to 5.00 p.m. on 2 November 2022 will be registered to determine shareholders' entitlements to the Dividends.

Members whose securities accounts with CDP are credited with ordinary shares as at 5.00 p.m. on 2 November 2022 will be entitled to the Dividends. In respect of shares in securities accounts with CDP, the Dividends will be paid by the Company to CDP which will, in turn, distribute the Dividends to such holders in accordance with its normal practice.

Payment of the Dividends, if approved at the forthcoming AGM, will be made on 9 November 2022.

By Order of the Board

Ong Beng Hong
Lee Yuan
Joint Company Secretaries
Singapore, 11 October 2022

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr Wong Siu Hong Alfred and Mr Foo Der Rong as Directors of the Company.

Mr Wong Siu Hong Alfred will, upon re-election as a Director of the Company, remain as the Executive Chairman and Managing Director. Please refer to Table A of the Corporate Governance Report on pages 182 to 190 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST

Mr Foo Der Rong will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of each of the Audit and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited. Please refer to Table A of the Corporate Governance Report on pages 182 to 190 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

- (ii) The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr Chee Teck Kwong Patrick as a Director of the Company.

Mr Chee Teck Kwong Patrick upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited. Please refer to Table A of the Corporate Governance Report on pages 182 to 190 of the Annual Report for the detailed information required pursuant to 720(6) of the Listing Manual of the SGX-ST.

- (iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, 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, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at this time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company to purchase or acquire up to 10% of the total number of issued ordinary shares excluding treasury shares and subsidiary holdings in the capital of the Company as at the date of the passing of this Resolution. Details of the proposed Renewal of Share Buy-Back Mandate are set out in Appendix A.
 - (a) As at the date of this Notice, the Company has not purchased or acquired its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of shares purchased or acquired and the price at which such shares were purchased or acquired.
 - (b) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Renewal of Share Buy-Back Mandate on the Group's audited financial statements for the financial year ended 30 June 2022 are set out in Appendix A and are for illustration only.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

Shareholders are able to participate the AGM in person in the following manner set out in the paragraphs below:

- 1) No printed copies of the Notice of AGM and the proxy form, the Annual Report and Appendix to the Notice of Annual General Meeting in relation to the proposed renewal of the share purchase mandate will be despatched to Members.

Copies of the Notice of AGM, the proxy form, the Annual Report and the Appendix to the Notice of Annual General Meeting in relation to the proposed renewal of the share purchase mandate have been uploaded on SGXNet and are also available on the Company's website at the URL <https://www.noelgifts.com/Annual-Report>.

- 2) A Member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 3) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- 4) A member who wishes to exercise their votes can either vote on the resolutions to be tabled for approval at the AGM in person or submit a Proxy Form to appoint proxy/ies or the Chairman of the Meeting to cast votes on their behalf.
- 5) Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

- 6) The instrument appointing a proxy(ies) must, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
- (a) if sent by post, be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724; or
 - (b) if submitted by email, to noelgifts-agm@complete-corp.com,

in either case, not less than 48 hours before the time fixed for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Members are strongly encouraged to submit completed proxy forms electronically.**

- 7) The instrument appointing a proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
- 8) In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
- 9) CPF or SRS investors who wish to a proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.30 p.m. on 14 October 2022 in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint a proxy to vote on their behalf not less than 48 hours before the time for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- 10) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) ("**Relevant Intermediary Participants**"), excluding CPF and SRS investors, and who wish to participate in the AGM by (a) submitting questions in advance of the AGM; and/or (b) appointing a proxy(ies) to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

Submission of Questions in Advance:

- 1) Members (including CPF or SRS investors) may submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted and received by the Company by 9.00 a.m. on 18 October 2022:
 - (a) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724; or
 - (b) by email to noelgifts-agm@complete-corp.com.

Members are strongly encouraged to submit questions electronically.

- 2) Members (including CPF or SRS investors) will need to identify themselves when posing questions by email or by mail by providing the following details:
 - (a) the member's full name as it appears on his/her/its CDP/CPF/SRS/Scrip-based share records;
 - (b) the member's NRIC/Passport/UEN number;
 - (c) the member's contact number and email address; and
 - (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, Scrip-based, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

NOTICE OF ANNUAL GENERAL MEETING

- 3) The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM. The responses to questions from Members will be posted on the SGXNET and the Company's website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Important Notice from the Company pertaining to the COVID-19 situation

In view of the current COVID-19 situation, shareholders should note that the manner of conduct of the AGM may be subject to further changes at short notice. The Company may take any precautionary measures which may be required or recommended by the government agencies to minimise the risk of spread of COVID-19 for conducts of meetings. Members are advised to check SGXNET and the Company's website regularly for updates.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof) and the preparation, compilation and publication 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 (collectively, the "**Purposes**"), (ii) warrants that where member discloses the personal data of the Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOEL GIFTS INTERNATIONAL LTD.

Registration No. 198303940Z

(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

This form of proxy has been made available on SGXNet and the Company's website and may be accessed under "Annual Report 2022" at the URL <https://www.noelgifts.com/Annual-Report>

A printed copy of this form of proxy will NOT be despatched to members.

I/We, _____ (Name)

of _____ (Address)

being a member/members of **NOEL GIFTS INTERNATIONAL LTD.** (the "**Company**"), hereby appoint

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 21 Ubi Road 1 #03-01, Singapore 408724 on 26 October 2022 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please indicate your vote "For" or "Against" with "X" in the space provided. Alternatively, if you wish to exercise some and not all of your votes both "For" and "Against" the relevant resolution and/or to abstain from voting in respect of the relevant resolution, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against	Abstain
	Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022			
2.	To declare a first and final dividend and a special dividend			
3.	Re-election of Mr Wong Siu Hong Alfred as a Director retiring under Article 87			
4.	Re-election of Mr Foo Der Rong as a Director retiring under Article 87			
5.	Re-election of Mr Chee Teck Kwong Patrick as a Director retiring under Article 94			
6.	To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix its remuneration			
	Special Business			
7.	Approval of Directors' Fees amounting to S\$125,000.00 for the financial year ending 30 June 2023, to be paid quarterly in arrears			
8.	Authority to issue shares pursuant to Section 161 of the Companies Act 1967 and rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited			
9.	Renewal of the Share Buy-Back Mandate			

*If you wish to exercise all your votes 'For' or 'Against', please (X) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____ day of _____ 2022

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

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

*Delete where inapplicable



Notes:-

1. 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 Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy must, (a) if sent by post, be deposited at the Registered Office of the Company at 21 Ubi Road 1 #03-01, Singapore 408724 or (b) if submitted by email, to noelgifts-agm@complete-corp.com, in either case, not less than 48 hours before the time appointed for the AGM, and in default the instrument of proxy shall not be treated as valid.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy/proxies and/or representatives(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy/proxies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy/proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



NOEL

NOEL GIFTS INTERNATIONAL LTD

Company Registration No. 198303940Z

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