NOEL

ANNUAL REPORT 2018

EMBRACING CHANGE

Fresh Florals

CONTENTS

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 43 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.

MANAGING DIRECTOR'S MESSAGE

To deliver continued growth and productivity gains, we need to constantly manage our business costs, improve consumer expectations, and progressively embrace change in every area to remain competitive and relevant.

Dear Shareholders,

It is with God's grace that we reaped another fruitful year of achievements, despite the growing uncertainty that looms in the global economy. Even as our domestic economy experienced headwinds effected by regional political events, we are grateful for His guidance as we delivered an improved performance during the year.

We are also pleased to welcome two new Independent Directors as we continue in our meaningful journey of bringing people closer and making every day better.

FINANCIAL REVIEW

For the financial year ended 30 June 2018, the Group reported a 12.5% or $3.0 million rise in revenue from $24.2 million in FY2017 to $27.2 million in FY2018. The increase was attributed to the contribution of a major contract for the design and supply of gift sets.

Correspondingly, gross profit also gained by $1.2 million to $13.3 million, which translated to a 9.7% hike during the year.

However, higher manpower cost has also led to a $0.5 million increase in total distribution, administrative and other operating expenses, registering total operating expenses at $11.8 million in FY2018.

As such, the Group's operating profit before income tax rose by $0.5 million or 33.7% to $2.1 million as compared to the previous year, without taking into account the $1.5 million gain in fair value of the investment properties. The fair value gain on investment properties was contributed by all the investment properties held against the slight fair value loss of $0.05 million that was recorded in FY2017.

In line with the higher profit reported for FY2018, income tax increased by $0.3 million. In comparison, FY2017 reported no expense due to the utilisation tax incentives, as well as a reversal of overprovision of tax made in prior years.

As a result of the above, profit after income tax gained by $1.7 million or 126.0% to $3.1 million as compared to $1.4 million in the previous year.

In view of the Group's improved performance, we are pleased to propose a first and final dividend of $0.003 per ordinary share and a special dividend of $0.007 per ordinary share. This is subject to shareholders' approval at the upcoming Annual General Meeting.

EMBRACING CHANGE

As times change and trends move, companies find themselves caught in the midst of a paradigm shift in consumer patterns. To continue to retain our competitive edge in the market, it is imperative that we keep abreast of the latest changes as industries face unprecedented disruption in the conventional business models.

With this in mind, the Group has been continually searching for ways to rejuvenate our business by harnessing the latest technology, so as to stay attuned to our customers' evolving needs. We are always engaging our customers to find new and better ways of executing ideas, exploring new business opportunities and segments, creating new products, and innovating new services to delight our customers. We strongly believe that our customer-centric focus will allow us to lead in the forefront of this gift industry.

On the same note, we are embracing change internally by investing in our human capital through various human resource initiatives. This will enable us to employ a more integrated approach towards maximising the Group's human capital potential.

Hand Bouquet

MANAGING DIRECTOR'S **MESSAGE**

In light of the new trends brought about by technological applications, we acknowledge there is much that needs to be done in the near term. While challenges may be inevitable, we are ready to overcome them by embracing constructive changes. The Group is confident of emerging stronger for the race ahead.

NEW MEMBERS ONBOARD

We would like to take this chance to thank Mr Freddie Heng Kim Chuan for his significant contributions and dedication to the Board during his term of 24 years with the Group. He resigned as an Independent Director on 27 October 2017 for the purpose of renewal of the Board. We wish him every success in his future endeavours.

At the same time, we would also like to welcome Mr Foo Der Rong and Mr Aric Loh who were taking on their Independent Director positions for the first year and contributing towards the strategic and corporate governance of the Group through their experience, wisdom and network. We look forward to working together and steering the Group towards greater heights under the grace of God.

Yours sincerely
Alfred Wong Siu Hong
Managing Director

Everlasting Blooms

BOARD OF DIRECTORS

MR ALFRED WONG SIU HONG
Managing Director

Alfred is the founder of Noel Gifts International Ltd, and has been its Managing Director since its commencement. With more than four decades of experience in the hamper, flower and 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.

MRS IVY TAN (MDM WONG PHUI HONG)
Non-Executive Director

Mrs Ivy Tan is a Non-Executive Director with effect from 28 September 2007. A co-founder since its inception, Mrs Tan was the Deputy Managing Director overseeing the management of the Gift division. Her long tenure with the company commensurates with her vast experience and knowledge of the industry. 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.

BOARD OF DIRECTORS

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.

Mr Foo is currently an Independent Director of Pavillon Holdings Ltd, Matex International Ltd and SLB Development Ltd. He is also an Executive Director of Tian International Pte Ltd and Non-Executive Director of Southern Lion Sdn Bhd.

His previous appointments include being the Managing Director/Chief Executive Officer of Intraco Ltd and Hanwell Holdings Ltd (formerly known as PSC Corporation Ltd) and Executive Director of Tat Seng Packaging Group Ltd. He was the Vice Chairman of Teck Ghee Community Centre and is currently serving as a Patron of Teck Ghee Community Centre.

MR ARIC LOH SIANG KHEE
Independent, Non-Executive Director

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

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

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

MANAGEMENT TEAM

MR EDBERT KOH CHOON JOO
General Manager, Group Marketing and Sales

Edbert is responsible for developing and executing all Sales and Marketing strategies and plans to achieve business goals and growth objectives in line with the Group's vision.

He comes with more than 25 years of specialist and general management experience, having worked for Fortune 500 companies as well as SMEs. His core skills center on Sales, Marketing, Product Development, and capability building for B2B and B2C businesses.

Edbert holds an MBA from University of Southern Queensland and is a certified ACTA trainer. He has been a member of the Singapore Institute of Directors since 2010.

MS BERNADETTE KWAN
General Manager, Supply Chain

Bernadette oversees the supply chain operations of the Group.

Having served with Noel since 1993, Bernadette has 25 years of in-depth industry experience and is familiar with every aspect of the business.

Bernadette holds an MBA from the University of Hull.

MR TOH WEI HONG
Covering General Manager, Corporate Services

Wei Hong oversees the Group's Finance, Human Resource and Information Technology functions.

Wei Hong joined Noel in 2016 and has held senior management positions in Singapore's top SMEs and regional conglomerates in the areas of Business Development, Information Technology, Strategy and Corporate Advisory.

Wei Hong holds an MBA from Nanyang Business School, graduating at the top of his class.

MS AUDREY ALLYSON PAVANARIS
Branch Manager

Audrey is responsible for the entire business operations of Noel Hampers and 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.

Love Chapter - Gift Basket

OPERATIONS REVIEW

FY2018 has been a promising year of improved performance where the Group embraced new changes with contemporary initiatives.

CLICK AND COLLECT INITIATIVE

In view of the rising online shopping trend, the Group had also implemented a Click and Collect initiative as part of our multi-channel product sales campaign. This initiative allows customers to quickly place their orders online or through the phone from the comfort of their own homes. Collection of the purchases can be done at any of our retail outlets, giving customers the flexibility to shop and collect at their own convenience.

PERSONALISING THE NOEL EXPERIENCE

The Group has always believed in delivering personalised services that make every gift a unique collection. During the year, we challenged ourselves by taking things to the next level through the widening of our customisable offerings to include floral arrangements and festive gift hampers. This enables senders to better express their thoughts and wishes to their receivers with a special touch.

For corporate senders, business associates will appreciate the thought even better as lasting impressions are created with representative festive gifts that are imprinted with specific corporate logos, achieving the targeted purpose of marketing and brand visibility.

CORPORATE SOCIAL RESPONSIBILITY: A HEART OF GIVING

During the Christmas season last year, the Group raised a total of $31,500 for Focus on the Family (a family-centric non-profit organisation) as well as St Luke's Elder Care (a non-profit healthcare provider) by donating the proceeds from the sales of special gift sets. Through this meaningful fund-raising activity, we were able to do our part as a responsible corporate organisation in helping the underprivileged families and elderly in Singapore.

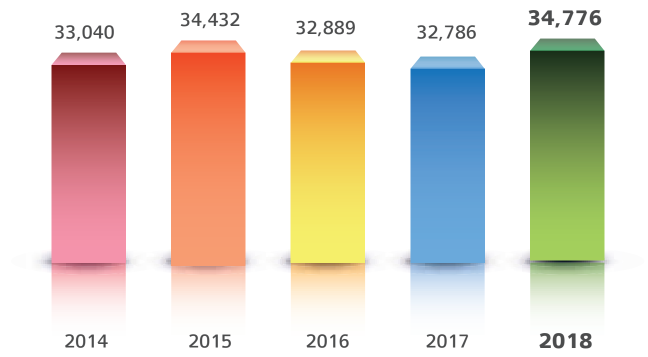
Personalised Evergreen Blessings Hamper

NEW Christmas range - The Regal Hotelier

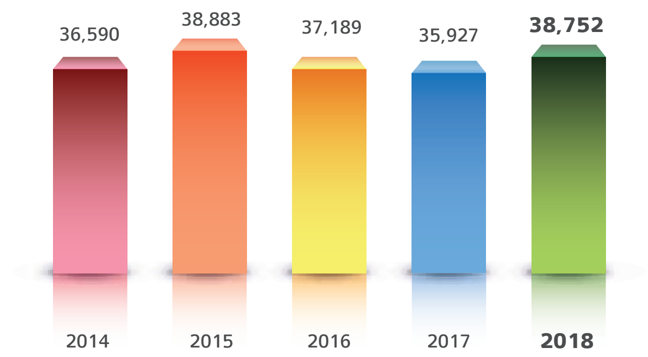
Personalised Gift Hampers

FINANCIAL HIGHLIGHTS

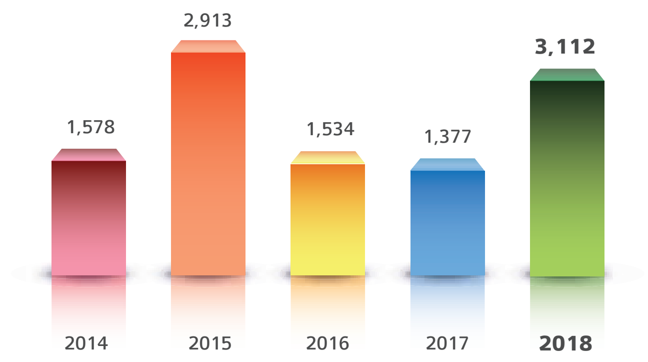
SHAREHOLDERS' FUND
(S$'000)



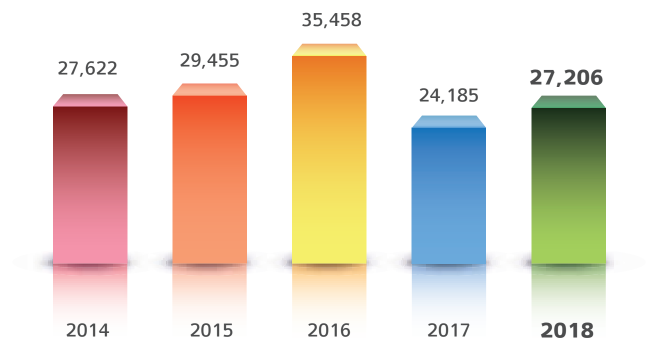
TOTAL ASSETS
(S$'000)



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
Foo Der Rong – Non-Executive Independent Director
Aric Loh Siang Khee – Non-Executive Independent Director

AUDIT COMMITTEE

Aric Loh Siang Khee (Chairman)
Wong Phui Hong
Foo Der Rong

REMUNERATION COMMITTEE

Foo Der Rong (Chairman)
Wong Siu Hong Alfred
Aric Loh Siang Khee

NOMINATING COMMITTEE

Foo Der Rong (Chairman)
Wong Siu Hong Alfred
Aric Loh Siang Khee

COMPANY SECRETARY

Siau Kuei Lian (RHT Corporate Advisory Pte Ltd)

REGISTERED OFFICE

21 Ubi Road 1
#03-01
Singapore 408724

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-in-charge: Mr Tey Jack Kie
Appointed with effect from financial year ended June 30, 2018

REGISTRARS AND SHARE TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1, Singapore 048619

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

"An intricately designed and personalised emblem suspended over a vibrant mix of yellow, orange and pink. What better way to brighten up someone's day?"

FINANCIAL CONTENTS

Hand Bouquet

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended June 30, 2018.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 23 to 80 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2018, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Wong Siu Hong Alfred
Wong Phui Hong
Aric Loh Siang Khee
Foo Der Rong

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

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

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At July 1, 2017**	**At June 30, 2018**	**At July 1, 2017**	**At June 30, 2018**
Noel Gifts International Ltd – Company		Ordinary shares		
Alfred Wong Siu Hong	27,537,627	**27,537,627**	18,000,000	**18,000,000**
Wong Phui Hong	6,831,372	**6,831,372**	8,500,000	**8,500,000**

	Shareholdings registered in the name of directors	
Name of directors and companies in which interests are held	**At July 1, 2017**	**At June 30, 2018**
Noel Hampers & Gifts (Johore) Sdn Bhd – Subsidiary	Ordinary shares of RM1 each	
Wong Phui Hong	1,000	**1,000**

None of the directors holding office as at June 30, 2018 had any interests in the options to subscribe for ordinary shares of the company granted pursuant to the Noel Executives' Share Option Scheme.

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

The directors' interests in the shares and options of the company at July 21, 2018 were the same at June 30, 2018.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

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

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

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

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

Foo Der Rong
Alfred Wong Siu Hong
Aric Loh Siang Khee

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

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

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

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

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

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee ("Committee") of the company was chaired by Aric Loh Siang Khee; a non-executive director, and includes Wong Phui Hong and Foo Der Rong, both whom are non-executive directors.

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

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

(b) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;

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

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

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

The Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Committee.

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wong Siu Hong Alfred

Wong Phui Hong

September 28, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Noel Gifts International Ltd (the "company") and its subsidiaries (the "group") which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at June 30, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 23 to 80.

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the group and of the company as at June 30, 2018 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in audit
Fair value assessment of investment properties As at June 30, 2018, the group has investment properties amounting to $15.83 million (2017: $14.30 million). The group engages an independent external valuer to fair value its investment properties at reporting date. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuer adopts direct comparison method whereby sale transactions of similar properties in the vicinity is considered and adjusted accordingly. The significant unobservable inputs used in the valuation model are disclosed in Note 16 to the financial statements.	Our audit focused on ensuring the appropriateness of the fair values of the investment properties and included the following key procedures, amongst others: (a) Assessed the objectivity and competency of the independent valuation experts. We evaluated their terms of appointment, scope of work and valuation methodologies. (b) Performed independent assessment if the inputs and assumptions made are reasonable in obtaining the fair value of the investment properties. (c) We also held discussion with the valuers to understand their valuation methods and assumptions and basis used, where appropriate. Based on our procedures, we noted management's key estimates used, which is based on valuations performed by independent valuation experts are reasonable. We have also assessed and validated the appropriateness of the disclosures made in the financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOEL GIFTS INTERNATIONAL LTD

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

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

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

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

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

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

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

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 responsible for the audit resulting in this independent auditor's report is Mr Tey Jack Kie.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

September 28, 2018

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

	Note	Group		Company	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**14,459**	13,298	**11,931**	10,336
Trade receivables	7	**1,035**	1,219	**451**	540
Amount due from related companies, associate and related parties	8	**–**	–	**295**	422
Deposits, other receivables and prepayments	9	**484**	393	**422**	328
Inventories	10	**2,112**	2,485	**1,298**	1,621
Total current assets		**18,090**	17,395	**14,397**	13,247
Non-current assets					
Subsidiaries	11	**–**	–	**3,089**	3,089
Associate	12	**–**	–	**–**	–
Club membership	13	**165**	165	**165**	165
Available-for-sale investments	14	**3,152**	2,245	**3,152**	2,228
Plant and equipment	15	**1,518**	1,722	**953**	1,033
Deposits	9	**–**	103	**–**	103
Investment properties	16	**15,827**	14,297	**15,827**	14,297
Total non-current assets		**20,662**	18,532	**23,186**	20,915
Total assets		**38,752**	35,927	**37,583**	34,162

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION (cont'd)

JUNE 30, 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	**528**	559	**395**	464
Amount due to related companies, associate and related parties	8	**–**	–	**989**	1,068
Other payables	18	**2,714**	2,128	**2,011**	1,427
Finance lease	19	**–**	10	**–**	–
Income tax payable		**357**	48	**297**	37
Total current liabilities		**3,599**	2,745	**3,692**	2,996
Non-current liabilities					
Other payables	18	**226**	221	**175**	167
Deferred tax liability	20	**151**	175	**84**	104
Total non-current liabilities		**377**	396	**259**	271
Capital and reserves					
Share capital	21	**10,251**	10,251	**10,251**	10,251
Currency translation deficit		**(97)**	(77)	**–**	–
Fair value adjustment surplus		**(12)**	65	**(12)**	65
Accumulated profits		**24,634**	22,547	**23,393**	20,579
Total equity		**34,776**	32,786	**33,632**	30,895
Total liabilities and equity		**38,752**	35,927	**37,583**	34,162

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED JUNE 30, 2018

	Note	Group 2018 $'000	2017 $'000
Revenue	22	**27,206**	24,185
Cost of sales		**(13,879)**	(12,040)
Gross profit		**13,327**	12,145
Other operating income	23	**1,932**	506
Distribution costs		**(3,513)**	(3,436)
Administrative expenses		**(7,859)**	(7,318)
Other operating expenses		**(448)**	(519)
Finance costs	24	**(1)**	(1)
Profit before income tax	25	**3,438**	1,377
Income tax expense	26	**(326)**	–
Profit for the year		**3,112**	1,377
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign subsidiaries		**(20)**	16
Available-for-sale investments:			
(Loss) Gain arising during the year		**(77)**	22
Reclassification to profit or loss from equity on disposal of available-for-sale investments		**–**	19
Other comprehensive (loss) income for the year		**(97)**	57
Total comprehensive income for the year		**3,015**	1,434
Earnings per share (cents):			
Basic and diluted	27	**3.04**	1.34

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2018

	Share capital $'000	Currency translation deficit $'000	Fair value adjustment surplus (deficit) $'000	Accumulated profits $'000	Total $'000
Group					
Balance at July 1, 2016	10,251	(93)	24	22,707	32,889
Total comprehensive income for the year					
Profit for the year	–	–	–	1,377	1,377
Other comprehensive income for the year	–	16	41	–	57
Total	–	16	41	1,377	1,434
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	–	–	–	(1,537)	(1,537)
Balance at June 30, 2017	10,251	(77)	65	22,547	32,786
Total comprehensive income for the year					
Profit for the year	–	–	–	3,112	3,112
Other comprehensive loss for the year	–	(20)	(77)	–	(97)
Total	–	(20)	(77)	3,112	3,015
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	–	–	–	(1,025)	(1,025)
Balance at June 30, 2018	10,251	(97)	(12)	24,634	34,776

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY (cont'd)
YEAR ENDED JUNE 30, 2018

	Share capital $'000	Fair value adjustment surplus (deficit) $'000	Accumulated profits $'000	Total $'000
Company				
Balance at July 1, 2016	10,251	24	21,257	31,532
Total comprehensive income for the year				
Profit for the year	–	–	859	859
Other comprehensive income for the year	–	41	–	41
Total	–	41	859	900
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	–	–	(1,537)	(1,537)
Balance at June 30, 2017	10,251	65	20,579	30,895
Total comprehensive income for the year				
Profit for the year	–	–	3,839	3,839
Other comprehensive loss for the year	–	(77)	–	(77)
Total	–	(77)	3,839	3,762
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	–	–	(1,025)	(1,025)
Balance at June 30, 2018	10,251	(12)	23,393	33,632

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Group	
	2018	2017
	$'000	$'000
Operating activities		
Profit before income tax	**3,438**	1,377
Adjustments for:		
Loss on disposal of available-for-sale investment	**–**	22
Impairment (Reversal) loss on other investment	**17**	(20)
Impairment loss on plant and equipment	**1**	26
Depreciation of plant and equipment	**639**	576
Dividend income	**(124)**	(82)
Interest income	**(107)**	(113)
Fair value (gain) loss on investment properties	**(1,530)**	50
Loss on deemed disposal of an associate	**–**	27
Allowance for doubtful debts – trade receivables, net	**35**	18
Allowance for inventories	**45**	98
Net foreign exchange (gain) losses	**(21)**	16
Loss (gain) on disposal of plant and equipment	**1**	(7)
Operating cash flows before movements in working capital	**2,394**	1,988
Trade receivables	**149**	18
Other receivables and prepayments	**12**	(92)
Inventories	**328**	392
Amount due from associates and related parties – net	**–**	(46)
Trade payables	**(31)**	(57)
Other payables	**552**	(762)
Cash generated from operations	**3,404**	1,441
Interest received	**107**	113
Income tax paid	**(43)**	(304)
Net cash from operating activities	**3,468**	1,250

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

YEAR ENDED JUNE 30, 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Investing activities		
Dividend income	**124**	82
Proceeds on disposal of asset held for sale	**–**	4
Proceeds on disposal of plant and equipment	**–**	13
Proceeds on disposal of available-for-sale investments	**–**	259
Purchase of plant and equipment (Note A)	**(395)**	(450)
Purchase of available-for-sale investments	**(1,001)**	(1,093)
Deposits	**–**	(103)
Net cash used in investing activities	**(1,272)**	(1,288)
Financing activities		
Dividend paid	**(1,025)**	(1,537)
Repayment of the hire purchase facility	**(10)**	(20)
Cash used in financing activities	**(1,035)**	(1,557)
Net increase (decrease) in cash and cash equivalents	**1,161**	(1,595)
Cash and cash equivalents at beginning of year	**13,298**	14,893
Cash and cash equivalents at end of year (Note 6)	**14,459**	13,298

Note A:

During the year, the company acquired plant and equipment for an aggregate amount of $434,000 of which $39,000 have not been paid and is recorded as other payables. Cash payment of $395,000 was made to purchase plant and equipment.

In 2017, the group acquired plant and equipment for an aggregate amount of $480,000 of which $30,000 was acquired by means of hire purchase agreement. Cash payment of $450,000 were made to purchase plant and equipment.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

1 GENERAL

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

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

The principal activities of the subsidiaries and associate are disclosed in Notes 11 and 12 respectively.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended June 30, 2018 were authorised for issue by the Board of Directors on September 28, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On July 1, 2017, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Pronouncements issued but not yet effective

Adoption of a new financial reporting framework in 2018 – In December 2017, the Accounting Standards Council ("ASC") has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange ("SGX"), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The group and the company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the group and the company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (June 30, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending June 30, 2019, an additional opening statement of financial position as at date of transition (July 1, 2018) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (July 1, 2018) and as at end of last financial period under FRS (June 30, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended June 30, 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) 1 and has determined that there will be no significant change to the Group's and the Company's current accounting policies or material adjustments on the initial transition to the new framework on date of transition, other than those that may arise from implementing the new/revised requirements of pronouncements effective on July 1, 2018.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (June 30, 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at June 30, 2018, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact – The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 1-28 Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption except for the following:

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new SFRS(I) 9 will result in changes to the accounting policies relating to the impairment of financial assets. Management has performed a preliminary analysis of the requirements of the initial application of SFRS(I) 9 and anticipates that the adoption of SFRS(I) 9 will not result in changes to the allowance for doubtful debts on the financial statements of the group and of the company in the period of their initial adoption.

SFRS(I) 15 Revenue from Contracts with Customers

In December 2017, SFRS(I) 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 *Revenue, FRS 11 Construction Contracts* and the related Interpretations when it becomes effective.

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipate that the initial application of the new SFRS(I) 15 will not result in significant changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made in respect of trade receivables and revenue recognition, including any significant judgement and estimation made.

SFRS(I) 16 *Leases*

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Upon adoption of SFRS(I) 16, all obligations for non-cancellable leases (other than the exceptions above) will be recognised as liabilities with corresponding recognition of right-of-use assets. Note 30 provides information on the lease obligations at June 30, 2018.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Changes in the group's ownership interests in existing subsidiaries

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Effective interest method

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

Financial assets

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

Trade and other receivables

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

Available-for-sale financial assets

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

The group as lessor

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Onerous contracts

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

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

Sale of goods

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

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

Interest income

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Dividend income

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Critical judgements in applying the group's accounting policies

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

Key sources of estimation uncertainty

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

(a) Allowance for trade receivables

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

The carrying amount of the trade receivables at the end of the reporting period is disclosed in Note 7 to the financial statements.

(b) Allowance for inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

(c) Impairment of investment in subsidiaries and associate

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

During the year, the company carried out a review of the recoverable amount of the investment in subsidiaries having regard to the existing performance of the relevant subsidiaries and management is satisfied that no impairment is required. The carrying amount of the investment in subsidiaries and associate at the end of the reporting period is disclosed in Notes 11 and 12 to the financial statements.

(d) Valuation of the investment properties

As described in Note 2 to the financial statements, investment properties are stated at fair value based on management's estimation, which is based on valuations performed by independent professional valuer with reference to recent transactions of similar properties in the vicinity.

In determining the fair value, the valuer has determined the fair values with reference to recent transactions of similar properties in the vicinity.

In relying on the valuation reports of the professional valuer, management has exercised judgement in arriving at a value which is reflective of the current market conditions. The carrying amount of the investment properties based on their fair values at the end of the reporting period is disclosed in Note 16 to the financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	**15,908**	14,941	**13,050**	11,678
Available-for-sale financial assets	**3,152**	2,245	**3,152**	2,228
	19,060	17,186	**16,202**	13,906
Financial liabilities				
Payables at amortised cost	**3,208**	2,663	**3,372**	2,936

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

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

(c) Financial risk management policies and objectives

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

(i) Foreign exchange risk management

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

(ii) Interest rate risk management

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

(iii) Credit risk management

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

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

(iv) Liquidity risk management

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

Liquidity and interest risk analysis

Non-derivative financial liabilities

The group's and company's non-derivative financial liabilities are payables at amortised cost, which are non-interest bearing and finance leases, as disclosed in Note 4(a). The contractual maturity for these non-derivative financial liabilities are repayable on demand and less than one year.

Non-derivative financial assets

Financial assets are due within 12 months as repayable on demand.

(v) Derivative financial instruments

The group does not contract for derivative financial instruments.

(vi) Fair values of financial assets and financial liabilities

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

Fair value of financial assets that are measured at fair value on a recurring basis

Some of the group's and company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

	Fair value as at (Group)					Valuation
	2018		2017			technique(s)
Financial assets/ financial liabilities	Assets ($'000)	Liabilities ($'000)	Assets ($'000)	Liabilities ($'000)	Fair value hierarchy	and key input(s)
Available for sale investments (see Note 14)						
Quoted equity shares	3,152	–	2,228	–	Level 1	Quoted bid prices in an active market
Unquoted equity shares	–	–	17	–	Level 3	Recent Transacted Price

	Fair value as at (Company)					Valuation
	2018		2017			technique(s)
Financial assets/ financial liabilities	Assets ($'000)	Liabilities ($'000)	Assets ($'000)	Liabilities ($'000)	Fair value hierarchy	and key input(s)
Available for sale investments (see Note 14)						
Quoted equity shares	3,152	–	2,228	–	Level 1	Quoted bid prices in an active market

There were no transfers between the different levels of the fair value hierarchy in the financial year.

(d) Capital management policies and objectives

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

5 RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

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

	Group	
	2018	2017
	$'000	$'000
Short-term benefits	**1,219**	1,239
Post-employment benefits	**62**	80
Advisory fee	**31**	42
Total	**1,312**	1,361

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash and bank balances	**3,221**	2,577	**2,092**	1,416
Fixed deposits	**11,238**	10,721	**9,839**	8,920
Total	**14,459**	13,298	**11,931**	10,336

Fixed deposits of the group and the company bear effective interest at an average rate of 1.48% (2017: 1.07%) and 1.48% (2017: 1.09%) per annum respectively. The fixed deposits of the group and company are for an average tenure of 67 days (2017: 113 days) and 52 days (2017: 113 days) respectively. The fixed deposits are redeemable on demand and the penalty for early redemption is insignificant.

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

7 TRADE RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Outside parties	**1,276**	1,505	**568**	738
Less: Allowance for doubtful debts	**(241)**	(286)	**(117)**	(198)
Net	**1,035**	1,219	**451**	540

The average credit period is 45 days (2017: 45 days). Interest rate of 1% (2017: 1%) per month is charged on the overdue balance.

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Not past due and not impaired	**644**	809	**298**	408
Past due but not impaired (i)	**391**	410	**153**	132
Impaired receivables – collectively assessed (ii)	**241**	286	**117**	198
Less: Allowance for doubtful debts	**(241)**	(286)	**(117)**	(198)
	–	–	**–**	–
Total trade receivables, net	**1,035**	1,219	**451**	540

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

7 TRADE RECEIVABLES (cont'd)

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

Included in the group's and company's trade receivable balances are debtors with a carrying amount of $391,000 and $153,000 (2017: $410,000 and $132,000) respectively which are past due at the reporting date for which the group and company have not provided as there have not been a significant change in credit quality and the amounts are still considered recoverable. The group and company do not hold any collateral over these balances.

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
> 45 days to 3 months	**157**	194	**56**	85
> 3 months to 6 months	**215**	202	**80**	45
> 6 months to 12 months	**19**	14	**17**	2
Total	**391**	410	**153**	132

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

Movement in the allowance for doubtful debts:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at beginning of the year	**286**	359	**198**	191
Charge to profit or loss	**85**	102	**17**	7
Amounts recovered during the year	**(50)**	(84)	**(19)**	–
Written against provision	**(79)**	(88)	**(79)**	–
Exchange difference	**(1)**	(3)	**–**	–
Balance at end of the year	**241**	286	**117**	198

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

8 RELATED COMPANIES, ASSOCIATE AND RELATED PARTIES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
AMOUNTS DUE FROM				
Subsidiaries:				
Trade	–	–	**50**	125
Non-trade	–	–	**693**	767
	–	–	**743**	892
Less: Allowance for doubtful debts	–	–	**(448)**	(470)
Net	–	–	**295**	422
Movement in allowance for doubtful debts – Subsidiaries:				
Balance at beginning of year	–	–	**470**	542
Credit to profit or loss	–	–	**(22)**	(72)
Balance at end of year	–	–	**448**	470

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
AMOUNTS DUE TO				
Subsidiaries:				
Trade	–	–	–	58
Non-trade	–	–	**989**	1,010
Total – Due to	–	–	**989**	1,068

The average credit period for trade balance is 45 days (2017: 45 days). Interest rate of 1% (2017: 1%) per month is charged on the overdue balance. The non-trade balances are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

9 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deposits	**202**	363	**167**	334
Prepayments	**70**	72	**49**	51
Other receivables	**212**	61	**206**	46
Total	**484**	496	**422**	431
Current receivables	**484**	393	**422**	328
Non-current receivables	**–**	103	**–**	103
Total	**484**	496	**422**	431

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

Non-current receivables comprise deposits made for the purchase of plant and equipment.

10 INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Liquor	**1,287**	1,591	**834**	1,158
Gifts and accessories	**825**	894	**464**	463
Total	**2,112**	2,485	**1,298**	1,621

This is stated after allowance for obsolescence as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at beginning of year	**198**	256	**126**	131
Charge to profit or loss	**45**	98	**41**	9
Written-off against allowance for obsolescence	**(14)**	(156)	**(10)**	(14)
Balance at end of year	**229**	198	**157**	126

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

11 SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost	**4,561**	4,561
Less: Allowance for impairment	**(1,472)**	(1,472)
Net	**3,089**	3,089
Movement in the allowance for impairment:		
Balance at beginning of the year	**1,472**	1,449
Charge to profit or loss	**–**	23
Balance at end of the year	**1,472**	1,472

An impairment loss of $23,000 was recognised in 2017 in respect of the company's investments in its subsidiaries based on the fair value less cost to sell which is estimated based on the net tangible asset of the subsidiaries. Any impairment charged (reversal) is eliminated on consolidation.

Significant transactions with subsidiaries:

	Company	
	2018	2017
	$'000	$'000
Sales of goods	**(124)**	(260)
Management fee	**(462)**	(380)
SAP maintenance fee	**(55)**	(55)
Purchases of goods	**151**	290

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

11 SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

Subsidiaries	Effective equity interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operations
	2018 %	2017 %	2018 $'000	2017 $'000	
Humming Flowers & Gifts Pte Ltd (1)	**100**	100	**2,000**	2,000	Selling of hampers, flowers and gifts/Singapore
Noel Gifts Malaysia Sdn. (3)	**100**	100	**833**	833	Inactive/Malaysia
Noel Hampers & Gifts (Johore) Sdn. Bhd. (2)	**90**	90	**537**	537	Selling of hampers, flowers and gifts/Malaysia
Noel Property Development Pte Ltd (3)	**100**	100	**1,003**	1,003	Property investment and development (currently dormant)/Singapore
Noel Gifts (Chengdu) Co. Pte Ltd (3)	**100**	100	**188**	188	Selling of hampers, flowers and gifts (inactive)/People's Republic of China
Total			**4,561**	4,561	
Held by Humming Flowers & Gifts Pte Ltd					
Direct Farm Pte Ltd (2)	**100**	100	**50**	50	Inactive/Singapore

Notes on auditors:

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by other firms of auditors.

(3) Unaudited management accounts were used for consolidation as the subsidiary is not material to the group.

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

12 ASSOCIATE

The details of the associate are as follows:

Associate	Effective equity interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operations
	2018	2017	2018	2017	
	%	%	$'000	$'000	
Noel Hampers & Gifts (K.L.) Sdn. Bhd.	–	–	–	–	Selling of hampers, flowers and gifts/Malaysia

In 2017, the associate was successfully liquidated. The effect of deemed loss on disposal of $27,000 was recognised in the profit or loss.

13 CLUB MEMBERSHIP

	Group and Company	
	2018	2017
	$'000	$'000
Golf club membership, at cost	**208**	208
Less: Impairment loss	**(43)**	(43)
Net	**165**	165

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

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

13 CLUB MEMBERSHIP (cont'd)

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Movement in impairment loss:		
Balance at beginning of year	**43**	63
Reversal for impairment	**–**	(20)
Balance at end of year	**43**	43

14 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity investments	**1,455**	1,464	**1,455**	1,464
Quoted debt securities	**1,697**	764	**1,697**	764
Unquoted equity investment	**–**	17	**–**	–
Total	**3,152**	2,245	**3,152**	2,228

The investments offer the company the opportunity for return through dividends and capital gains. A fair value loss of $77,000 (2017: fair value gain of $22,000) was recorded in the other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

15 PLANT AND EQUIPMENT

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Group						
Cost:						
At July 1, 2016	2,120	704	306	1,223	613	4,966
Additions	129	27	30	289	5	480
Disposals	–	(19)	–	(112)	–	(131)
Written-off	(56)	–	(12)	–	(30)	(98)
Translation difference	(1)	–	(1)	(1)	(1)	(4)
At June 30, 2017	2,192	712	323	1,399	587	5,213
Additions	78	61	8	277	10	434
Disposals	(18)	–	–	(123)	(2)	(143)
Written-off	(5)	–	–	–	(16)	(21)
Translation difference	3	1	1	2	1	8
At June 30, 2018	2,250	774	332	1,555	580	5,491
Accumulated depreciation:						
At July 1, 2016	1,754	308	157	520	377	3,116
Depreciation for the year	164	133	55	145	79	576
Disposals	–	(19)	–	(107)	–	(126)
Written-off	(56)	–	(12)	–	(30)	(98)
Translation difference	–	–	(1)	(1)	(1)	(3)
At June 30, 2017	1,862	422	199	557	425	3,465
Depreciation for the year	202	120	61	199	57	639
Disposals	(18)	–	–	(123)	(2)	(143)
Written-off	(5)	–	–	–	(16)	(21)
Translation difference	2	1	1	1	1	6
At June 30, 2018	2,043	543	261	634	465	3,946
Accumulated impairment:						
At July 1, 2016	–	–	–	–	–	–
Impairment for the year	–	26	–	–	–	26
At June 30, 2017	–	26	–	–	–	26
Impairment for the year	–	–	1	–	–	1
At June 30, 2018	–	26	1	–	–	27
Carrying amount:						
At June 30, 2018	207	205	70	921	115	1,518
At June 30, 2017	330	264	124	842	162	1,722

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

15 PLANT AND EQUIPMENT (cont'd)

The carrying amount of the group's plant and equipment includes an amount of $nil (2017: $81,000) secured in respect of assets held under finance lease.

	Computers $'000	Leasehold improvements $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Company						
Cost:						
At July 1, 2016	1,872	483	195	802	291	3,643
Additions	93	28	19	23	4	167
Disposal	–	(20)	–	–	–	(20)
At June 30, 2017	1,965	491	214	825	295	3,790
Additions	69	55	7	244	10	385
Disposal	(16)	–	–	(67)	(2)	(85)
At June 30, 2018	2,018	546	221	1,002	303	4,090
Accumulated depreciation:						
At July 1, 2016	1,582	215	91	292	155	2,335
Depreciation for the year	140	105	42	96	33	416
Disposal	–	(20)	–	–	–	(20)
At June 30, 2017	1,722	300	133	388	188	2,731
Depreciation for the year	159	88	40	124	34	445
Disposal	(15)	–	–	(49)	(2)	(66)
At June 30, 2018	1,866	388	173	463	220	3,110
Accumulated impairment:						
At July 1, 2016	–	–	–	–	–	–
Impairment for the year	–	26	–	–	–	26
At June 30, 2017	–	26	–	–	–	26
Impairment for the year	–	–	1	–	–	1
At June 30, 2018	–	26	1	–	–	27
Carrying amount:						
At June 30, 2018	152	132	47	539	83	953
At June 30, 2017	243	165	81	437	107	1,033

There were no company pledged assets and securities as at June 30, 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

16 INVESTMENT PROPERTIES

	Group and Company	
	2018	**2017**
	$'000	**$'000**
At fair value		
At beginning of the year	**14,297**	14,347
Gain (Loss) from fair value adjustments	**1,530**	(50)
At end of the year	**15,827**	14,297
Comprises:		
– Freehold land and building	**14,127**	12,648
– Leasehold property	**1,700**	1,649
Total at fair value	**15,827**	14,297

The property rental income earned by the group from its investment properties, freehold land and building of which are leased out under operating leases, amounted to $498,000 (2017: $498,000) (Note 22). Direct operating expenses arising on the freehold land and building in the year amounted to $294,000 (2017: $178,000).

The fair values of the group's and company's investment properties at June 30, 2018 and 2017 are arrived at on the basis of the valuation review carried out by independent external professionals, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are determined based on market comparable approach that reflects recent transaction prices for similar properties in the vicinity.

The fair value of the group and company's investment properties as at June 30, 2018 is classified under Level 3 of the fair value hierarchy.

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

16 INVESTMENT PROPERTIES (cont'd)

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

Type	Valuation techniques	Unobservable inputs	Range
Freehold land and building	Direct comparison method	Transacted price of comparable properties	$574 to $634 psf (2017: $514 to $568 psf)
Leasehold property	Direct comparison method	Transacted price of comparable properties	$1,328 to $1,468 psf (2017: $1,289 to $1,425 psf)

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

17 TRADE PAYABLES

The average credit period on purchases of goods is 45 days (2017: 45 days). No interest is charged on the trade payables.

18 OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accrual of operating expenses	**2,401**	1,796	**1,696**	1,151
Accrued operating lease incentives	**76**	110	**53**	77
Remuneration payable to directors	**92**	85	**92**	91
Tenancy deposits	**99**	90	**99**	90
Provision for onerous lease	**70**	41	**70**	41
Sundry payables	**202**	227	**176**	144
Total	**2,940**	2,349	**2,186**	1,594
Current payables	**2,714**	2,128	**2,011**	1,427
Non-current payables	**226**	221	**175**	167
	2,940	2,349	**2,186**	1,594

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

18 OTHER PAYABLES (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accrued restoration costs	**184**	145	**145**	113
Accrued operating lease incentives	**42**	76	**30**	54
	226	221	**175**	167

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

19 FINANCE LEASE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Amounts payable under finance lease				
Within 1 year	–	10	–	10
Less: Future finance charges	–	–		
Present value of lease obligations	–	10		

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

The effective interest rates of the above lease is nil (2017: 5.47%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

20 DEFERRED TAX LIABILITY

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at beginning of year	**175**	152	**104**	125
(Credit) Charge to profit or loss (Note 26)	**(24)**	23	**(20)**	(21)
Balance at end of year	**151**	175	**84**	104

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

21 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year and end of year	**102,476,024**	102,476,024	**10,251**	10,251

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

22 REVENUE

	Group	
	2018	2017
	$'000	$'000
Sale of goods	**26,708**	23,687
Rental income	**498**	498
Total	**27,206**	24,185

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

23 OTHER OPERATING INCOME

	Group	
	2018	**2017**
	$'000	**$'000**
Government grants	**162**	262
Dividend income from available-for-sale-investments	**124**	82
Interest income	**107**	113
Gain on disposal of plant and equipment	**–**	7
Gain on fair value adjustments	**1,530**	–
Others	**9**	42
Total	**1,932**	506

24 FINANCE COSTS

	Group	
	2018	**2017**
	$'000	**$'000**
Bank charges	**1**	1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

25 PROFIT BEFORE INCOME TAX

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

	Group	
	2018	2017
	$'000	$'000
Employee benefit expense (including directors' remuneration)	**8,069**	7,774
Cost of defined contribution plans included in employee benefit expense	**803**	755
Cost of inventories included in cost of sales	**11,294**	9,998
Auditors' remuneration:		
Auditor of the company	**65**	65
Other auditors	**2**	2
Non-audit fees paid to:		
Auditors of the company	**29**	19
Other auditors	**4**	5
Directors' remuneration:		
Director of the company	**550**	508
Other directors	**40**	61
Directors' fees	**93**	86
Net foreign exchange (gains) loss	**(21)**	16
Depreciation of plant and equipment	**639**	576
Allowance for doubtful debts – trade receivables, net	**35**	18
Allowance for inventories	**45**	98
Loss (Gain) on disposal of plant and equipment	**1**	(7)
Fair value (gain) loss of investment properties	**(1,530)**	50
Impairment (Reversal of) loss on other investment	**17**	(20)
Obsolete inventories written off	**21**	57

NOTES TO THE
FINANCIAL STATEMENTS
JUNE 30, 2018

26 INCOME TAX EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Current tax:		
Current year	**346**	39
Overprovision in prior years	**–**	(62)
Under provision in prior year	**4**	–
Deferred tax (Note 20)		
Current year	**(24)**	21
Under provision in prior years	**–**	2
Income tax expense	**326**	–

Domestic income tax of the company is calculated at 17% (2017: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit before income tax	**3,438**	1,377
Income tax expense at statutory tax rate of 17% (2017: 17%)	**585**	234
Tax effect of (income) expenses that are not (taxable) deductible in determining taxable profit	**(203)**	(42)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**–**	3
Tax effect of exempt income	**(52)**	(52)
Effect of unused tax losses and other timing differences not recognised as deferred tax assets	**2**	18
Utilisation of tax losses and other timing differences previously not recognised	**–**	(7)
Under (over) provision in prior years	**4**	(60)
Tax incentive	**(33)**	(81)
Others	**23**	(13)
Income tax expense	**326**	–

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

27 EARNINGS PER SHARE

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

	2018	2017
Earnings for the purposes of basic earnings per share ($'000)	**3,112**	1,377
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**102,476**	102,476
Earnings per share (cents) – Basic	**3.04**	1.34

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

28 DIVIDENDS

In the financial year ended June 30, 2018, the directors have proposed a first and final one-tier tax-exempt dividend of 0.3 cent per share totalling $308,000 and a special dividend of 0.7 cent per share totalling $717,000. These dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and have not been provided for.

In November 2017, a first and final one-tier tax exempt dividend of 0.3 cent per share totalling $308,000 and a special dividend of 0.7 cent per share totalling $717,000 were paid to shareholders in respect of the year ended June 30, 2017.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

29 OPERATING LEASE COMMITMENTS

(a) Lessee's lease commitments

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases included in profit or loss	**1,246**	1,400	**862**	707

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Within one year	**1,191**	899	**919**	849
In the second to fifth year inclusive	**1,375**	1,895	**1,053**	1,406
Total	**2,566**	2,794	**1,972**	2,255

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

29 OPERATING LEASE COMMITMENTS (cont'd)

(b) Lessor's lease commitment

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

	Group and Company	
	2018	2017
	$'000	$'000
Within one year	**389**	455
In the second to fifth year inclusive	**247**	415
Total	**636**	870

30 SEGMENT INFORMATION

(a) Operating segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

30 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

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

	Gifts $'000	Properties $'000	Group $'000
June 30, 2018			
SEGMENT REVENUE AND RESULTS			
Revenue	26,708	498	27,206
Result:			
Segment result	1,456	204	1,660
Other operating income	188	–	188
Fair value gain of investment properties	–	1,530	1,530
Finance cost	(1)	–	(1)
Unallocated other operating income			214
Unallocated other expense			(153)
Profit before income tax			3,438
Income tax			(326)
Profit for the year			3,112
Other information:			
Capital expenditure on plant and equipment and investment properties	426	8	434
Depreciation	636	3	639
STATEMENT OF NET ASSETS			
Assets:			
Segment assets	5,132	16,009	21,141
Unallocated assets			17,611
Total assets			38,752
Liabilities:			
Segment liabilities	3,334	134	3,468
Income tax payable			357
Deferred tax liability			151
Total liabilities			3,976

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

30 SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

30 SEGMENT INFORMATION (cont'd)

(b) Geographical segments

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

	Revenue from external customers		Non-current assets	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**26,829**	23,757	**20,634**	18,471
Malaysia	**377**	428	**28**	61
Total	**27,206**	24,185	**20,662**	18,532

CORPORATE GOVERNANCE REPORT

Noel Gifts International Ltd. (the "Company" or together with its subsidiaries, the "Group") is committed to maintain high standards of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 ("the Code 2012") so as to ensure greater transparency and protection of the shareholders' interests. This statement outlines the main corporate governance policies and practices adopted by the Company.

Board Matters

Principle 1: Board's Conduct of Affairs

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

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

The Board has delegated certain functions to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to assist with the execution of its specific responsibilities. Each Committee has its own written terms of reference which clearly set out its objectives, duties, powers and responsibilities which has been amended to be in line with the Code 2012, where applicable. The Chairman of the respective Committees will report to the Board on their discussion and recommendations on the specific agendas for the Board's approval.

The Board is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards. Appropriate external trainings will be arranged when necessary.

Matters Requiring Board Approval

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

- approval of half-yearly 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.

CORPORATE GOVERNANCE REPORT

Every Director is expected, in the course of carrying out his duties, to act in good faith, provide insights and consider at all times, for the interests of the Company as a whole.

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

The number of Board Meetings held in the financial year ended 30 June 2018 and the record of the attendance at those meetings were read 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	2	2	2#	2#	2	2	2	2
Mr Freddie Heng Kim Chuan*	2	1	2	1	2	1	2	1
Ms Wong Phui Hong	2	2	2	2	2#	1#	2#	1#
Mr Foo Der Rong	2	2	2	2	2	2	2	2
Mr Aric Loh Siang Khee	2	2	2	2	2	2	2	2

* Resigned as Non-Executive Independent Director on 27 October 2017
\# By invitation

Upon appointment as a new Director, the new Director will receive a formal letter of appointment or service agreement from the Company and the letter or agreement will indicate the relevant information on his/her duties and responsibilities as a Director. The new Director will be briefed by the Board to familiarize them with the Group's operations and strategic directions. 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 standard, so as to enable them to properly discharge their duties as Board and Board 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

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

The Board now consists of four qualified members, two of whom are Independent Directors, one Non-Executive Director and one Executive Director. The two Independent Directors comprise fifty per cent of the Board of Directors. The Board has reviewed its composition and is satisfied that such composition is appropriate, given the background, qualifications and experience of each Director. In view of any change to the scope of the business activities, the Board will invite more suitable candidates to join the Board as well as to rotate the members at the right time. Key information on the Directors is set out on pages 5 to 6 of the Annual Report 2018.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executive responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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.

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

Principle 4: Board Membership

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

The Board established the Nominating Committee ("NC") which consists of 3 directors, two of whom, including the Chairman of the NC are independent as at the date of this report. The NC Chairman is also a Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officer and is not directly associated with 10% shareholders:–

Chairman	:	Mr Foo Der Rong (Independent Director)
Member	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Wong Siu Hong Alfred (Managing Director)

CORPORATE GOVERNANCE REPORT

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.

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

(a) making recommendations to the Board on all board appointments;

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

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

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

(e) recommending the re-nomination and re-election of Director.

The NC reviews annually the independence declarations made by the Company's Independent Non-executive Directors based on the criterion of independence under the guidelines provided in the Code. Based on the assessments and with the concurrence of the NC, the Board is of the view that both Mr Foo Der Rong and Mr Aric Loh Siang Khee are Independent Directors.

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 directorships. The NC, with concurrence from the Board, has determined that no Director may serve on the Board with more than 6 public listed companies' directorships. The Board views that having multiple companies' representations of the Directors do not hinder their ability to carry out their roles and duties and will benefit the Company, given that the Directors will be able to bring in 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 Directors and the date of last re-election as the Director, their present and past directorships over the last preceding three (3) years in other listed companies are set out below:

Name of Director	Academic & professional qualifications	Board committee as chairman or member	Appointment	Date of first appointment	Date of last re-election	Present Directorships in other listed companies	Past Directorships in other listed companies
Mr Wong Siu Hong Alfred	Master of Business Administration with Distinction	Chairman/Member of Remuneration & Nominating Committees	Executive Director	17 Aug 1983	n/a	n/a	n/a
Ms Wong Phui Hong	Master of Business Administration with Distinction	Member of Audit Committee	Non-Executive	17 Aug 1983	27 Oct 17	n/a	n/a
Mr Foo Der Rong	Bachelor of Commerce	Chairman: Nominating & Remuneration Committees/Member of Audit Committee	Non-Executive/ Independent	1 Aug 2017	27 Oct 17	– Pavillon Holdings Ltd – Matex International Ltd – SLB Development Ltd	– Intraco Ltd
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 Oct 17	– Tee International Ltd	– Europtronic Group Ltd – Koda Ltd

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

The Board, through the delegation of its authority to the NC, has used its best efforts to assess that each Director appointed to the Board possess the necessary background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each Director, through his unique contributions, brings to the Board a more independent and objective perspective to enable more balanced and well-considered decisions to be made. The search and nomination process for the new Directors, if any, will be made through the search companies, contacts and recommendations and will go through the normal selection process, so as to find the right candidates. New Directors will be appointed by the Board after the NC has reviewed and recommended their appointments to the Board.

CORPORATE
GOVERNANCE REPORT

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

Principle 5: Board Performance

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

The NC is responsible for recommending and implementing a process to evaluate the effectiveness of the Board and the Board 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 with the use of evaluation forms to assess the effectiveness of the Board and the individual Director. The NC would adopt a formal system of evaluating the performance of the Board Committee for FY2019.

For FY2018, each Director has completed the Board Member Self-Evaluation Form and also the Board Performance Evaluation. 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 recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

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 performance 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 2018 and the results have 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.

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

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

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

The Board has independent and full access to the Senior management team and the Company Secretary, who provides the directors with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or her representatives attend all Board and Board Committees meetings, and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees function effectively. The decision to appoint and remove the Company Secretary is made by the Board as a whole. In order to ensure that the Board is able to fulfill its responsibilities prior to the Board meetings, the Management provides the Board with information containing relevant background or explanatory information required to support the decision-making process. The Directors are entitled, either individually or as a group, to seek independent professional advice at the expense of the Company, in order to facilitate their duties.

The Board exercises its discretion to seek independent professional advice, where necessary, in the furtherance of their duties and at the Company's expense.

Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee (the "RC") comprises the following three directors, two of whom, including the Chairman, and Independent Directors as at the date of this report:

Chairman	:	Mr Foo Der Rong (Independent Director)
Member	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Mr Wong Siu Hong Alfred (Managing Director)

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

The 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.

CORPORATE
GOVERNANCE REPORT

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.

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.

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.

The Independent Directors have executed 2 years' appointment agreement effective from 1 August 2017 with the Company. The Company has renewed a 3 years' service agreement commencing FY2019 with the Executive Director, Mr Wong Siu Hong Alfred. The service agreement can be terminated by either party by giving not less than three months' written notice in accordance with the terms of the service agreement.

The RC will also review the Company's obligation under the service agreement entered into with the Executive Director and key management personnel that would arise in the event of the 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.

Principle 8: Level and Mix of Remuneration

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

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.

CORPORATE GOVERNANCE REPORT

Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from Executive Director and key management personnel. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration

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

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

The Group currently adopts a remuneration policy for staff comprising 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's and the individual's performance.

The summary of the remuneration table for the Directors of the Company for the financial year ended 30 June 2018 is set out below.

Name of Director	Fee %	Salary %	Bonus %	Other Benefits %	Total %
Between S$500,000 to S$750,000					
Wong Siu Hong Alfred	–	70%	24%	6%	100%
Below S$250,000					
Heng Kim Chuan Freddie*	100%	–	–	–	100%
Aric Loh Siang Khee	100%	–	–	–	100%
Foo Der Rong	100%				100%
Wong Phui Hong	100%	–	–	–	100%

* Resigned as Non-Executive Independent Director on 27 October 2017

CORPORATE GOVERNANCE REPORT

The total remuneration in aggregate paid to the top four key management personnel (who are not Directors or the CEO of the Company) in the Company and its subsidiaries for the financial year ended 30 June 2018 was $439,000. In the interest of maintaining confidentiality, good morale and a strong team spirit within the Group, the Company is not disclosing the remuneration of the top 4 key management personnel, who are the General Managers and the Branch Manager of the Group as the Company believes that such disclosure may prejudice to its business interest given the highly competitive environment the Company is operating in.

Key information on the management team is set out on page 7 of the Annual Report 2018.

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds S$50,000 for the financial year ended 30 June 2018 are as follows:

Employee	Family relationship
S$100,000 to below S$150,000	
Wong Ho Hon, Keith	Son of Wong Siu Hong Alfred (Managing Director)
Wong Lai Kuan, Kim	Daughter of Wong Siu Hong Alfred (Managing Director)

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

Accountability and Audit

Principle 10: Accountability

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

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 in 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 11: Risk Management and Internal Controls

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

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 to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatements or loss.

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 recommendations for improvement will be reported to the Audit Committee. The Management will then take corrective measures to strengthen the internal controls.

Based on the system of internal controls established and maintained by the Group, work performed by the external auditors, and reviews performed by Management, the Board Committees and the Board, with the concurrence of the Audit Committee are of the opinion that the Group's internal controls and effectiveness of controls addressing financial, operational, compliance and information technology controls were adequate and effective as at 30 June 2018.

CORPORATE GOVERNANCE REPORT

For FY2018, the Board has received assurances from the Management that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's internal control systems are operating effectively.

Principle 12: Audit Committee

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

The Audit Committee ("AC") comprises the following three directors, two of whom, including the Chairman, are Independent Directors as at the date of this report:

Chairman	:	Mr Aric Loh Siang Khee (Independent Director)
Member	:	Ms Wong Phui Hong (Non-Executive Director)
Member	:	Mr Foo Der Rong (Independent Director)

Mr Aric Loh Siang Khee was a former audit partner of the Company's existing auditing firm, Deloitte & Touche LLP. He has ceased as an audit partner of the aforesaid auditing firm since 2013 and has no financial interest in the firm. The appointment of Mr Loh as a member of the AC is in compliance with 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.

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

(a) reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the financial performance;

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

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

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

CORPORATE GOVERNANCE REPORT

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 two meetings held during the financial year ended 30 June 2018 and have also met up with the external auditors in the absence of the management team in August 2018.

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 Deloitte & Touche LLP and has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming AGM.

For the financial year ended 30 June 2018, 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 73 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 a whistle-blowing policy for all employees of the Group. 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.

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.

CORPORATE GOVERNANCE REPORT

Principle 13: Internal Audit

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

During the financial year ended 30 June 2018, no internal auditor was engaged. However, the Company's external auditors, carry out, in the course of their statutory audit, a review of the effectiveness of the internal financial controls to the extent of their scope as laid out in the audit plan. The external auditors, during the conduct of their normal audit procedures, may also report on any matters relating to the internal controls. Any non-compliance and recommendation for improvement will be reported to the AC. The Management will follow up on the auditors' recommendations as part of its role in the review of the Company's internal control systems.

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

Based on the reports submitted by the external auditor 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.

Principle 14: Shareholders' Rights

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

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, in a timely and consistent manner.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated.

Any notice of a general meeting of shareholders is issued at least 14 days or 21 days, as the case may be, 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 Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.

CORPORATE GOVERNANCE REPORT

All shareholders of the Company will receive the Annual Report with notice of AGM by post, and published in a newspaper within the mandatory period, which is held within 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 that shareholders can appoint up to two proxies to attend, vote and voice any questions relating to 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) are allowed to appoint more than 2 proxies to attend, speak and vote at general meetings.

Principle 15: Communication with Shareholders

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

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. Communication is made through:

(a) Disclosures to SGXNET; and

(b) Annual reports which are prepared and issued to all shareholders

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.

Principle 16: Conduct of Shareholders’ Meetings

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

The Annual General Meeting (“AGM”) is the principal forum for dialogue with shareholders. Our shareholders are encouraged to attend the general meetings of shareholders to ensure a high level of accountability and to be updated on the Company’s strategies and goals. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. 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 Board 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.

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. A Relevant Intermediary[1] 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). 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 general meeting in person. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

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.

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 been conducting an electronic polling since FY2015.

Whistle-Blowing Policy

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

[1] A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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 Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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

Interested Person Transactions

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

Save as disclosed above, the Group does not have any interested person transaction in the financial year ended 30 June 2018 that is disclosable under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

Material Contracts

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

Dealings in Securities

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

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

Risk management policies

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

STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2018

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	10	0.97%	212	0.00%
100 – 1,000	107	10.37%	70,995	0.07%
1,001 – 10,000	592	57.36%	2,524,330	2.46%
10,001 – 1,000,000	309	29.94%	16,524,038	16.12%
1,000,001 AND ABOVE	14	1.36%	83,356,449	81.34%
TOTAL	**1,032**	**100.00%**	**102,476,024**	**100.00%**

TOP TWENTY LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2018

NO.	NAME	NO. OF SHARES	%
1	WONG SIU HONG ALFRED	26,265,627	25.63
2	ROYAL INST OF CONSTRUCTION ECONOMISTS PTE LTD	10,082,000	9.84
3	LIM JULIAN	8,000,000	7.81
4	WONG PHUI HONG	6,831,372	6.67
5	ROYAL WORLD TRUST PTE LTD	5,091,000	4.97
6	WONG HO HON KEITH	5,000,000	4.88
7	WONG LAI KUAN KIM	5,000,000	4.88
8	TAN BIAN KIAN	4,500,000	4.39
9	WONG KOON HONG	3,679,700	3.59
10	TAN DENG ZHENG (CHEN DENGZHENG)	2,000,000	1.95
11	TAN DENG ZHI (CHEN DENGZHI)	2,000,000	1.95
12	TAN GEOK BEE	1,849,500	1.80
13	LIM YEW LIAN	1,705,250	1.66
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,352,000	1.32
15	WANG TONG PENG @WANG TONG PANG	878,300	0.86
16	YAP BOH SIM	800,000	0.78
17	DBS NOMINEES (PRIVATE) LIMITED	792,000	0.77
18	TEO JOO KIM	600,000	0.59
19	PHILLIP SECURITIES PTE LTD	574,250	0.56
20	GUO DIANYAN	500,000	0.49
	TOTAL	**87,500,999**	**85.39**

STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wong Siu Hong Alfred	27,537,627	26.87	18,000,000[1]	17.57
Lim Julian	8,000,000	7.81	27,537,627[2]	26.87
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	3,620,000	3.53	1,705,250[5]	1.66
Lim Yew Lian	1,705,250	1.66	3,620,000[6]	3.53
Royal Institute Of Construction Economists Pte Ltd	9,956,000	9.72	–	–

Notes:

(1) Mr Alfred Wong Siu Hong 's deemed interest comprises 18,000,000 Shares held by following persons
- (i) 8,000,000 held by his wife, Mdm Lim Julian;
- (ii) 5,000,000 held by his daughter Miss Wong Lai Kuan Kim; and
- (iii) 5,000,000 held by his son Mr Wong Ho Hon Keith.

(2) Mdm Lim Julian is deemed to be interested in the shares held by her husband, Mr. Alfred Wong Siu Hong.

(3) Ms Wong Phui Hong's deemed interest comprises 8,500,000 Shares held by following persons:.
- (i) 4,500,000 held by her husband Mr Tan Bian Kian;
- (ii) 2,000,000 held by her son Mr Tan Deng Zhi; and
- (iii) 2,000,000 held by her son Mr Tan Deng Zheng.

(4) Mr Tan Bian Kian is deemed to be interested in the shares held by his wife, Mdm Wong Phui Hong.

(5) Mr Wong Koon Hong is deemed to be interested in the shares held by his wife, Mdm Lim Yew Lian.

(6) Mdm Lim Yew Lian is deemed to be interested in the shares held by her husband, Mr. Wong Koon Hong.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 17 September 2018, approximately 25.69% 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	#03-01	3,477	Freehold strata titles	–
		Singapore 367995	#05-01	3,477		
			#06-01	3,477		
			#06-02	1,399		
			#06-03	1,970		
			#06-04	1,464		
			#07-01	3,466		
			#07-02	1,227		
			#07-03	1,970		
			#07-04	1,464		
				23,391		
Noel Gifts International Ltd	Residential	33 Rochester Drive	#28-04	1,216	Leasehold	87
		Singapore 138638				

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Noel Gifts International Ltd. (the "**Company**") will be held at The Conference Room, 21 Ubi Road 1, #03-01, Singapore 408724, on Tuesday, 30 October 2018 at 9:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2018 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$0.007 per ordinary share (one-tier tax exempt) for the financial year ended 30 June 2018. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 87 of the Constitution of the Company:

   Mr Wong Siu Hong Alfred **(Resolution 3)**
   Mr Foo Der Rong **(Resolution 4)**

   [See Explanatory Note (i)]

4. To re-appoint Deloitte & Touche LLP, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

6. To approve the payment of Directors' fees of S$96,849.00 for the financial year ended 30 June 2018. (2017: S$85,000.00). **(Resolution 6)**

7. To approve the payment of Directors' fees of S$85,000.00 for the financial year ending 30 June 2019, to be paid quarterly in arrears. **(Resolution 7)**

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

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(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**")

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;

NOTICE OF
ANNUAL GENERAL MEETING

(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

(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. **(Resolution 8)**

[See Explanatory Note (ii)]

9. **Renewal of Share Buy-Back Mandate**

"That:–

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

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

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

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

NOTICE OF
ANNUAL GENERAL MEETING

(ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:–

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(b) the date by which the share buy-backs are carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

(iii) in this Resolution:–

"Maximum Limit" means the number of Shares representing 10 per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, applicable goods and services tax and other related expenses) which shall not exceed:–

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and

(b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

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

"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.

NOTICE OF ANNUAL GENERAL MEETING

(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." **(Resolution 9)**

[See Explanatory Note (iii)]

NOTICE OF BOOKS CLOSURE 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 30 October 2018 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m.on 5 November 2018 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$0.007 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, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to 5.00 p.m. on 5 November 2018 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 5 November 2018 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 Dividend entitlements to such holders in accordance with its normal practice.

Payment of the Dividends, if approved at the forthcoming AGM, will be made on 14 November 2018.

By Order of the Board

Siau Kuei Lian
Secretary
Singapore, 12 October 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "Meeting") 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.

2. 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.)

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

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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 Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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 the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) 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.

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 a member of the Remuneration and Nominating Committees and will not be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

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

(ii) 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.

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 the 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.

(iii) 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 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 2018 are set out in Appendix A and are for illustration only.

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NOEL GIFTS INTERNATIONAL LTD.

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

IMPORTANT:

1. 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.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

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 (the "Meeting"), as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Meeting of the Company to be held at The Conference Room, 21 Ubi Road 1, #03-01, Singapore 408724, on Tuesday, 30 October 2018 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.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2018		
2	Declaration of first and final dividend and a special dividend		
3	Re-election of Mr Wong Siu Hong Alfred as a Director		
4	Re-election of Mr Foo Der Rong as a Director		
5	Re-appointment of Deloitte & Touche LLP as Auditors and fixing their remuneration		
	Special Business		
6	Approval of Directors' fees amounting to S$96,849.00 for the financial year ended 30 June 2018		
7	Approval of Directors' fees amounting to S$85,000.00 for the financial year ending 30 June 2019, to be paid quarterly in arrears.		
8	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited		
9	Renewal of Share Buy-Back Mandate		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2018

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

____

Signature of Shareholder(s)
or 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, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (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 or proxies must be deposited at the registered office of the Company at 21 Ubi Road 1, #03-01, Singapore 408724 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a 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 authorized. 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, Chapter 50 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 (Cap. 19) 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 Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2018.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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NOEL

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