

DESIGN CAPITAL LIMITED

設計都會有限公司



INTERIM REPORT 2020

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545



DESIGN CAPITAL LIMITED
INTERIM REPORT 2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Goon Eu Jin Terence (阮友仁先生)
(*Chairman and chief executive officer*)
Ms. Wee Ai Quey
Ms. Ong Ciu Hwa (王秋華女士)

NON-EXECUTIVE DIRECTORS

Mr. Kho Chuan Thye Patrick (高泉泰先生)
Mr. Lim Sooi Kheng Patrick (林瑞慶先生)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Boon Cheng (林文正先生)
Mr. Ng Chee Kwong, Colin (吳志光先生)
Mr. Wee Kang Keng

AUDIT COMMITTEE

Mr. Lim Boon Cheng (林文正先生) (*Chairman*)
Mr. Ng Chee Kwong, Colin (吳志光先生)
Mr. Wee Kang Keng
Mr. Lim Sooi Kheng Patrick (林瑞慶先生)
Mr. Kho Chuan Thye Patrick (高泉泰先生)

REMUNERATION COMMITTEE

Mr. Ng Chee Kwong, Colin (吳志光先生) (*Chairman*)
Mr. Lim Boon Cheng (林文正先生)
Mr. Wee Kang Keng
Mr. Lim Sooi Kheng Patrick (林瑞慶先生)
Mr. Goon Eu Jin Terence (阮友仁先生)

NOMINATION COMMITTEE

Mr. Goon Eu Jin Terence (阮友仁先生) (*Chairman*)
Mr. Lim Boon Cheng (林文正先生)
Mr. Ng Chee Kwong, Colin (吳志光先生)
Mr. Wee Kang Keng
Mr. Kho Chuan Thye Patrick (高泉泰先生)

COMPANY SECRETARY

Ms. Cheung Chit San (張媿珊女士), ACS, ACIS

AUTHORISED REPRESENTATIVES

Mr. Goon Eu Jin Terence (阮友仁先生)
Ms. Cheung Chit San (張媿珊女士)

AUDITOR

Ernst & Young LLP, Singapore

COMPLIANCE ADVISER

Southwest Securities (HK) Capital Limited

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PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
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Hong Kong

HONG KONG LEGAL ADVISERS

Stephenson Harwood
18/F, United Centre
95 Queensway
Hong Kong

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd
Malayan Banking Bhd

STOCK CODE

1545

COMPANY'S WEBSITE

www.designcapital.sg



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Headquartered in Singapore, Design Capital Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is a longstanding furniture seller on third party e-commerce platforms in the United States (the “**U.S.**”), a mid to high-end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. For the six months ended 30 June 2020, our revenue amounted to approximately S\$57.7 million, representing an increase of approximately S\$2.4 million or 4.4% from approximately S\$55.2 million for the six months ended 30 June 2019. This increase was mainly attributable to the increase in revenue from our U.S. furniture sales segment.

U.S. Furniture Sales

We have been sourcing quality furniture pieces which are trendy and easy-to-assemble for marketing and selling under our brands “Target Marketing Systems”, “TMS”, “Simple Living” and “Lifestorey” in the U.S. since 2005. These products are sold at affordable prices in the U.S.. Our customers include major e-commerce sales platforms in the U.S. who in turn sell products to end consumers. During the six months ended 30 June 2020, this segment enjoyed modest growth by riding on the increased demand for products over e-commerce sales channels.

Furniture Sales

As at the date of this report, we operate seven points of sale in Singapore, of which three are under the brand “Marquis”, two are under the brand “OM” and two are under the brand “Lifestorey”, offering furniture pieces with different styles to cater for the preferences of different customers in the market. Due to the COVID-19 measures implemented by the Singapore government in the first half of the year, sales were adversely affected as the Group was unable to open its showrooms and deliver its products to its customers.

Interior Design

We started in 1981 as an interior design solutions provider which is currently marketed under the brand “SuMisura”. We have developed strong interior design and furniture sourcing capabilities. By focusing on design solutions and home furnishing ideas, and leveraging on our designer team’s acute sense of aesthetics, our work has been well received by property developers and homeowners. Revenue recognition in this segment was adversely affected by the temporary stoppage of work at all its job sites as a result of COVID-19 measures implemented by the Singapore government.

PROSPECTS

U.S. Furniture Sales

While our U.S. furniture sales segment has performed credibly for the six months ended 30 June 2020, the ongoing geopolitical and trade tensions between U.S. and China and the ongoing U.S. economic recession will have a dampening impact on our business.

However, in the short term with the increasing usage of e-commerce, we are cautiously optimistic about our growth prospects of our U.S. furniture sales segment in the second half of financial year 2020 (“**FY2020**”).



MANAGEMENT DISCUSSION AND ANALYSIS

Furniture Sales

We anticipate a challenging operating environment for our furniture sales segment in the second half of FY2020 as the COVID-19 pandemic will continue to weigh down on the Singapore economy, already in its worst recession ever. While the COVID-19 pandemic and economic recession will generally put a dampener on consumer spending, the Group will continue to reach out to those customers with existing homes who may decide to reallocate their holiday budgets to upgrade their furniture with the intention of spending more time at home and also to new home owners who are currently renovating their homes or waiting to collect their keys to their new homes from the developer. The Group will be consolidating its showrooms by reducing one point of sale which has not been performing well and moving this point of sale operation to another temporary pop-up store at more favourable rental terms.

Interior Design

We are mindful that there will be a slowdown in the property market and there will be less launches of property over the next few quarters. As such, our interior design segment will focus not only on design for new showflats for developers but also on residential projects for high net worth individuals.

In the light of the severe economic recession in the U.S. and Singapore, we will adopt a cautious and prudent approach in implementing our expansion and growth plans.

FINANCIAL REVIEW

Overall financial review

The Group's revenue increased by approximately S\$2.4 million or 4.4% from approximately S\$55.2 million for the period ended 30 June 2019 to approximately S\$57.7 million for the period ended 30 June 2020. This increase is mainly attributable to the increase in revenue from U.S. furniture sales segment. On the other hand, the Group's interior design and furniture sales segments recorded lower sales, in line with the slow-down in the Singapore economy and the implementation of COVID-19 lock-down measures.

The Group's gross profit margin decreased from approximately 31.3% for the period ended 30 June 2019 to approximately 27.0% for the period ended 30 June 2020 mainly due to increase in proportion of the revenue from U.S. furniture sales segment which has a lower gross profit margin.

The Group's profit increased by approximately 7.4% from approximately S\$3.4 million for the period ended 30 June 2019 to approximately S\$3.6 million for the period ended 30 June 2020, mainly attributable to the absence of the non-recurring Listing expenses of approximately S\$1.0 million and an increase in foreign exchange gain of approximately S\$0.8 million and the Singapore government's Jobs Support Scheme credits of approximately S\$0.5 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overall financial position

As at 30 June 2020, total borrowings of the Group amounted to approximately S\$1.4 million (31 December 2019: approximately S\$109,000) which were obligations under finance leases and bank borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group had total cash and cash equivalents of approximately S\$48.6 million as at 30 June 2020 (31 December 2019: approximately S\$36.1 million), most of which were denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 30 June 2020, the cash and bank balances other than time deposits of the Group amounted to approximately S\$35.0 million (31 December 2019: approximately S\$29.5 million).

The Group recorded total current assets of approximately S\$84.1 million as at 30 June 2020 (31 December 2019: approximately S\$78.9 million) and total current liabilities of approximately S\$30.8 million as at 30 June 2020 (31 December 2019: approximately S\$27.8 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.7 as at 30 June 2020 (31 December 2019: approximately 2.8).

The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances as well as bank borrowings.

In view of the Group's financial position as at 30 June 2020, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Gearing ratio

As at 30 June 2020, the Group's gearing ratio which was calculated by dividing the total borrowings by total equity and multiplied by 100% was approximately 2.5% (31 December 2019: 0.2%). The gearing ratio increased mainly due to the proceeds from bank borrowings.

Contingent liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities or guarantees (31 December 2019: Nil).

Capital commitment

As at 30 June 2020, the Group did not have any material capital commitment (31 December 2019: Nil).

Capital structure

As at 30 June 2020 and 31 December 2019, the capital structure of the Company comprised mainly issued share capital and reserves.

Foreign currency risk

The Group's reporting currency is Singapore dollars. As at 30 June 2020, the Group's cash and cash equivalents were mostly denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. The Group's sales are mainly in U.S. dollars and Singapore dollars. However, most of the purchases are settled in U.S. dollars. The Group is therefore susceptible to currency exchange rate fluctuation of U.S. dollars and Hong Kong dollars against Singapore dollars.

The Group has not entered into any agreements to hedge the exchange rate exposure relating to any foreign currencies and there is no assurance that the Group will be able to enter into such agreements on commercially viable terms in the future.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, we had 141 (30 June 2019: 144) full-time employees, of whom 100 are based in Singapore, 24 are based in the U.S., 12 are based in Malaysia and 5 are based in Brunei. For the period ended 30 June 2020, staff costs (including directors' emoluments) amounted to approximately S\$5.3 million (30 June 2019: approximately S\$4.9 million).

The Group remunerates its employees with competitive salaries, allowances and performance-based bonus based on their individual performance, contribution to the Group performance and relevant work experience. Apart from those, the Group participates in the national pension scheme in Singapore under which the Group makes contributions to the Central Provident Fund scheme. At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

The Group also provides internal training programme to our employees from time to time. The training programme includes industry trend in furnishing and interior design, product knowledge, sale technique, retail management, customer service and product display so as to increase our employees' sense of belonging to the Group and enhance effectiveness in operation.

CHARGES ON GROUP'S ASSETS

As at 30 June 2020, the Group had aggregate unutilised banking facilities of approximately S\$5.1 million (31 December 2019: S\$6.6 million), of which approximately S\$2.5 million were secured by debenture creating a fixed and floating charge over all present and future property and assets of a fellow subsidiary Buylateral Group Pte. Ltd..

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2020, the Group did not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS

The Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during the period ended 30 June 2020.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2020.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 April 2019 (the "**Listing**"). The Company had allotted and issued 500,000,000 ordinary shares at a price of HK\$0.30 per share and raised HK\$150.0 million (equivalent to approximately S\$25.9 million) in total gross proceeds. The net proceeds from the Listing amounted to HK\$105.2 million (equivalent to approximately S\$18.2 million) after deduction of related Listing expenses (the "**Net Proceeds**").



MANAGEMENT DISCUSSION AND ANALYSIS

With reference to the prospectus of the Company dated 11 April 2019 (the “**Prospectus**”) and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HK\$0.345 per share, being the mid-point of the then indicative offer price range of HK\$0.30 to HK\$0.39 per share, net of the estimated Listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

The following table sets out the breakdown of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and remaining amount of the Net Proceeds from the Listing as at 30 June 2020:

	Percentage	Original allocation of Net Proceeds as disclosed in the Prospectus <i>Approximate HK\$'000</i>	Revised allocation based on the actual Net Proceeds <i>Approximate HK\$'000</i>	Total Amount utilised from Listing to 30 June 2020 <i>Approximate HK\$'000</i>	Unutilised balance as at 30 June 2020 <i>Approximate HK\$'000</i>	Expected timeline for utilising remaining Net Proceeds as disclosed in Prospectus	Revised expected timeline for utilising remaining Net Proceeds <i>(Note 1)</i>
U. S. furniture sales segment:							
procurement of inventory	62.1%	79,700	65,351	29,698	35,653	On or before 31 December 2021	On or before 31 December 2021
increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition	8.4%	10,800	8,840	2,824	6,016	On or before 31 December 2021	On or before 31 December 2021
storage of new products to be procured	3.5%	4,400	3,683	674	3,009	On or before 31 December 2021	On or before 31 December 2021
Furniture sales segment:							
paying the rental expenses, overhead expenses and capital expenditure for opening two new points of sale in Singapore under the brands “OM” and “Lifestorey”	10.3%	13,200	10,839	–	10,839	On or before 31 December 2021	On or before 31 December 2022 <i>(Note 2)</i>
procurement of inventory for our new points of sale	2.9%	3,800	3,052	–	3,052	On or before 31 December 2020	On or before 31 December 2021 <i>(Note 2)</i>
enhancing our brand awareness including brand building campaign	2.5%	3,100	2,631	–	2,631	On or before 31 December 2021	On or before 31 December 2023 <i>(Note 2)</i>
expansion of our warehouse in Singapore	2.0%	2,600	2,105	–	2,105	On or before 31 December 2021	On or before 31 December 2022 <i>(Note 2)</i>
General working capital of our Group	8.3%	10,700	8,734	494	8,240	N/A	On or before 31 December 2023 <i>(Note 3)</i>
	100.0%	128,300	105,235	33,690	71,545		



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Reference is made to the announcement of the Company dated 11 September 2020.
2. As disclosed in the Prospectus, points of sale under the brands "OM" and "Lifestorey" are expected to be opened in the central area of Singapore in the fourth quarter of 2019, and the west of Singapore in the fourth quarter of 2020, respectively and each new point of sale is expected to be approximately 10,000 sq.ft.. However due to challenging operating environment in Singapore in view of the economic slowdown in the second half of 2019 and impact of the COVID-19 in 2020 resulting in a global recession in the second quarter of 2020, the Group is closely monitoring the market and economic situation, assessing the long term impact of COVID-19 on our physical showrooms and currently reviewing the opening of the two additional showrooms. As the market is volatile and uncertain and it may take some time before the economy stabilises, the Group has decided to temporarily delay the application of the unutilised Net Proceeds for the furniture sales segment in Singapore, and will make responsible decisions to ensure that the furniture sales segment can contribute to the Group's performance. If there is any decision to open new showrooms, the Group expects that it is likely that the Net Proceeds in relation to the furniture sales segment will only be utilised by the end of 2023 on the assumption that two new points of sale would be opened in 2021 and 2022 respectively.

As part of its strategic review, the Group is also exploring other options in terms of using its Net Proceeds to pursue other growth opportunities in the furniture retail segment including investing in enhancing its IT infrastructure and e-commerce capability and optimising the use of its current showrooms by enhancing the showroom design and layouts and its product lines and bringing in new brands. The Company shall make announcement if there is a concrete plan on change of the intention of use of proceeds for this part accordingly.

3. In view of the global recession that has rocked the global economies as a result of COVID-19, the Group is prudent in conserving cash flow and will be using its general working capital cautiously towards building its human resources, back-end, office and IT infrastructure to support the growth of its post COVID-19 business in line with what has been disclosed in the Prospectus.

Barring any unforeseen circumstances, the Group intends to utilise the general working capital of our Group on or before 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended 30 June 2020, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There was no material subsequent event after the end of the reporting period and up to the date of this report.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 (unaudited) S\$'000	2019 (unaudited) S\$'000
REVENUE	6	57,652	55,224
Cost of sales		(42,093)	(37,950)
Gross profit		15,559	17,274
Other income and gain, net		1,111	394
Selling and distribution expenses		(6,557)	(6,832)
Administrative expenses		(5,147)	(6,542)
Finance costs		(359)	(131)
PROFIT BEFORE TAX	7	4,607	4,163
Income tax	8	(983)	(789)
PROFIT FOR THE PERIOD		3,624	3,374



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 (unaudited) S\$'000	2019 (unaudited) S\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		894	(210)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX		894	(210)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,518	3,164
Profit for the period attributable to:			
Shareholders of the Company		3,261	2,584
Non-controlling interests		363	790
		3,624	3,374
Total comprehensive income for the period attributable to:			
Shareholders of the Company		4,114	2,383
Non-controlling interests		404	781
		4,518	3,164
Earnings per share attributable to Shareholders of the Company			
Basic and diluted (<i>cents</i>)	10	0.16	0.15



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	30 June 2020 (unaudited) S\$'000	31 December 2019 (audited) S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,104	1,090
Right-of-use assets	12	12,321	4,226
Deposits		602	356
Total non-current assets		14,027	5,672
CURRENT ASSETS			
Inventories	13	18,837	26,433
Contract assets		188	470
Trade receivables	14	13,476	14,054
Prepayments, deposits and other receivables		3,059	1,840
Cash and cash equivalents	15	48,575	36,083
Total current assets		84,135	78,880
CURRENT LIABILITIES			
Contract liabilities		7,510	6,683
Trade payables	16	4,220	5,459
Other payables and accruals	17	10,064	11,384
Dividend payables		3,170	–
Borrowings		1,362	31
Lease liabilities		2,261	2,552
Provision for reinstatement costs		195	160
Income tax payables		2,032	1,545
Total current liabilities		30,814	27,814
NET CURRENT ASSETS		53,321	51,066
TOTAL ASSETS LESS CURRENT LIABILITIES		67,348	56,738
NON-CURRENT LIABILITIES			
Borrowings		66	78
Provision for reinstatement costs		70	100
Lease liabilities		11,045	1,741
Deferred tax liabilities		25	25
Total non-current liabilities		11,206	1,944
NET ASSETS		56,142	54,794



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (unaudited) S\$'000	31 December 2019 (audited) S\$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	18	3,453	3,453
Reserves		50,435	49,491
		53,888	52,944
Non-controlling interests		2,254	1,850
TOTAL EQUITY		56,142	54,794



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

Six months ended 30 June 2020

	Attributable to shareholders of the Company					Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Exchange fluctuation reserve	Retained profits			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	3,453	20,352	2,264	346	26,529	52,944	1,850	54,794
Profit for the period	-	-	-	-	3,261	3,261	363	3,624
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	853	-	853	41	894
Total comprehensive income for the period	-	-	-	853	3,261	4,114	404	4,518
Dividends declared to shareholders	-	-	-	-	(3,170)	(3,170)	-	(3,170)
At 30 June 2020 (unaudited)	3,453	20,352*	2,264*	1,199*	26,620*	53,888	2,254	56,142

* The reserves accounts comprise the consolidated reserves of S\$50,435,000 in the interim condensed consolidated statement of financial position as at 30 June 2020.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

Six months ended 30 June 2019

	Attributable to shareholders of the Company					Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Exchange fluctuation reserve	Retained profits			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	– [#]	1,679	2,264	570	20,452	24,965	2,819	27,784
Profit for the period	–	–	–	–	2,584	2,584	790	3,374
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	(201)	–	(201)	(9)	(210)
Total comprehensive (loss)/income for the period	–	–	–	(201)	2,584	2,383	781	3,164
Issue of new shares for acquisition of subsidiaries pursuant to the Reorganisation	3,453	22,445	–	–	–	25,898	–	25,898
Expenses incurred in connection with the listing	–	(3,772)	–	–	–	(3,772)	–	(3,772)
Dividends declared by subsidiaries to shareholders	–	–	–	–	–	–	(1,192)	(1,192)
At 30 June 2019 (unaudited)	3,453	20,352	2,264	369	23,036	49,474	2,408	51,882

[#] Less than S\$500.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 (unaudited) S\$'000	2019 (unaudited) S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,607	4,163
Adjustments for:			
Interest income		(328)	(220)
Finance costs		359	131
Depreciation	7	296	335
Amortisation for right-of-use assets	7	2,324	1,639
Loss on disposal of items of property, plant and equipment, net	7	8	–
Reversal of provision for write-down of inventories to net realisable value, net	7	(77)	(33)
Provision for expected credit losses of trade receivable, net	7	584	68
Waiver of lease liabilities		(166)	–
		7,607	6,083
Decrease in inventories		8,517	1,495
Decrease/(increase) in contract assets		281	(47)
Decrease in trade receivables		408	4,685
(Increase)/decrease in prepayments, deposits and other receivables		(1,109)	845
Increase in contract liabilities		826	387
Decrease in trade payables		(1,353)	(2,099)
Decrease in other payable and accruals		(531)	(1,862)
		14,646	9,487
Income taxes paid		(516)	(2,857)
		14,130	6,630
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		303	307
Purchase of items of property, plant and equipment	19(a)	(308)	(100)
Proceeds from disposal of items of property, plant and equipment		1	–
Decrease in time deposits with maturity of more than three months when acquired		3,428	6,832
Increase in time deposits with maturity of more than three months when acquired		(10,335)	(2,770)
		(6,911)	4,269
Net cash flows (used in)/from investing activities		(6,911)	4,269



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (unaudited) S\$'000	2019 (unaudited) S\$'000
	<i>Notes</i>	
CASH FLOWS FROM FINANCING ACTIVITIES		
New trust receipt loans	959	–
Repayment of trust receipt loans	(193)	–
Proceeds from bank loans	571	–
Repayment of bank borrowings	(20)	(33)
Proceeds from issuance of shares	–	25,898
Share issue expense	–	(3,772)
Payment of principal portion of lease liabilities	(1,274)	(1,589)
Payment for interest element of lease liabilities	(356)	(127)
Dividends paid to the then shareholders of subsidiaries	(1,435)	(4,391)
Capital distribution by a subsidiary to its then shareholders	–	(4,200)
Repayment of advances to the then shareholder of subsidiaries	–	(1,406)
Net cash flows (used in)/from financing activities	(1,748)	10,380
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	29,462	7,809
Effect of foreign exchange rate changes, net	114	(13)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	35,047	29,075
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	35,047	29,075
Time deposits	13,528	3,600
Cash and cash equivalents as stated in the consolidated statements of financial position	48,575	32,675
Less: Time deposits with maturity of more than three months when acquired	(13,528)	(3,600)
Cash and cash equivalents as stated in the consolidated statements of cash flows	35,047	29,075



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 29 March 2018. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group were principally engaged in (i) interior design, (ii) furniture sales which include both furniture sales and project sales, and (iii) U.S. furniture sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The unaudited condensed consolidated interim financial information is presented in Singapore Dollars ("SGD" or "S\$") and all values are rounded to the nearest thousand ("S\$'000"), unless otherwise stated.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, foreign currency risk, liquidity risk and capital risk.

The unaudited condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statement for the year ended 31 December 2019.

There have been no changes in the financial risk management policies of the Group since the financial year ended 31 December 2019.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources, and assess performance. For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the "interior design" business, which provides interior design and fitting-out services for homes, offices and commercial projects, supplies and installs custom-made furniture;
- (b) the "furniture sales" business, which includes both furniture sales and project sales, operates furniture retail shops in Singapore and supplies furniture to individuals and corporate customers;
- (c) the "U.S. furniture sales" business, which represents online sales of furniture in the U.S. market; and
- (d) the "corporate" operations, which comprise the corporate services and investment holding activities of the Group.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated statements of profit or loss and other comprehensive income.

Segment performance is evaluated based on reportable segment profit, which is measured consistently with the Group's profit before tax.

Segment assets and liabilities are measured in a manner consistent with those of the interim condensed consolidated financial statements.

Intersegment sales and transfers are transacted at prices mutually agreed by the relevant parties.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	4,871	7,126	45,807	–	57,804
Less: Inter-segment sales	(24)	(128)	–	–	(152)
Sales to external customers	4,847	6,998	45,807	–	57,652
Segment results	1,032	(149)	4,275	(551)	4,607
Segment assets	7,134	15,028	48,724	27,276	98,162
Segment liabilities	4,865	9,953	21,487	5,715	42,020
Other segment information:					
Interest income	(52)	(31)	(67)	(178)	(328)
Finance costs**	1	62	288	8	359
Depreciation	10	215	71	–	296
Reversal of provision for write-down of inventories to net realisable value, net	–	(77)	–	–	(77)
Provision for expected credit losses of trade receivables, net	287	140	157	–	584
Capital expenditure*	19	98	37	154	308
Six months ended 30 June 2019	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	6,875	9,043	40,001	–	55,919
Less: Inter-segment sales	(97)	(113)	(485)	–	(695)
Sales to external customers	6,778	8,930	39,516	–	55,224
Segment results	2,036	(392)	4,096	(1,577)	4,163
Other segment information:					
Interest income	(35)	(14)	(83)	(88)	(220)
Finance costs**	4	88	33	6	131
Depreciation	12	239	84	–	335
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	19	(52)	–	–	(33)
Provision for expected credit losses of trade receivables, net	1	32	35	–	68
Capital expenditure*	3	124	23	–	150

* Capital expenditure consists of additions of property, plant and equipment.

** Finance costs include the interest for the lease liability.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2019:

	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment assets	9,350	16,742	39,276	19,184	84,552
Segment liabilities	5,708	10,688	11,430	1,932	29,758

Geographical information

The Group's operating segments operate in three main geographical areas:

- (i) Singapore — The operations in this area are principally interior design and furniture sales which include both furniture sales and project sales.
- (ii) U.S. — The operations in this area are principally U.S. furniture sales.
- (iii) Malaysia and Brunei — The operations in these areas are principally interior design.

Non-current assets

	30 June 2020 S\$'000	31 December 2019 S\$'000
Singapore	3,453	4,166
U.S.	9,968	1,147
Malaysia and Brunei	4	3
	13,425	5,316

The non-current assets information above is based on the location of the assets and excludes financial assets.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

6. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, net of goods and services tax; and the value of services rendered, net of goods and services tax.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	Six months ended 30 June 2020			Total S\$'000
	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	
Type of goods or service				
Sale of goods	–	6,998	45,807	52,805
Service income — interior design	4,847	–	–	4,847
Total revenue from contracts with customers	4,847	6,998	45,807	57,652
Geographical markets				
Singapore	4,458	6,998	–	11,456
U.S.	–	–	45,807	45,807
Malaysia and Brunei	389	–	–	389
Total revenue from contracts with customers	4,847	6,998	45,807	57,652
Timing of revenue recognition				
Goods transferred at a point in time	–	5,666	45,807	51,473
Goods and services transferred over time	4,847	1,332	–	6,179
Total revenue from contracts with customers	4,847	6,998	45,807	57,652



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

6. REVENUE (Continued)

Disaggregated revenue information (Continued)

Segments	Six months ended 30 June 2019			Total S\$'000
	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	
Type of goods or service				
Sale of goods	–	8,930	39,516	48,446
Service income — interior design	6,778	–	–	6,778
Total revenue from contracts with customers	6,778	8,930	39,516	55,224
Geographical markets				
Singapore	6,413	8,930	–	15,343
U.S.	–	–	39,516	39,516
Malaysia and Brunei	365	–	–	365
Total revenue from contracts with customers	6,778	8,930	39,516	55,224
Timing of revenue recognition				
Goods transferred at a point in time	–	6,507	39,516	46,023
Goods and services transferred over time	6,778	2,423	–	9,201
Total revenue from contracts with customers	6,778	8,930	39,516	55,224



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020 S\$'000	2019 S\$'000
Cost of goods sold	39,611	34,482
Cost of services provided	2,482	3,468
Depreciation	296	335
Amortisation for right-of-use assets	2,324	1,639
Expense relating to short-term leases	31	69
Variable lease payments	907	1,472
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	4,791	4,401
Pension scheme contributions	480	464
	5,271	4,865
Loss on disposal of items of property, plant and equipment, net	8	–
Reversal of provision for write-down of inventories to net realisable value, net	(77)	(33)
Provision for expected credit losses of trade receivables, net	584	68
Foreign exchange differences, net	(806)	23
Listing expenses	–	984

8. INCOME TAX

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 June	
	2020 S\$'000	2019 S\$'000
Current — Singapore:		
Charge for the period	512	676
Under/(Over) — provision in respect of prior years	19	(24)
Current — U.S.:		
Charge for the period	452	137
	983	789



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

9. DIVIDEND

The board of directors of the Company resolved not to declare any interim dividend for the period ended 30 June 2020 (30 June 2019: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to Shareholders of the Company of S\$3,261,000 (30 June 2019: S\$2,584,000), and the weighted average number of ordinary shares in issue of 2,000,000,000 (30 June 2019: 1,685,083,000) during the period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2020 and 2019 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these period.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the six months ended 30 June 2020, the Group acquired assets with a cost of S\$308,000 (30 June 2019: S\$150,000).

Assets with a net book value of S\$9,000 were disposed by the Group during the six months ended 30 June 2020, resulting in a net loss on disposal of S\$8,000.

12. RIGHT-OF-USE ASSETS

Additions

During the six months ended 30 June 2020, the Group entered into new leases and recognised right-of-use assets and lease liabilities of S\$10.4 million and S\$10.8 million respectively. The weighted average incremental borrowing rate used was 5.25%.

13. INVENTORIES

	30 June 2020 S\$'000	31 December 2019 S\$'000
Group		
Merchandised goods	12,908	21,121
Goods in transit	5,929	5,312
	18,837	26,433



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

14. TRADE RECEIVABLES

Group	30 June 2020 S\$'000	31 December 2019 S\$'000
Trade receivables	14,731	14,717
Provision for expected credit losses (Note (c))	(1,255)	(663)
	13,476	14,054

Notes:

- (a) For the U.S. furniture sales segment, the credit terms granted to customers generally range from 30 to 60 days.

For the project sales under the furniture sales segment and the interior design segment, invoices are payable on presentation. Upfront deposits will be collected prior to the delivery of furniture or the commencement of work for both furniture sales and interior design segments.

For furniture sales under the furniture sales segment, the sales term is cash on delivery.

The Group seeks to maintain strict control over all its outstanding receivables and has a credit control in place to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances, and these balances are non-interest-bearing.

- (b) An ageing analysis of the trade receivables as at the end of each of the period/year, based on the invoice date and net of provision for expected credit losses, is as follows:

Group	30 June 2020 S\$'000	31 December 2019 S\$'000
Within 1 month	8,457	9,293
1 to 2 months	3,680	4,529
2 to 3 months	700	162
Over 3 months	639	70
	13,476	14,054

As part of the Group's credit risk management, the Group uses debtors' ageing by due date to assess the expected credit losses of its trade receivables because these trade receivables are due from a large number of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contractual terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

14. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(c) The movements in the Group's provision for expected credit losses of trade receivables during the period/year are as follows:

Group	30 June 2020 S\$'000	31 December 2019 S\$'000
At beginning of year	663	552
Provision for expected credit losses	584	115
Exchange realignment	8	(4)
At end of period/year	1,255	663

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2019 and 30 June 2020 are 89.9% and 65.3% respectively for those balances that have been past due for more than 3 months.

15. CASH AND CASH EQUIVALENTS

Group	Notes	30 June 2020 S\$'000	31 December 2019 S\$'000
Cash and bank balances other than time deposits		35,047	29,462
Time deposits		13,528	6,621
Cash and cash equivalents	(a)	48,575	36,083

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between 3 months and 12 months, depending on the immediate cash requirements of the Group, and earn interests at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

16. TRADE PAYABLES

The Group's trade payables are unsecured, non-interest bearing, and are normally settled on average terms of 30 to 60 days.

An ageing analysis of the trade payables as at the end of each of the reporting period/year, based on the invoice date, is as follows:

	30 June 2020 S\$'000	31 December 2019 S\$'000
Group		
Within 1 month	3,388	4,831
1 to 2 months	496	257
2 to 3 months	75	99
Over 3 months	261	272
	4,220	5,459

17. OTHER PAYABLES AND ACCRUALS

	30 June 2020 S\$'000	31 December 2019 S\$'000
Group		
Accruals	5,384	6,438
Estimate for sales returns	3,391	2,815
Other payables	596	463
Deferred grant income	460	–
Due to related parties	233	1,668
	10,064	11,384

18. SHARE CAPITAL

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Authorised: 10,000,000,000 (31 December 2019: 10,000,000,000) ordinary shares of HK\$0.01 each	100,000	100,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

18. SHARE CAPITAL (Continued)

	30 June 2020 S\$'000	31 December 2019 S\$'000
Issued and fully paid:		
2,000,000,000 (31 December 2019: 2,000,000,000) ordinary shares of HK\$0.01 each	3,453	3,453

A summary of movements in the Company's issued capital and share premium account from 1 January 2019 to 30 June 2020 is as follows:

	Number of shares in issue	Issued capital S\$'000	Share premium account S\$'000	Total S\$'000
As at 1 January 2019	3,800	–#	1,679	1,679
Issue of new shares pursuant to the Capitalisation Issue (Note (b))	1,499,996,200	2,590	(2,590)	–
Issue of new shares in connection with the Listing (Note (c))	500,000,000	863	25,035	25,898
Expenses incurred in connection with the Listing (Note (c))	–	–	(3,772)	(3,772)
As at 31 December 2019 and 30 June 2020	2,000,000,000	3,453	20,352	23,805

Less than HK\$500 or S\$500.

Notes:

- (a) On 28 March 2019, the Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.
- (b) Pursuant to the written resolutions passed by the shareholders of the Company on 28 March 2019, the Directors were authorised to capitalise an aggregate amount of HK\$14,999,962 standing to the credit of the share premium of the Company as a result of the Share Offer and to appropriate such amount as capital to pay up in full at par 1,499,996,200 shares of HK\$0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company immediately prior to the Listing, each ranking *pari passu* in all respects with the then existing issued shares (the "Capitalisation Issue"). The Capitalisation Issue had been completed on 25 April 2019.
- (c) On 24 April 2019, 500,000,000 ordinary shares of par value HK\$0.01 each were issued at a price of HK\$0.30 per share in connection with the Listing for a total proceeds of approximately S\$22,126,000, net of listing expenses of S\$3,772,000, of which HK\$5,000,000 (equivalent to approximately S\$863,000) representing the par value were credited to the Company's share capital and the remaining proceeds of HK\$123,042,000 (equivalent to approximately S\$21,263,000) were credited to the share premium account. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 25 April 2019.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

- (a) The additions in property, plant and equipment during the reporting periods were made by means of:

	Six months ended 30 June	
	2020 S\$'000	2019 S\$'000
Additions of items of property, plant and equipment	308	150
Less: Provision for reinstatement costs	–	(50)
Cash invested in property, plant and equipment	308	100

- (b) Reconciliation of assets and liabilities arising from financing activities during the periods are as follows:

	As at	Changes		As at	
	1 January 2020 S\$'000	from financing cash flows S\$'000	Additions S\$'000	Others S\$'000	30 June 2020 S\$'000
Borrowings					
– Trust receipts loans	–	(193)	959	–	766
– Obligations under finance leases	109	(18)	–	–	91
– Bank loans	–	–	571	–	571
Lease liabilities	4,293	(1,274)	10,725	(438)	13,306

	As at	Changes		As at	
	1 January 2019 S\$'000	from financing cash flows S\$'000	Additions S\$'000	Others S\$'000	30 June 2019 S\$'000
Borrowings					
– Obligations under finance leases	186	(29)	–	–	157
Lease liabilities	5,071	(1,589)	65	6	3,553



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

20. RELATED PARTY DISCLOSURES

The Group had the following material transactions with related parties during the periods:

Group	Six months ended 30 June	
	2020 S\$'000	2019 S\$'000
Nobel Design Holdings Pte Ltd		
Management fee paid (<i>note (i)</i>)	–	321
Joint ventures of Nobel Design Holdings Pte Ltd		
Sales of goods (<i>note (ii)</i>)	–	2

Notes:

- (i) The management fee paid relates to the provision of services which included (i) accounting services, financial reports and general administration by finance department, (ii) preparation of payroll and handling of payroll matters by human resource department, (iii) IT service by IT department, (iv) provision of advertising, marketing and branding development services by marketing communications department, and (v) director's involvement in the strategic business and market development of the subsidiaries. These transactions were conducted at terms and conditions mutually agreed between the relevant parties.
- (ii) The sales to certain joint ventures of Nobel Design Holdings Pte Ltd were conducted at prices mutually agreed by the relevant parties.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or are otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Nature of interests	Number of Shares held	Position	Approximate percentage of the total issued Shares (Note 4)
Mr. Goon Eu Jin Terence	Interest in a controlled corporation (Note 1)	900,000,000	Long	45%
Ms. Wee Ai Quey	Interest in a controlled corporation (Note 1)	900,000,000	Long	45%
Mr. Kho Chuan Thye Patrick	Beneficial owner and interest in a controlled corporation (Notes 2 and 3)	600,000,000	Long	30%

Notes:

1. Nobel Design International Limited beneficially owned 900,000,000 Shares. It is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the shares held by Nobel Design International Limited.
2. Mr. Kho Chuan Thye Patrick, a non-executive Director, directly holds 300,000,000 Shares, representing 15% of the total issued Shares.
3. Southern Cross Holdings Pte Ltd beneficially owned 300,000,000 Shares. It is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick is deemed to be interested in the Shares held by Southern Cross Holdings Pte Ltd.
4. As at 30 June 2020, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had or were deemed to have any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the following persons (other than the Directors or chief executive of the Company as disclosed under the heading "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above), had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company, under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interests	Position	Number of Shares held	Approximate percentage of the total issued Shares (Note 7)
Nobel Design International Limited (Note 1)	Beneficial owner	Long	900,000,000	45%
Ms. Beh Pur-Lin Elaine (Notes 1 and 2)	Interest of spouse	Long	900,000,000	45%
Mr. Tan Thiam Siew (Notes 1 and 3)	Interest of spouse	Long	900,000,000	45%
Southern Cross Holdings Pte Ltd (Note 4)	Beneficial owner	Long	300,000,000	15%
Ms. Yuen Woon Siew Marilyn (Notes 4 and 5)	Interest of spouse	Long	300,000,000	15%
Ms. Sng Su Ying Marian (Notes 4 and 6)	Interest of spouse	Long	600,000,000	30%
Lian Huat Group Pte. Ltd. (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%
Lian Keng Enterprises Pte. Ltd. (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%
Mr. Kho Choon Keng (Note 4)	Interest in a controlled corporation	Long	300,000,000	15%

Notes:

- Nobel Design International Limited is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the Shares held by Nobel Design International Limited.
- Ms. Beh Pur-Lin Elaine is the spouse of Mr. Goon Eu Jin Terence and is therefore deemed to be interested in the Shares in which Mr. Goon Eu Jin Terence is deemed to have interest under the SFO.
- Mr. Tan Thiam Siew is the spouse of Ms. Wee Ai Quey and is therefore deemed to be interested in the Shares in which Ms. Wee Ai Quey is deemed to have interest under the SFO.
- Southern Cross Holdings Pte Ltd is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in the shares held by Southern Cross Holdings Pte Ltd.
- Ms. Yuen Woon Siew Marilyn is the spouse of Mr. Kho Choon Keng and is therefore deemed to be interested in the Shares in which Mr. Kho Choon Keng is deemed to have interest under the SFO.
- Ms. Sng Su Ying Marian is the spouse of Mr. Kho Chuan Thye Patrick and is therefore deemed to be interested in the Shares in which Mr. Kho Chuan Thye Patrick is deemed to have interest under the SFO.
- As at 30 June 2020, the total number of issued shares of the Company was 2,000,000,000.



OTHER INFORMATION

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time since incorporation of the Company were rights to acquire securities by means of acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 28 March 2019, the Company adopted a share option scheme (the "**Share Option Scheme**") whereby the Board can grant options for the subscription of the Shares to the directors and employees of the Group and those other persons that the Board considers that they will contribute or have contributed to the Group as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group.

No options have been granted under the Share Option Scheme since its adoption and up to the date of this report.

COMPETING INTERESTS

Up to the date of this report, none of the Directors, the Controlling Shareholders or their respective associates (as defined in the Listing Rules) had any interests (other than their interests in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that the Company had complied with the applicable code provisions set out in the CG Code during the six months ended 30 June 2020, save for code provision A.2.1 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered the nature and extent of the Group's operations, Mr. Goon Eu Jin Terence's extensive experience in the industry and familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to have Mr. Goon Eu Jin Terence taking up both roles and this will not impair the balance of power and authority of the Board, which currently comprises a majority of non-executive Directors and independent non-executive Directors who will bring independent judgement. Besides, all major decisions are made in consultation with members of the Board and relevant Board committees to safeguard sufficient balance of powers and authorities.

The Company will continue to review regularly its corporate governance policies and compliance with the CG Code to ensure operations are in line with the good corporate governance practices as set out in the CG Code and aligned with the latest developments.



OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

As at 30 June 2020, the Company, having made specific enquiry of all the Directors, is not aware of any incident of non-compliance of the Model Code by the Directors.

REVIEW OF INTERIM RESULTS

The Audit Committee consists of five members, namely Mr. Kho Chuan Thye Patrick and Mr. Lim Sooi Kheng Patrick, non-executive Directors, and Mr. Lim Boon Cheng, Mr. Ng Chee Kwong, Colin and Mr. Wee Kang Keng, independent non-executive Directors. Mr. Lim Boon Cheng is the chairman of the Audit Committee.

The unaudited financial information in this report has not been audited or reviewed by the auditor of the Company but has been reviewed by the Audit Committee of the Company.

BY ORDER OF THE BOARD

Goon Eu Jin Terence

Chairman and Chief Executive Officer

21 August 2020