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Application Proof of

Design Capital Limited
設計都會有限公司

(the "**Company**")
(Incorporated in the Cayman Islands with limited liability)

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Design Capital Limited
設計都會有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation [and the [REDACTED]])**
[REDACTED]	**:**	**Not more than HK$[REDACTED] per [REDACTED] and expected to be not less than HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027% and stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[●]**

[Sole] Sponsor

西證國際 SOUTHWEST SECURITIES

[REDACTED]

[REDACTED]

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The [**REDACTED**] is currently expected to be fixed by an agreement between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) on the [**REDACTED**], which is scheduled on or about [**REDACTED**], [**REDACTED**], or such later date as may be agreed between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]). If the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and our Company are unable to reach an agreement on the [**REDACTED**] on [**REDACTED**], [**REDACTED**] (or such later time and/or date as agreed by our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**])), the [**REDACTED**] will not become unconditional and will lapse immediately.

The [**REDACTED**] have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The [**REDACTED**] are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information contained in this document, including the risk factors set out in "Risk Factors" in this document.

[**REDACTED**] of the [**REDACTED**] should note that the [**REDACTED**] is entitled to terminate their obligations under the [**REDACTED**] by notice in writing to our Company given by the [**REDACTED**] upon the occurrence of any of the events set out under "[**REDACTED**] Arrangements and Expenses — The [**REDACTED**] — Grounds for termination" in this document, at any time prior to 8: 00 a.m. (Hong Kong time) on the [**REDACTED**]. Should the [**REDACTED**] terminates its obligations under the [**REDACTED**] in accordance with the terms of the [**REDACTED**], the [**REDACTED**] will not proceed and will lapse.

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

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IMPORTANT NOTICE TO INVESTORS

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You should rely only on the information contained in this document and the [**REDACTED**] *to make your investment decision.*

Our Company, the Sole Sponsor, the [**REDACTED**]*, the* [**REDACTED**] *and the* [**REDACTED**] *have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made nor contained in this document must not be relied on by you as having been authorised by our Company, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the* [**REDACTED**].

The contents of our Company's website at ***www.designcapital.sg*** *do not form part of this document.*

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SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the Appendices hereto, which constitute an integral part of this document, before you decide to invest in the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

Headquartered in Singapore, our Group is a longstanding furniture seller on third party e-commerce platforms in the U.S., a mid-to-high end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. Founded in 1981, we commenced our operations as an interior design solutions provider, mainly offering interior design services for showflats and residential units. We became involved in the furniture online sales industry in the U.S. in 2005. Focusing on our commitment to offer inspirational home furnishing ideas and deliver innovative design solutions and quality furniture to homeowners, we expanded our business footprint into furniture retailing in 1995, and are currently operating seven points of sales in Singapore. With our experience and established network in furniture retailing and sourcing for over 20 years, our Group currently supplies various furniture brands targeting different market segments through e-commerce sales platforms in the U.S. and through our points of sales in Singapore.

COMPETITIVE STRENGTHS

We believe that we have a number of key strengths that differentiate our business from that of our competitors, including: (1) we have an extensive sales network with long established and stable relationships with international e-commerce sales platforms in the U.S.; (2) we have developed a solid brand recognition with a well-defined brand portfolio strategy and effective marketing campaigns for each of our business segments; (3) we are committed to delivering innovative design solutions and inspirational home furnishing ideas for homeowners at various market segments; (4) we have established long and stable relationships with our suppliers and subcontractors; and (5) we have an experienced management team and a strong design and quality control team.

BUSINESS STRATEGIES

We intend to continue solidifying our market position in the furniture sales markets in the U.S. and Singapore and enhancing our market penetration into different customer segments. To attain business growth and improve our financial performance, we intend to deploy the following strategies: (1) further expand our product mix and brand portfolio; (2) further expand our sales and marketing network; (3) strengthen our brand recognition; and (4) continue to retain and recruit talent to support future growth.

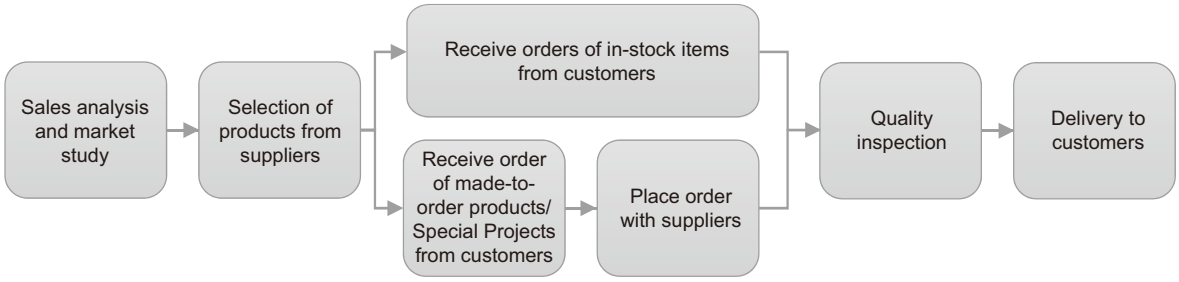
OUR BUSINESS MODEL

The chart below summarises our principal business model of each of our business segments:

Our U.S. furniture sales segment

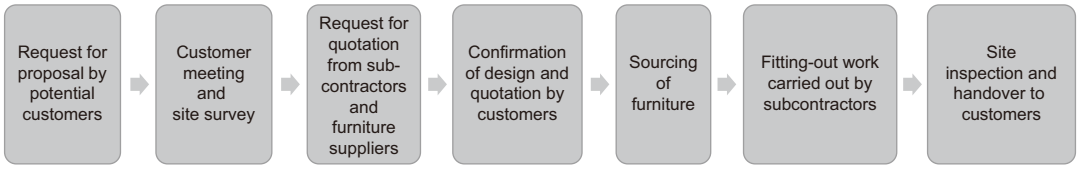
Under our U.S. furniture sales segment, we source products to be sold under our brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" mainly from furniture suppliers in the PRC and Malaysia and product information of such products are uploaded onto the websites of our customers, all of which are third party e-commerce platforms. End-consumers place orders from these websites and we arrange for the products to be delivered to them and the payment is settled by our customers.

Our furniture sales segment



Under our furniture sales segment, we operate our points of sales in Singapore branded under "Marquis", "Lifestorey" and "OM" which cater to different customer groups. We source furniture products from furniture sellers internationally and offer our customers in-stock items and made-to-order items. We also provide furniture sourcing services under our Special Projects.

Our interior design segment



Under our interior design segment, we provide project-based interior design, fitting-out and design consultancy services for showflats of residential property development projects and individual residential units in Singapore, Malaysia and Brunei. We create and modify design plans for our customers, place orders for furniture and home accessories items and outsource the fitting-out works to our approved subcontractors.

Our customers

Our customers primarily include e-commerce sales platforms in the U.S., retail customers who purchase our products at our points of sales for our furniture sales segment in Singapore, and property developers and homeowners who engage us for our interior design services. We do not enter into long term contracts with our customers. In the case of our e-commerce sales platform customers in the U.S., our key terms of sale are set out in the standard agreements prepared by these customers. In the case our interior design segment, the terms and conditions of our services are set out in our quotations. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, sales to our largest customer were approximately S$17.0 million, S$19.7 million, S$25.0 million and S$11.8 million, which accounted for approximately 20.6%, 21.8%, 24.8% and 27.3% of our total revenue, respectively. For the same periods, sales to our five largest customers were approximately S$45.8 million, S$53.8 million, S$65.1 million and S$29.6 million, which accounted for approximately 55.7%, 59.3%, 64.5% and 68.4% of our total revenue, respectively.

Our suppliers

During the Track Record Period, in relation to our furniture sales in the U.S. and furniture sales segment in Singapore, our major suppliers included companies which principally engage in manufacturing and wholesaling of furniture. In relation to our interior design segment, our major suppliers are subcontractors providing fitting-out services and material suppliers. Generally, we do not enter into long-term agreements with our suppliers. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, purchases from our largest supplier were approximately S$4.1 million, S$4.4 million, S$6.0 million and S$2.4 million, which accounted for approximately 9.6%, 8.8%, 11.0% and 11.6% of our total amount of purchase, respectively. For the same periods, purchases from our five largest suppliers were approximately S$14.0 million, S$15.6 million, S$17.2 million and S$7.0 million, which accounted for approximately 32.5%, 31.7%, 31.3% and 33.4% of our total purchase, respectively.

INDUSTRY LANDSCAPE

According to the CIC Report: (1) the U.S. furniture online sales industry, which is highly fragmented, had total sales of approximately US$18.9 billion, of which the Company accounted for approximately 0.3% in 2017; (ii) the mid-to-high end furniture sales to individual and corporate customers in Singapore, which is well-developed and fragmented, had total revenue of approximately S$1,215.8 million, of which the Company accounted for approximately 1.9%; and (iii) the interior design and fitting-out industry in Singapore, which is highly fragmented, has a market size of S$845.9 million, with the five largest leading players accounted for approximately 6.0% in 2017. Please refer to the section headed "Industry Overview" in this document for further information about the competitive landscape of the furniture online sales, furniture sales and interior design industry.

KEY OPERATIONAL DATA

The table below sets forth the breakdown of our revenue by business segments during the Track Record Period:

	For the year ended 31 December															For the five months ended 31 May									
	2015					2016					2017					2017					2018				
	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)
U.S. furniture sales	47,850	58.1	461,667	103.6	65.8-736.8	56,333	62.2	529,760	106.3	65.8–736.8	67,288	66.7	591,176	113.8	65.8–736.8	25,167	67.8	267,745	94.0	65.8–736.8	30,725	71.0	407,469	75.4	65.8–736.8
Furniture sales[1]	22,649	27.5	22,566	776.8	120–30,000	22,776	25.2	23,283	686.2	120–30,000	22,674	22.5	20,424	790.2	120–30,000	8,204	22.1	9,525	701.8	120–30,000	8,643	20.0	6,450	904.3	120–30,000
Interior design	11,829	14.4	N/A	N/A	5,000-551,000	11,426	12.6	N/A	N/A	5,000-991,000	10,967	10.8	N/A	N/A	8,000-500,000	3,757	10.1	N/A	N/A	5,000-223,750	3,900	9.0	N/A	N/A	5,000-510,000
Total	82,328	100.0	N/A	N/A	N/A	90,535	100.0	N/A	N/A	N/A	100,929	100.0	N/A	N/A	N/A	37,128	100.0	N/A	N/A	N/A	43,268	100.0	N/A	N/A	N/A

Notes:

(1) For calculation of the sales volume, average selling price and price range, we did not include Special Projects.

(2) Average selling price is derived by the revenue of the respective segment divided by the sales volume. In the case of furniture sales segment, the revenue excluding Special Projects, which amounts to approximately S$17.5 million, S$16.0 million, S$16.1 million and S$5.8 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, is taken for calculation of the average selling price.

During the Track Record Period, our revenue increased by approximately 10.0% from S$82.3 million for the year ended 31 December 2015 to S$90.5 million for the year ended 31 December 2016 and further increased by approximately 11.5% to S$100.9 million for the year ended 31 December 2017. Our revenue increased by approximately 16.5% from S$37.1 million for the five months ended 31 May 2017 to S$43.3 million for the five months ended 31 May 2018. The rapid growth of our U.S. furniture sales business has resulted in the steady increase of our total revenue during the Track Record Period. For details, please refer to the section headed "Financial Information" in this document.

The table below sets forth the breakdown of our revenue by geographical regions during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue
The U.S.	47,850	58.1	56,333	62.2	67,288	66.7	25,167	67.8	30,725	71.0
Singapore	31,910	38.8	32,832	36.3	32,303	32.0	11,918	32.1	12,105	28.0
Malaysia and Brunei	2,568	3.1	1,370	1.5	1,338	1.3	43	0.1	438	1.0
Total	82,328	100.0	90,535	100.0	100,929	100.0	37,128	100.0	43,268	100.0

KEY FINANCIAL DATA

The table below sets forth a summary of our Group's key financial results during the Track Record Period:

Summary of consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 December			For the five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	82,328	90,535	100,929	37,128	43,268
Cost of sales	(53,549)	(60,063)	(68,732)	(25,477)	(29,885)
Gross profit	28,779	30,472	32,197	11,651	13,383
Other income and gain, net [(1)]	509	514	637	241	179
Expenses					
— Selling and distribution	(14,217)	(13,371)	(13,203)	(5,739)	(5,424)
— Administrative	(8,938)	(10,114)	(9,378)	(3,041)	(5,660)
— Finance costs	(69)	(29)	(38)	(9)	(1)
Profit before tax	6,064	7,472	10,215	3,103	2,477
Income tax	(266)	(1,442)	(1,671)	(600)	(924)
Profit for the year	5,798	6,030	8,544	2,503	1,553
Profit for the year attributable to [(2)]:					
Shareholders of the Company	4,305	4,208	7,057	2,104	1,090
Non-controlling interests	1,493	1,822	1,487	399	463
	5,798	6,030	8,544	2,503	1,553

Notes:

(1) Other income and gain, net includes miscellaneous income, interest income, net gain on disposal of items of property, plant and equipment and commission income.

(2) Mr. Goon and Ms. Ong were appointed by Nobel Design Singapore and their emoluments were paid and fully absorbed by Nobel Design Singapore, and no allocation of their emoluments for their services to the Group has been made during the Track Record Period. If the service agreements of Mr. Goon and Ms. Ong had been in place during the Track Record Period, the hypothetical total amount of salary and performance bonus shall be approximately S$0.7 million, S$0.9 million, S$1.2 million and S$0.7 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

Our profit for the year increased by approximately 4.0% from S$5.8 million for the year ended 31 December 2015 to S$6.0 million for the year ended 31 December 2016 mainly attributable to the increase in our revenue partially offset by the increase in the income tax due

to the decrease in tax loss available for utilisation in 2016. Our profit for the year further increased by approximately 41.7% to S$8.5 million for the year ended 31 December 2017 mainly attributable to the increase in our revenue and the decrease in our expenses. Our profit for the year decreased by approximately 38.0% from S$2.5 million for the five months ended 31 May 2017 to approximately S$1.6 million for the five months ended 31 May 2018 mainly attributable to the incurrence of non-recurring [**REDACTED**] of approximately S$1.9 million. For details, please refer to the section headed "Financial Information" in this document.

The table below sets forth the breakdown of our cost of sales by nature during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales
Cost of inventories sold	42,860	80.0	48,361	80.5	55,417	80.6	20,574	80.8	23,970	80.2
Delivery expenses	3,937	7.4	4,589	7.6	5,651	8.2	2,285	9.0	3,085	10.3
Subcontracting cost	3,534	6.6	3,636	6.1	3,552	5.2	1,270	5.0	1,261	4.2
Materials and other costs for the interior design projects	2,123	4.0	2,072	3.5	2,037	3.0	708	2.8	731	2.4
Consumables	258	0.5	377	0.6	541	0.8	203	0.8	220	0.7
Others[(Note)]	837	1.5	1,028	1.7	1,534	2.2	437	1.6	618	2.2
Total	53,549	100.0	60,063	100.0	68,732	100.0	25,477	100.0	29,885	100.0

Note: Other cost of sales primarily includes write-off of stocks, packaging costs and cargo insurance.

The table below sets forth the breakdown of gross profit and gross profit margin by business segment during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
U.S. furniture sales	10,440	21.8	13,318	23.6	15,869	23.6	5,908	23.5	7,226	23.5
Furniture sales	12,167	53.7	11,436	50.2	10,950	48.3	3,965	48.3	4,249	49.2
Interior design	6,172	52.2	5,718	50.0	5,378	49.0	1,778	47.3	1,908	48.9
Overall	28,779	35.0	30,472	33.7	32,197	31.9	11,651	31.4	13,383	30.9

Our gross profit margin decreased from approximately 35.0% for the year ended 31 December 2015 to approximately 33.7% for the year ended 31 December 2016 mainly due to the increase in proportion of revenue from our U.S. furniture sales, which has a lower gross profit margin, as a percentage of our overall sales. Our gross profit margin further decreased to approximately 31.9% for the year ended 31 December 2017 mainly due to the decrease in gross profit margin of the furniture sales segment and the increase in the proportion of the revenue from U.S. furniture sales segment as part of our overall revenue. Our gross profit margin decreased from approximately 31.4% for the five months ended 31 May 2017 to approximately 30.9% for the five months ended 31 May 2018 mainly due to increase in proportion of the revenue from U.S. furniture sales segment as part of our overall revenue. For details, please refer to the section headed "Financial Information" in this document.

Summary of consolidated statements of financial position

The table below set forth our financial position during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Total non-current assets	1,776	1,386	907	1,724
Total current assets	41,399	48,546	53,210	53,386
Total non-current liabilities	336	363	285	302
Total current liabilities	20,180	21,832	29,478	28,804
Net current assets	21,219	26,714	23,732	24,582
Total equity	22,659	27,737	24,354	26,004

Summary of consolidated statements of cash flows

The table below sets forth our statements of cash flows during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000
Net cash flows from operating activities	2,143	7,187	7,626	2,784	3,664
Net cash flows from/(used in) investing activities	1,691	(3,558)	(2,588)	(4,634)	(561)
Net cash flows used in financing activities	(5,387)	(1,016)	(2,842)	(150)	(1,727)
Net increase/(decrease) in cash and cash equivalents	(1,553)	2,613	2,196	(2,000)	1,376
Cash and cash equivalents at beginning of year	7,096	5,618	8,550	8,550	10,049
Effect of foreign exchange rate changes, net	75	319	(697)	(351)	75
Cash and cash equivalents at the end of year	5,618	8,550	10,049	6,199	11,500

Summary of key financial ratios

The table below sets forth our key financial ratios as at each of the dates indicated:

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
Net profit margin (%)	7.0	6.7	8.5	3.6
Return on equity (%)	23.4	18.6	31.2	N/A[1]
Return on total assets (%)	13.4	12.1	15.8	N/A[1]
Interest coverage ratio (times)	88.9	258.7	269.8	2,478
	As at 31 December			As at 31 May
	2015	2016	2017	2018
Current ratio (times)	2.1	2.2	1.8	1.9
Quick ratio (times)	1.1	1.3	1.1	1.2
Gearing ratio (%) [2]	1.3	1.6	0.2	0.3
Net debt to equity ratio (%)	N/A	N/A	N/A	N/A

Notes:

(1) Return on equity and return on total assets is not applicable to our Group for the five months ended 31 May 2018 since the profit attributable to the Shareholders and the net profit recorded only represents the amount for the five months ended 31 May 2018.

(2) Gearing ratio as at 31 December 2015, 2016 and 2017 and 31 May 2018 was calculated by dividing the total debt (being sum of bank borrowings and obligations under finance lease) by total equity as at the end of the respective year/period and multiplied by 100%.

For the detailed calculations and fluctuations analyses, please refer the section headed "Financial Information" in this document.

HIGHLIGHT OF RISK FACTORS

There are certain risks involved in our operations set forth in the section headed "Risk Factors" in this document. Potential investors should read the "Risk Factors" section in its entirety before you decide to invest in the [**REDACTED**]. Some of the major risk factors include: (1) we depend on a limited number of major customers for a substantial portion of our total revenue and we do not have any long-term purchase commitments from our customers; (2) we rely on third party logistics service providers to deliver goods to our overseas warehouses and end-consumers and third party warehousing service providers to store our goods; (3) we may fail to retain and recruit suitable interior design professionals; (4) we do not have long-term contracts or exclusive distribution with our suppliers; and (5) we are exposed to the risks of obsolete and slow-moving inventory which may adversely impact our cash flow and liquidity.

SHAREHOLDER INFORMATION

Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and any option that may be granted under the [**REDACTED**]), Nobel Design (BVI) will be interested in approximately [**REDACTED**] of our total number of issued Shares. Nobel Design (BVI) is beneficially and owned as to 67% and 33% by Mr. Goon (our executive Director, Chairman of the Board and chief executive officer) and Ms. Wee (our executive Director and chief operation officer). Nobel Design (BVI) will continue to control more than 30% of our issued share capital and therefore, Mr. Goon and Ms. Wee are able to exercise control over our Company through their interest in Nobel Design (BVI). Nobel Design (BVI), Mr. Goon and Ms. Wee will be regarded as a group of Controlling Shareholders of our Company under the Listing Rules.

Mr. Goon and Ms. Wee also hold 60% indirect interests in Nobel Design Singapore, where certain of its subsidiaries and/or associate companies engaged in the Excluded Business. Given the differences in nature between our Group's business and the Excluded Business, and our operational independence and separation from the Excluded Business, our Directors are of the view that there is a clear delineation between the Excluded Business and our business. As a result, our Directors do not expect there to be any overlap or competition, directly or indirectly, between the Excluded Business and our Group. In order to streamline our businesses and corporate structure, the Excluded Business is not injected into our Group as our Directors are of the view that such businesses, neither form part of our business nor are they in line with our strategy to strengthen our market position in the furniture sales and interior design industry. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this document.

DIVIDEND

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our Group declared dividends of approximately S$1.6 million, S$1.7 million, S$10.4 million and nil, respectively. Save as disclosed above, we have no plans to pay or declare any dividends prior to the [**REDACTED**]. We currently do not have any fixed dividend policy and do not have any pre-determined dividend payout ratio after the [**REDACTED**]. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Please refer to the paragraph "Financial Information — Dividend" in this document for further information.

[**REDACTED**]

The total [**REDACTED**] based on the mid-point of the indicated [**REDACTED**] range are estimated to be HK$[**REDACTED**] (equivalent to approximately S$[**REDACTED**]). During the Track Record Period, we incurred [**REDACTED**] of approximately S$[**REDACTED**] which had been recognised as our expenses in our consolidated statement of profit or loss and comprehensive income from the financial statements for the five months ended 31 May 2018. For the remaining fees in the amount of S$[**REDACTED**] to be incurred, (i) approximately S$[**REDACTED**] is expected to be accounted for as a deduction from equity upon [**REDACTED**], and (ii) approximately S$[**REDACTED**] is expected to be recognised as administrative expenses in our consolidated statement of profit or loss and comprehensive income from the financial statements for the year ending 31 December 2018. The amount of the [**REDACTED**] is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2018 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2018 is expected to be adversely affected by the [**REDACTED**] mentioned above, the nature of which is non-recurring.

RECENT DEVELOPMENTS AND OUTLOOK

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that there were no material changes to our business model, revenue structure and cost structure. Our principal business remained to include sale of furniture products to third party furniture e-commerce sales platforms in the U.S., and furniture sales business and interior design business mainly in Singapore.

On 16 April 2018, Buylateral Singapore passed a shareholders' resolution to distribute S$4,200,000 to its shareholders as at 16 April 2018 on a pro-rata basis via capital reduction. The capital reduction has taken effect on 6 June 2018. After the capital reduction, the resultant capital of Buylateral Singapore is S$3,403,435.88. For details, please refer to "History, Development and Reorganisation — Reorganisation" in this document.

In August 2018, with an aim to achieve a more balanced portfolio of points of sales under our furniture sales segment in Singapore, we rebranded our point of sales at 315 Outram Road from "The Design Studio by Lifestorey" to "OM Galleria".

Potential investors should note that we expect to charge approximately S$1.7 million of one-off [**REDACTED**] as administrative expenses to our consolidated statements of profit or loss for the year ending 31 December 2018.

Our Directors have confirmed that, save as disclosed above and up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position or prospects since 31 May 2018 (being the date to which our latest audited financial information was prepared) and there had been no event since 31 May 2018 which would otherwise materially affect the information shown in the Accountants' Report set out as Appendix I to this document.

PRIOR LISTING ON SGX-ST

Nobel Design Singapore was listed on the SESDAQ (now known as Catalist) of SGX-ST on 25 November 1996. Its listing was transferred to the Main Board of the SGX-ST on 8 August 2008 and Nobel Design Singapore remained listed on the SGX-ST for more than 20 years until the Delisting (defined below). On 2 May 2017, Grand Slam acquired all the shares held by the Former Shareholder representing approximately 23.0% of the total issued shares of Nobel Design Singapore at S$0.510 per share. As a result of the acquisition, Grand Slam made a mandatory offer in accordance with Securities and Futures Act (Chapter 289 of laws of Singapore) and the Singapore Code on Take-overs and Mergers and followed by its exercise its right of compulsory acquisition to acquire all remaining issued and paid up ordinary shares of Nobel Design Singapore. The Compulsory Acquisition completed on 25 August 2017 and Grand Slam became the sole shareholder of Nobel Design Singapore. The shares of Nobel Design Singapore were subsequently delisted from the Main Board of the SGX-ST on 29 August 2017. For details, please refer to the section headed "History, Development and Reorganisation" in this document.

REASON FOR THE [REDACTED]

Our Directors believe that the [**REDACTED**] will be in the interest of our Group's business development strategies and would be beneficial to our Group and our Shareholders as a whole for the reasons including (i) the historical valuation of Nobel Design Singapore (including the Excluded Business) did not entirely reflect the current valuation of our Group for the purposes of the [**REDACTED**]; (ii) the [**REDACTED**] will enhance our Group's business profile and brand awareness or publicity on an international level; and (iii) broaden our shareholder base and facilitate future fund raising activities. For details, please refer to the section headed "History, Development and Reorganisation" in this document.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] (without taking into account of the [**REDACTED**] the gross [**REDACTED**] for the [**REDACTED**] are estimated to be approximately HK$[**REDACTED**] million (equivalent to approximately S$[**REDACTED**] million), and the net [**REDACTED**] from the [**REDACTED**] are estimated to be approximately HK$[**REDACTED**] million (equivalent to approximately S$[**REDACTED**] million), after deducting [**REDACTED**] fees and estimated expenses paid or payable by our Company in connection thereto. We currently intend to apply the net [**REDACTED**] in the following manner:

Amount	% of total estimated net [REDACTED]	Intended use
(HK$ million)		
[**REDACTED**]	[**REDACTED**]	For our U.S. furniture sales segment: • procurement of inventory
[**REDACTED**]	[**REDACTED**]	• increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition
[**REDACTED**]	[**REDACTED**]	• storage of new products to be procured

Amount	% of total estimated net [REDACTED]	Intended use
(HK$ million)		
[**REDACTED**]	[**REDACTED**]	For our furniture sales segment: • paying the rental expenses, overhead expenses and capital expenditure for opening new points of sales in Singapore under the brands "OM" and "Lifestorey" to be opened during the years in 2020 and 2021, respectively
[**REDACTED**]	[**REDACTED**]	• procurement of inventory for our new points of sales
[**REDACTED**]	[**REDACTED**]	• enhancing our brand awareness including brand building campaign
[**REDACTED**]	[**REDACTED**]	• expansion of our warehouse in Singapore
[**REDACTED**]	[**REDACTED**]	General working capital of our Group

For details, please refer to the sections headed "Business - Business Strategies" and "Future Plans and [**REDACTED**]" in this document.

[**REDACTED**] STATISTICS

The table below shows the [**REDACTED**] statistics of the [**REDACTED**], assuming that the [**REDACTED**] and the [**REDACTED**] have been completed and [**REDACTED**] are in issue and without taking into account any Shares which may be issued upon any exercise of the [**REDACTED**] and any option which may be granted under the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
Market capitalisation of the Shares[(Note)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited pro forma adjusted consolidated net tangible assets per Share[(Note)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Note:

The number of Shares used for the calculation of the market capitalisation and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholder of the Company per Share is calculated based on [**REDACTED**] in issue upon completion of the [**REDACTED**], which comprises the existing [**REDACTED**] in issue as at the date of this document, [**REDACTED**] to be issued pursuant to the [**REDACTED**] and [**REDACTED**] to be issued pursuant to the [**REDACTED**], but without taking into account of any Shares which may be issued as a result of the exercise of the [**REDACTED**], the exercise of any options which may be granted under the [**REDACTED**] or any Shares which may be allotted and issued or [**REDACTED**] by the Company pursuant to the [**REDACTED**] for the [**REDACTED**] and issue or [**REDACTED**] of Shares.

No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company to reflect (i) the capital distribution of S$4,200,000 by Buylateral Singapore to its shareholders on a pro-rata basis which was approved by its shareholders on 16 April 2018 and became effective on 6 June 2018, as further detailed in the section headed "History, Development and Reorganisation — Reorganisation" in this document; and (ii) any trading results or other transactions of our Group entered into subsequent to 31 May 2018.

Had the above-mentioned capital distribution of S$4,200,000 by Buylateral Singapore been taken into account, the amount of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company per Share disclosed above would each have been decreased by S$0.004 (equivalent to HK$0.025).

"Accountants' Report"	the accountants' report set out in Appendix I to this document
	[**REDACTED**]
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on [●] and effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document, and as amended from time to time
"ASEAN"	the Association of Southeast Asia Nations
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"BND" or "B$"	Brunei dollars, the lawful currency of Brunei
"Board of Directors" or "Board"	the board of Directors
"Brunei"	Brunei Darussalam
"Brunei Legal Advisers"	Eversheds HEP Advocates & Solicitors, the legal advisers to our Company as to Brunei law
"Business Day(s)" or "business day(s)"	any day(s) (excluding Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Buylateral.com (M)"	Buylateral.com (M) Sdn. Bhd., a company limited by shares incorporated in Malaysia on 22 May 2000, which is equally held by Mr. Goon and the Former Shareholder on trust for Buylateral Singapore
"Buylateral Singapore"	Buylateral Group Pte. Ltd. (formerly known as Dynamic Furniture Pte Ltd. and Buylateral.com Pte Ltd.), a company limited by shares incorporated in Singapore on 28 December 1990, which was owned as to approximately 95.4% by Nobel Design Singapore and approximately 4.6% by Ms. Lee Woon Yeong, the general manager of Buylateral Singapore
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"[**REDACTED**]"	the issue of [**REDACTED**] Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Statutory and General Information — A. Further Information about our Group — 3. Resolutions in writing of our Shareholders passed on [●]" in Appendix IV to this document

"Cayman Companies Law" or "Companies Law"	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CIC"	China Insights Consultancy Limited, an independent professional market research and consulting company
"CIC Report"	an independent research report commissioned by us and prepared by CIC for the purpose of this document
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
"Company", "our Company", "we" or "us"	Design Capital Limited 設計都會有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 29 March 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the context of our Company, refers to Nobel Design (BVI), Mr. Goon and Ms. Wee
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deed of Indemnity"	the deed of indemnity dated [●] executed by our Controlling Shareholders in favour of our Group in respect of taxation and other indemnities, details of which are set out in the section headed "Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix IV to this document
"Deed of Non-competition"	the deed of non-competition dated [●] executed by our Controlling Shareholders in favour of our Group containing certain non-competition undertakings to our Group, details of which are disclosed in the section headed "Relationship with our Controlling Shareholders" in this document
"Delisting"	the delisting of the shares of Nobel Design Singapore from the Main Board of the SGX-ST on 29 August 2017
"Design Capital (BVI)"	Design Capital (BVI) Limited, a company incorporated under the laws of BVI with limited liability on 6 April 2018 and a wholly-owned subsidiary of our Company
"Design Capital Singapore"	Design Capital Pte. Ltd., a company incorporated in Singapore with limited liability on 10 April 2018, which is wholly owned by Design Capital (BVI)
"Director(s)"	our director(s) of our Company as at the date of this document
"EDI"	electronic data interchange
"ERP"	enterprises resource planning
"EUR" or "Euro"	Euro, the lawful currency of the member states of the European Union
"Excluded Business(es)"	the business of property development and property investments of the subsidiaries and/or associate companies of Nobel Design Singapore that are not included in our Group for the purpose of the [**REDACTED**]
"Former Shareholder"	a former individual shareholder and former director of Nobel Design Singapore
"GDP"	gross domestic product, the total market value of all the goods and services within the borders of a nation during a specific period of time
"GFA"	gross floor area
"Grand Slam"	Grand Slam RF18 Investments Pte Ltd, an exempt company limited by shares incorporated in Singapore on 21 March 2017, which was owned as to 60% by Mr. Goon and Ms. Wee (who were parties acting in concert), 20% by Mr. Kho and 20% by Southern Cross

[**REDACTED**]

"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of our current subsidiaries, our Company's current subsidiaries or the businesses operated by such subsidiaries or their predecessors (as the case may be)

[**REDACTED**]

"HKICPA"	The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	[**REDACTED**], the branch share registrar of our Company in Hong Kong
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards promulgated by IASB
"Independent Third Party(ies)"	an individual(s) or company(ies) who/which is or are independent of and not connected with (within the meaning of the Listing Rules) any of the connected persons (including any directors, chief executive and substantial shareholders (as defined in the Listing Rules)) of our Company, our subsidiaries or any of their respective associates

"Latest Practicable Date"	21 October 2018, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
"[**REDACTED**]"	the [**REDACTED**] of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
	[**REDACTED**]
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Malaysia"	the Federation of Malaysia
"Malaysia Legal Advisers"	The Law Office of KK Chong & Company, the legal advisers to our Company as to Malaysia law
"Malaysian Ringgit" or "RM"	Malaysian Ringgit, the lawful currency of Malaysia
"Marquis Furniture Gallery"	Marquis Furniture Gallery Pte Ltd, a company incorporated in Singapore with limited liability on 5 December 1994, which is wholly owned by Design Capital Singapore
"Marquis HNC"	Marquis HNC Pte. Ltd., a company incorporated in Singapore with limited liability on 6 April 2016, which is owned as to 90% by Marquis Furniture Gallery and 10% by Ms. Foo Kim Soon, a director of Marquis HNC and a member of our senior management
"Marquis HQO"	Marquis HQO Pte. Ltd. (formerly known as HQO Corporation Pte. Ltd.), a company incorporated in Singapore with limited liability on 24 June 2000, which is owned as to 90% by Marquis Furniture Gallery and 10% by Ms. Sharon Wu Pui See, a director of Marquis HQO and a member of our senior management

"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on [●] 2018 and taking effect upon [**REDACTED**], a summary of which is set forth in Appendix III to this document, and as amended from time to time
"Momentum Creations"	Momentum Creations Pte Ltd, a company incorporated in Singapore with limited liability on 18 March 1999, which is owned as to approximately 84.2% by Design Capital Singapore and approximately 15.8% by Mr. Toh Poh Soon, the general manager of Momentum Creations and a director of Nobel Reka Cipta
"Mr. Goon"	Mr. Goon Eu Jin Terence (阮友仁先生), the chairman of our Board, our chief executive officer, our executive Director and one of our Controlling Shareholders
"Mr. Kho"	Mr. Kho Chuan Thye Patrick (高泉泰先生), our non-executive Director and one of our Substantial Shareholders
"Ms. Ong"	Ms. Ong Ciu Hwa (王秋華女士), our executive Director and finance director
"Ms. Wee"	Ms. Wee Ai Quey, our chief operation officer, our executive Director and one of our Controlling Shareholders
"Nobel Design Brunei"	Nobel Design Sdn Bhd (formerly known as Nobel Golden Gifts Sdn Bhd), a company incorporated in Brunei with limited liability on 7 January 1997, which is owned as to approximately 52% by Nobel Design Singapore, 28% by Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman, and 20% by Mr. Ibrahim Khalili DP Hj Abd Rahman
"Nobel Design (BVI)"	Nobel Design International Limited, one of our Controlling Shareholders, a company incorporated under the laws of BVI with limited liability on 28 March 2018 which is owned as to 67% by Mr. Goon and 33% by Ms. Wee
"Nobel Design Singapore"	Nobel Design Holdings Pte Ltd (formerly known as Nobel Design Holdings Limited), a company incorporated in Singapore with limited liability on 29 September 1981, a former listed vehicle on the Main Board of the SGX-ST, which is wholly owned by Grand Slam

"Nobel Reka Cipta"	Nobel Reka Cipta Sdn. Bhd. (formerly known as Career Empire Sdn. Bhd), a company incorporated in Malaysia with limited liability on 14 November 1996, which is wholly-owned by Design Capital Singapore
"Nomination Committee"	the nomination committee of the Board
"Numero Uno Creative Group"	Numero Uno Creative Group Pte Ltd, a company incorporated in Singapore with limited liability on 17 March 2009, which is owned as to 60% by Design Capital Singapore and 40% by Ms. Lim Chieh Yin, a director of Numero Uno Creative Group and a member of our senior management
[**REDACTED**]"	the price for each [**REDACTED**] of not more than HK$[**REDACTED**] per Share and expected to be not less than HK$[**REDACTED**] per Share (excluding brokerage, Stock Exchange trading fee and SFC transaction levy) and to be fixed on the [**REDACTED**]
"[**REDACTED**]"	the [**REDACTED**] and the [**REDACTED**]
"online sales industry"	sales of furniture products on online platforms other than offline channels
["[**REDACTED**]"]	the option we will grant to the [**REDACTED**], exercisable by the [**REDACTED**] and the [**REDACTED**] on behalf of the [**REDACTED**] pursuant to the [**REDACTED**] at any time for up to 30 days after the last day for lodging of applications under the [**REDACTED**], to require us to issue up to an aggregate of [**REDACTED**] additional Shares, representing 15% of the [**REDACTED**], at the [**REDACTED**], to among other things, cover [**REDACTED**] in the [**REDACTED**], if any, details of which are described in the section headed "Structure and Conditions of the [**REDACTED**]" in this document
"person"	any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity
"[**REDACTED**]"	the conditional [**REDACTED**] of the [**REDACTED**] by the [**REDACTED**] on behalf of our Company for cash at the [**REDACTED**] (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), as further described in the section "Structure and Conditions of the [**REDACTED**]" of this document

"[**REDACTED**]"	the [**REDACTED**] initially being offered at the [**REDACTED**] for subscription pursuant to the [**REDACTED**] subject to the terms and conditions as described in the section headed "Structure and Conditions of the [**REDACTED**]" of this document
"[**REDACTED**]"	the [**REDACTED**] of the [**REDACTED**], who are expected to enter into the [**REDACTED**]
" [**REDACTED**]"	the conditional [**REDACTED**] agreement relating to the [**REDACTED**] and expected to be entered into by, among others, our Company, the Controlling Shareholders, the executive Directors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**], as further described in the subsection headed "[**REDACTED**]" in this document
"PRC" or "China"	the People's Republic of China which, for the purposes of this document only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as in force from time to time before 3 March 2014
"[**REDACTED**]"	the date on which the final [**REDACTED**] is to be determined by our Company and the [**REDACTED**] (for itself and on behalf of the other [**REDACTED**]), which is expected to be on or about [**REDACTED**] and in any event not later than 12:00 noon on [**REDACTED**]
"[**REDACTED**]"	the [**REDACTED**] by our Company of the [**REDACTED**] for subscription to the public in Hong Kong at the [**REDACTED**] (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) as described in the section headed "Structure and Conditions of the [**REDACTED**]" in this document and on and subject to the terms and conditions stated herein and in the [**REDACTED**] relating thereto
"[**REDACTED**]"	the [**REDACTED**] offered by our Company for subscription at the [**REDACTED**] pursuant to the [**REDACTED**] (as described in the section headed "Structure and Conditions of the [**REDACTED**]" in this document)
"[**REDACTED**]"	the [**REDACTED**] of the [**REDACTED**] named in the subsection headed "[**REDACTED**]" in this document

"[**REDACTED**] Agreement"	the conditional [**REDACTED**] agreement relating to the [**REDACTED**] entered into, among others, our Company, the Controlling Shareholders, the executive Directors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**], as further described in subsection headed "[**REDACTED**] Arrangements and Expenses" in this document
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Reorganisation"	the corporate reorganisation of our Group in preparation for the [**REDACTED**] as described in the section headed "History, Development and Reorganisation — Reorganisation" in this document
"SESDAQ"	Stock Exchange Dealing and Automated Quotation System of the SGX-ST (currently known as Catalist)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of Shares
[**REDACTED**]"	the [**REDACTED**] and the [**REDACTED**]
"[**REDACTED**]"	the [**REDACTED**] conditionally approved and adopted by our Company on [●], a summary of principal terms of which is set out in the section headed "Statutory and General Information — D. [**REDACTED**]" in Appendix IV to this document
"Singapore"	the Republic of Singapore
"Singapore dollars" or "S$"	Singapore dollars, the lawful currency of Singapore
"Singapore Legal Advisers"	Virtus Law LLP, the legal advisers to our Company as to Singapore law

"SKU(s)"	stock keeping unit, the product identification code
"Special Project(s)"	project-based furnishing services where individual and corporate customers engage us to source and install furniture items for residential and commercial properties
	[**REDACTED**]
"Sole Sponsor"	Southwest Securities (HK) Capital Limited, a licenced corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
"Southern Cross"	Southern Cross Holdings Pte. Ltd, a company incorporated in Singapore with limited liability on 18 January 2003, which is wholly owned by Lian Huat Group Pte. Ltd.
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Target Marketing Systems"	Target Marketing Systems, Inc., a corporation incorporated in the States of Illinois, U.S. on 1 March 1985, which is wholly owned by Buylateral Singapore
"Tax Advisers"	SG Tax Alliance Services Pte Ltd, the Singapore tax advisers
"Track Record Period"	the period comprising the three financial years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018
	[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Legal Advisers"	Squire Patton Boggs (US) LLP, the legal advisers to our Company as to U.S. law
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"%"	per cent

Unless expressly stated or the context requires otherwise:

- *amounts and percentage figures, including share ownership and operating data in this document, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items;*

- *all data contained in this document are as at the Latest Practicable Date;*

- *all references to any shareholdings in our Company assume no exercise of the* [**REDACTED**] *unless otherwise specified; and*

- *solely for your convenience, this document contains translations of certain Singapore dollars amounts into Hong Kong dollars or US dollars at specified rates. You should not construe these translations as representations that the Singapore dollars amounts could actually be, or have been, converted into Hong Kong dollar amounts and US dollar amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of Singapore dollars amounts into Hong Kong dollars and United States dollars have been made at the rate of S$1.00 to HK$5.90 and S$1.00 to US$0.76, respectively.*

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and [**REDACTED**]" in this document. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed "Risk Factors" in this document, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy;
- our profit estimate and other prospective financial information; and
- the regulatory environment and industry outlook for the industry and markets in which our Group operate.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of U.S., Singapore, Malaysia, Brunei and Hong Kong relating to any aspect of our business or operations;
- general economic, market and business conditions in U.S., Singapore, Malaysia, Brunei and Hong Kong;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this document as well as other factors beyond our control.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document.

You should carefully consider all of the information in this document including the risks and uncertainties described in the following risk factors when considering making an investment in the [**REDACTED**]*. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.*

This document also contains forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS

i. Risks relating to our U.S. furniture sales segment

We depend on a limited number of major customers for a substantial portion of our total revenue

The aggregated sales to our five largest customers for each of the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 amounted to approximately S$45.8 million, S$53.8 million, S$65.1 million and S$29.6 million, respectively, which accounted for about 55.7%, 59.3%, 64.5% and 68.4% of our total revenue for such periods, respectively. Our sales attributable to our largest customer for each of three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 amounted to approximately S$17.0 million, S$19.7 million, S$25.0 million and S$11.8 million, respectively, which represent about 20.6%, 21.8%, 24.8% and 27.3% of our total revenue for such periods, respectively. All of our five largest customers, which are e-commerce sales platforms during the Track Record Period are from our U.S. furniture sales segment in the U.S. Although as at 31 May 2018, we have sustained business relationships with our major customers for over five years, there is no assurance that our customers would continue to select our products for display and purchase our products on their online platforms nor that the income generated therefrom will be maintained or increase in the future. In case of any significant decrease in demand from any of our major customers, we may not be successful in finding alternative customers who can generate the amount of sales that is as significant as our existing major customers, and may not be able to prevent the adverse effects resulting from such decrease in sales on our Group's business, financial condition and results of operations.

We do not have any long-term purchase commitments from our customers

We have not entered into any long-term written agreements with our major customers which are e-commerce sales platforms in the U.S. and there is no obligation for them to purchase or select our products to display on their online platforms in the future. During the Track Record Period, a substantial portion of our revenue is generated from our U.S. furniture sales segment in the U.S. Since the sales generated from this segment depend significantly on the number of products displayed online and the terms of such display, which are subject to the discretion of the e-commerce platforms, the volume of sales generated from the e-commerce platforms of our

five largest customers may vary significantly from time to time, and it may be difficult to forecast the amount of future sales. If any of our customers were to substantially reduce the number of our products it select to display on its online platform or were to terminate its business relationship with us entirely, there can be no assurance that we will be able to sell our products directly to end-consumers and our financial performance will be adversely affected.

We rely on third party logistics service providers to deliver goods to our overseas warehouses and end-consumers and third party warehousing service providers to store our goods

We are generally responsible for transportation and delivery of the products from our suppliers' original port to our warehouses. During the Track Record Period, we engaged third party logistics service providers to deliver the products to our warehouses and to end-consumers. For more information on our delivery and logistics, please refer to "Business — Procurement" and "Business — Delivery Logistics and Inventory Management — Delivery arrangement" in this document. Interruptions to or failures in these third parties' delivery services could affect the timely or proper delivery of the goods to customers. These delivery interruptions may be due to events that are beyond our control or the control of these third party logistics providers, such as inclement weather conditions, natural disasters, political turmoil, transportation disruptions or labour unrest. If these third party logistics service providers fail to deliver the goods as contracted and agreed, we may not be able to arrange for substitute logistics service providers in a timely and reliable manner at reasonable costs, or at all. If the goods are not delivered in proper condition or on a timely basis to our customers, our business and reputation could suffer.

In addition, apart from leasing warehouses in the U.S., we also engage third party order fulfilment service providers for storing our inventories in the U.S. Our products may face the risk of theft or damage due to any poor handling by us or the third party service providers. Any technical interruption in the functions provided by our third party order fulfilment service providers could have a material adverse effect on the financial condition of our Group.

We may not be able to rely on our sales representatives to contribute to our revenue growth

Our sales to the e-commerce sales platforms partly rely on experienced and skilled sales representatives with requisite expertise who regularly contact the buyers of our customers to maintain our business relationship and help promote our products to our customers. As they have been serving certain e-commerce sales platforms or the furniture retailing sector for a considerable amount of time, they have extensive industry network, are familiar with our customers and their preferences, and are keen on preserving business relationships with these e-commerce sales platforms. If any of the service agreement with our sales representatives are terminated, we cannot assure you that we will be able to find substitute sales representatives as competent as our existing ones as replacement and we may not be able to maintain close connections with our existing customers or may fail to acquire new customers, and our business prospects may be adversely affected.

ii. Risks relating to our furniture sales segment

We do not have any long-term purchase commitments from our customers and may suffer from a decrease in sales as a result of a shift in customers' tastes and preferences

Due to the nature of the furniture sales industry, our Directors believe that our customers generally purchase our products on an order-by-order basis. We do not have any purchase commitment from our customers and there is no obligation for them to repurchase any of our products in the future. We cannot assure you that we will have a consistent source of revenue. There is a risk that we may not be able to retain existing customers or attract new customers to purchase our products if we fail to successfully track changing customers' tastes and preferences and market trends.

The demand for our products is subject to various factors including the tastes and preferences of customers for furniture, which can be affected by market trends, advertising campaigns and new products launched by our competitors. Further, our business is susceptible to adverse changes in customers' spending patterns, which could materially and adversely affect the demand for our products. We cannot assure you that we will be able to anticipate the changes in market demand and effectively market our products. If we fail to correctly predict or respond to changes in customers' tastes and preferences, or fail to identify market trends, we may not be able to attract new customers or retain existing customers, and consequently, our sales may decline and our financial condition and results of operations may be adversely affected.

iii. Risks relating to our interior design segment

We may fail to retain and recruit suitable interior design professionals

There is a limited pool of high-quality candidates who have the skills, know-how and experience required for our interior design business. As the quality of work delivered by our design personnel is crucial to the success of our interior design segment, attracting and retaining talents is an essential component of our business strategy. In order to maintain our operation and generate business growth, we may have to offer better salaries, incentive packages and training opportunities to attract and retain sufficient skilled staff, which may increase our operating costs and reduce our profit margin. In addition, the turnover of our staff is also dependent on the remuneration packages offered by our competitors in the market which is beyond our control. We cannot assure you that we will be able to retain our existing or recruit additional suitable professionals to support our future operations. Any failure to do so may adversely affect our business and growth.

We rely on our ability to successfully meet customers' preferences when delivering our interior design solutions

We believe that our success in the interior design segment is, to a significant extent, attributable to our ability to capture the market trend in design and our responsiveness to changes in customers' preferences. Given the preferences of customers are highly subjective and the market trend changes rapidly in the interior design business, there is no assurance that

we will continue to be able to effectively fulfill the needs and preferences of our customers or to deliver creative and appealing design solutions. Our business and results of operations may thus be adversely affected if we fail to do so.

We may fail to obtain new contracts which could materially affect our financial performance

Our interior design projects are generally non-recurring contracts. Owing to such nature of this business segment, we cannot guarantee that we will be able to secure new contracts from our customers after the completion of existing contracts. In particular, we cannot assure you that we will be able to maintain or improve our relationships with existing customers, and any of them, at any time, may unilaterally terminate our business relationships as they do not have long-term commitments with us. Any decrease in the number of projects rendered or in the amount of fees charged for the projects could have an adverse effect on our operations and profits. In addition, there is no assurance that we can enlarge our client base. Our Group may be required to go through competitive negotiations to secure new contracts. In the event that we are unable to maintain business relationships with our existing customers or unable to price our quotation competitively to secure contracts, or to maintain the profitability of our projects under such severe competitive negotiations, our business will be adversely affected.

We rely on skilled workers and subcontractors to complete our interior design projects and are subject to risks arising from the non-compliance and late or poor performance by such parties. Also, there is no assurance that these parties will continue to be able to provide services at acceptable fees to us

We engage subcontractors to perform fitting-out works when carrying out our interior design projects. The engagement of subcontractors is subject to certain risks, including the difficulties in overseeing their performance in a direct and effective manner, the possibility of their failure to deliver quality works or to complete the contracted scope of works, and the risks in failing to hire suitable subcontractors and suffering losses as a result of unexpected subcontracting costs overrun. As the subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with their non-compliance, late or poor performance. In the event of any of the aforementioned possible negative outcomes, our reputation, which is vital for us to maintain our customer relationships, may be materially and adversely affected and we may incur additional costs to rectify flaws on the fitting-out work or be exposed to liability which may result in litigation or damages, and consequently, lead to an adverse material impact on our profitability and financial performance. In case of our subcontractors failing to perform their obligations in timely manner, we may be required to compensate our customers. Although we may attempt to seek compensation from the relevant subcontractors, we may not be able to fully recover the amounts from them before we compensate our customers. If no corresponding claims can be asserted against our subcontractors, or the amounts of the claim cannot be recovered in full or at all from our subcontractors, we may be required to bear some or all of the claim costs, pursuant to which, our business, financial position, results of operations and prospects could be materially and adversely affected.

In addition, there is no assurance that our subcontractors will continue to provide construction services to our Group at fees acceptable to us. In the event that any of our

subcontractors is unable to provide the required services to our Group or their costs for providing such services increase substantially, our business, profitability and liquidity may be adversely affected.

iv. Risks relating to our overall business

We do not have long-term contracts or exclusive distribution with our suppliers

During the Track Record Period, purchases from our Group's five largest suppliers in aggregate accounted for approximately 32.5%, 31.7%, 31.3% and 33.4% of our Group's total purchases for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Our major suppliers supply products to us on an order-by-order basis. As we do not enter into any long-term purchase agreements with our suppliers, we are subject to risks of fluctuations in procurement costs or shortage in supply of products. If we are unable to obtain products from our suppliers at satisfactory prices or pass the increased costs on to our customers, our profitability and financial performance may be harmed. There is no assurance that our Group can continue to source products from our existing suppliers, particularly our five largest suppliers, or on terms acceptable to us. As such, we are exposed to the risks such as unexpected price fluctuation, shortage of supply of products, delayed delivery of products and refusal to supply products. In such case, we would have to look for alternative suppliers supplying similar products and if we are unable to do so in a timely manner and/or at a similar price with comparable quality, our business and results of operations may be adversely affected.

We currently sell products of furniture brands imported from Europe without exclusive distribution and agency arrangements. Should our suppliers impose unfavourable conditions of sale and sell their products to other furniture retailers in Singapore or enter into any exclusive distribution arrangements with our competitors in Singapore, this could adversely affect our business performance and profitability.

We are dependent on the reputation of our brand names and any adverse claims, negative media speculation, false rumours or other negative publicity may affect our brand reputation

Our Group principally engages in retailing of furniture under our widely recognised brand names "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" for our U.S. furniture sales segment, "Marquis", "OM" and "Lifestorey" for our furniture sales segment and "SuMisura" for our interior design segment. We believe reputation of our trade names is a key to our success. The market perception and recognition of our names are built on our pursuit for high quality products and services and the continuous effort on marketing and brand building. Any misjudgment in assessing our customers' needs and changes in their preferences could result in a loss of sales. In such event, our profitability will be adversely affected.

Although we place strong emphasis on the quality of our products marketed under these brand names, there may be complaints from customers of our products from time to time in connection with any defect in our products. We cannot guarantee that we will be able to maintain and enhance recognition of our brand names following any such negative publicity. If we are unable to sustain our goodwill or further strengthen our brand names, our business, financial condition, results of operations and business prospects could be hindered.

We are exposed to the risks of obsolete and slow-moving inventory which may adversely impact our cash flow and liquidity

The amount of our inventory as at 31 December 2015, 2016 and 2017 and 31 May 2018 was approximately S$19.8 million, S$19.7 million, S$21.3 million and S$19.6 million, respectively. For the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the average inventory turnover days of our products was approximately 162.8 days, 149.1 days, 135.0 days and 128.9 days, respectively. The amount of write down of slow-moving inventories was approximately S$0.1 million, S$0.9 million, S$0.6 million and S$0.3 million, respectively.

Our continued growth and success will depend largely on the range and variety of furniture and furnishings that we are able to offer our customers. The demand for our products is highly dependent on customers' tastes and preferences, which are beyond our control. Any increase in inventory may adversely affect our working capital. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. Further, if we fail to source appropriate products to suit customers' tastes and preferences in the future, the volume of obsolete and slow-moving inventory may increase and we may either have to sell off such inventory at a lower price or write-off our inventory and our operating profits and financial position may be adversely affected.

We may not be able to renew our leases on favourable terms or at all

As at the Latest Practicable Date, we have entered into leases in relation to nine properties in Singapore, the U.S., Malaysia and Brunei, for the operation of our business. Our rental payment and related expenses amounted to approximately S$5.9 million, S$6.1 million, S$6.0 million and S$2.3 million for the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, which represent approximately 7.2%, 6.8%, 6.0% and 5.3% of our revenue, respectively. The term of our lease agreements for all of our points of sales, offices and warehouses range from approximately two years to approximately five years. For more details of our leases, please refer to the section headed "Business — Properties" in this document. There is no guarantee that we will be able to renew these tenancy agreements at similar or more favourable terms upon expiry and we may be unable to find suitable alternative premises to house our points of sales, and hence the performance of our Group may be adversely affected. Even if we are able to find and lease suitable alternative premises on similar or no less favourable terms, relocation is time consuming and may result in loss of sales in the interim. Further, our regular customers may not be able to locate us at our new premises, and this could have an adverse impact on our sales and financial performance. We cannot assure you that the rental costs for our design studios, points of sale and warehouses will not increase in the future and this may expose us to potentially significant risks and may limit our cash available for other purposes. If we cannot renew the lease agreements for our existing points of sales and warehouses on similar terms or on terms acceptable to us, we may need to find alternative locations at a higher rent and our financial condition and results of operations may be adversely affected.

We rely on certain key management personnel and the recruitment and retention of other qualified personnel to maintain our continued success

The success of our business depends on, to a considerable extent, the services, expertise, commitment and continuity of our senior management personnel and other qualified and experienced personnel, most of whom have an in-depth understanding of our industry and operations. Our key management teams comprise our executive directors and senior management as disclosed in the "Directors and Senior Management" section in this document. In particular, our executive Directors, Mr. Goon and Ms. Wee, have over 20 and 35 years of industry experience, respectively. Furthermore, our senior management members including Ms. Sharon Wu Pui See, Ms. Lim Chieh Yin and Ms. Foo Kim Soon have over 15, 12 and 20 years of industry experience, respectively. They are crucial to our success due to their expertise and experience in our industry, market development and expertise in managing our operations. In addition, the connection and reputation that our management has established and maintained with our customers and suppliers have enabled our Group to maintain good relationships with them. There is no assurance that any of them will continue in his or her present capacity with us for any particular period of time, and the loss of services of any senior management or personnel without timely and appropriate replacement could have an adverse effect on our ability to implement our business strategy and maintain our operational stability. We cannot assure you that we will be able to recruit, motivate and retain our key management personnel in the future. This may hinder consumer confidence in and reduce market demand for our products, which in turn may materially and adversely affect our business, financial condition and results of operation.

Our business could be adversely affected by increase in labour costs

As at Latest Practicable Date, we had 140 employees, most of which are based in the U.S. and Singapore. According to the CIC Report, wages for labour in the U.S. and Singapore are increasing. As our business depends on our ability to attract and retain our employees, the increasing labour costs may have a material adverse effect on our business, results of operations and prospects. Further, we may require additional employees as a result of the implementation of our business strategies. If we implement such strategies but fail to realise the benefits and efficiencies we anticipate, we may be unable to offset the increase in our labour costs or pass along these increased labour costs to our customers, and our profitability and results of operations could be materially and adversely affected.

We may not be able to successfully implement our future expansion plans in time or achieve the anticipated results

A substantial part of our business strategy is to expand our sales network and business in the U.S. and Singapore. For more details of our expansion plans, please refer to the sections headed "Business — Business Strategies" and "Future Plans and [**REDACTED**]" in this document.

For our U.S. furniture sales segment, we plan to procure products to increase our inventory for existing products and strengthen our product portfolio by introducing more new products to the market. As our business is subject to changing market trends, our growth depends, to a large extent, on whether the additional products are well received. The factors

which may affect the acceptance of our products by the market include the quality and price of the products and the purchasing trends of end-consumers. If any of our product is not well received by the market, we may not be able to recoup our costs of procuring the products. A decrease in the market demand for our products and the corresponding unanticipated drop in the sales of our products could also cause our inventory to accumulate. As a result, we may be required to lower sale prices and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

For our furniture sales segment, our retail expansion plans require significant capital to materialise and are subject to uncertainties such as our ability to identify suitable locations, to negotiate desirable lease terms, and to adapt to general market conditions and customers' preferences in new locations. In addition, we will incur substantial costs to execute our expansion plans which will inflate the expenses on sales, marketing and administrative expenses and hence place a substantial strain on our Group's managerial, operational and financial resources. In addition, it may take longer than expected for our new points of sales to reach breakeven or achieve investment payback entirely, if at all. We cannot guarantee that we will materialise our plans successfully, or that we will be able to attract more customers from our expansion.

For both our U.S. furniture sales and furniture sales segments, we plan to incur additional marketing expenses to further promote our brands and increase our market share. As our marketing efforts partly depend on factors beyond our control such as the popularity of trade fairs, availability of quality digital advertising space, cooperation of our marketing partners and public receptiveness to our marketing activities, our marketing plans are subject to a series of uncertainties and risks. As such, there is no assurance that our marketing plans can be implemented in accordance with the planned timeframe or that any such plans will successfully result in any significant increase in revenue or improvement in brand image of our furniture products.

As part of our business strategies and use of [**REDACTED**], we expect to incur capital expenditure in connection with the opening of additional points of sales in Singapore. The total capital expenditures are estimated to be approximately HK$[**REDACTED**] and the additional depreciation charges are expected to be approximately HK$0.1 million, HK$[**REDACTED**] million, HK$[**REDACTED**] million and HK$[**REDACTED**] million for the four years ending 31 December 2023, respectively, which may adversely affect our Group's financial performance.

We expect to incur higher staff costs in connection with our expansion plans for all of our segments. We recognise that talent is vital to our business, therefore, in line with our expansion strategy, we plan to invest in resources to recruit additional employees to support our growth. The additional staff costs are expected to be [**REDACTED**], approximately HK$[**REDACTED**] and HK$[**REDACTED**] for the three years ending 31 December 2021, respectively, which may affect our Group's financial performance. There is also no guarantee that our newly recruited staff are able to perform as anticipated, which could hinder or delay our business strategies and growth.

The successful implementation of our business plans depends on a number of factors beyond our control, such as the economic and political conditions, continual growth of the market, customers' demands and competitive landscape. Our future expansion plans are based on circumstances currently known to our Directors and certain assumptions. On the other hand, such expansion may put pressure on our managerial, financial and operational resources. There is no assurance that we will be able to implement our business plans as scheduled nor that any such plans will be as successful as contemplated by us. Any failure or delay in achieving any or all of our business plans may have a material adverse effect on our business, financial condition, results of operations and prospects.

There is no assurance on sustainability of growth of our Group

During the Track Record Period, revenue of our Group grew from approximately S$82.3 million for the year ended 31 December 2015 to S$90.5 million and S$100.9 million for the financial years ended 31 December 2016 and 2017, respectively, and increased from approximately S$37.1 million for the five months ended 31 May 2017 to approximately S$43.3 million for the five months ended 31 May 2018. The profit after tax of the Group increased from approximately S$5.8 million for the year ended 31 December 2015 to approximately S$6.0 million and S$8.5 million for the years ended 31 December 2016 and 2017, respectively. Our profit after tax was approximately S$2.5 million and S$1.6 million for the five months ended 31 May 2017 and 2018, respectively. Excluding the [**REDACTED**], our profit before tax was approximately S$3.1 million and S$4.4 million for the five months ended 31 May 2017 and 2018, respectively. The growth of our business may fluctuate due to a number of factors which may be beyond our control and there is no assurance that our Group can sustain the revenue and profit or achieve the amount equivalent to or exceeding historical records in the future. The results during the Track Record Period should not be used as an indication of our future business performance.

We are exposed to product liability claims and litigation risks for defective or unsafe products

We source our products from suppliers and are subject to the inherent risks associated therewith, including product liability claims, quality control and compliance with relevant

government regulations relating to the use of restricted materials. Although we have in place our own quality control policies, we also rely on some of our suppliers to produce quality inspection reports. Our suppliers may not have adequate financial resources or insurance coverage to fulfill their obligations under any product warranties given by them. Seeking indemnifications from our suppliers may potentially lead to litigation and claims against us by customers and may have an adverse effect on our reputation and brand image, which may lead to negative publicity and, regardless of its validity, may reduce sales of our Group, which may in turn adversely affect our financial performance.

If there are any defects, quality or safety issues with our products, our customers may not fulfil their payment obligations or ask for refund of goods and may bring claims against us for any injury suffered due to such defects, quality or safety issues. For details of our product return policies, please refer to the section headed "Business — After-sales Services, Product Return and Refund Policies" in this document. Although we maintain product liability insurance, we cannot assure you that we will not be subject to any product liability claims pursuant to damages arising out of the use of our products. Any such product liability claim may result in litigation and legal costs, which are inherently expensive, and may divert management attention and other resources from our business and operations. Additionally, the reputation of our brand names may be harmed regardless of the merits of the claim. Further, if compensation awarded to affected customers is substantial, this could adversely affect our results of operations and financial conditions.

Our Group's insurance coverage may not be sufficient to cover all the risks which our operations are exposed to and therefore our Group is susceptible to significant liabilities

No assurance can be given that our operations will be free of accidents and there is a risk that our insurance coverage may not adequately protect us against all risks relating to, and arising from, our business operations, including risk of fire, accidents, injuries and other hazards. In respect of our U.S. furniture sales and furniture sales segments, our products are stored in our warehouses and our points of sales that showcase our products, all of which are susceptible to the risk of fire and other claims should injuries arise. In respect of our interior design business, we may receive claims in respect of various matters from our customers, contractors, suppliers, workers and other parties concerned with projects from time to time. As the outcome of any claim is subject to the relevant parties' negotiation or the decision of the court or the relevant arbitrating authorities, the result of any of the outstanding claims may be unfavorable to us. Our business may also be adversely affected due to the occurrence of fire, typhoons, earthquakes, floods or other natural disasters or similar events at our warehouses, points of sales or in transit. We cannot assure you that we will have adequate, or any, insurance for any losses incurred. In the event that an accident or natural disaster occurs, we could suffer financial losses, product losses and damage to our reputation. Any material loss, even if covered by our insurance, could severely disrupt our business operations, resulting in loss of income and business opportunities. Please refer to the section headed "Business — Insurance" in this document for more information on our insurance policies. Further, we cannot assure you that we will be able to maintain sufficient insurance coverage in the future or that upon expiry of our current insurance policy that we will be able to renew our insurance policy on terms favourable to us.

We are exposed to exchange rate fluctuations

During the Track Record Period, the Group's reporting currency is Singapore dollars. As all of our products are sourced from Europe, the PRC and other parts of Asia and we are subject to exchange rate risks. Most of our purchases are settled in U.S. dollars, but our sales are mainly in U.S. dollars and Singapore dollars, which fluctuated during the Track Record Period. For the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our Group's revenue denominated in U.S. dollars was approximately S$47.8 million, S$56.3 million, S$67.3 million and S$30.7 million, respectively, whilst the revenue denominated in Singapore dollars was approximately S$33.2 million, S$33.4 million, S$33.0 million and S$12.3 million, respectively. Fluctuations in exchange rates between U.S. dollars and Singapore dollars may lead to foreign exchange losses and impact the gross profit margin, thereby affecting the Group's profitability. Fluctuations in exchange rates may also affect the relative purchasing power in Singapore dollars as [**REDACTED**] will be raised in Hong Kong dollars. If the currencies depreciate, the Group may suffer an exchange loss. Our Group cannot predict the impact of future exchange rate fluctuations on our results of operations. In the event of appreciation of U.S. dollars against Singapore dollars, our profit margin will be adversely affected if we are unable to transfer such additional cost to our customers, and our profitability and financial performance may suffer. Although the fluctuation of the exchange rates between U.S. dollars and Singapore dollars was not material during the Track Record Period, there is no assurance that the exchange rates will remain stable and the Group will still be subject to foreign exchange translation risks.

We are exposed to the credit risk of our customers

We generally offer our customers from our U.S. furniture sales segment credit period of 30 to 60 days. As at 31 December 2015, 2016 and 2017 and 31 May 2018, net trade receivables from our customers were approximately S$8.7 million, S$9.7 million, S$9.3 million and S$9.0 million, respectively. Although there has not been any material provision for trade receivables in the past, there is no assurance that we will not encounter payment deferrals or bad debt problems in the future. Our efforts in strengthening our trade receivables collection may be in vain, and we cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, if at all, or that our customers will settle the amounts in a timely manner. Any difficulty in collecting payments from our customers in full or in a timely manner may potentially negatively impact our financial position.

We experience seasonal fluctuations

Our business is susceptible to seasonal fluctuations. We tend to record higher revenue from sales before Christmas and Chinese New Year for our U.S. furniture sales segment and furniture sales segment, respectively. We believe this is primarily due to historical purchase trends and that we are exposed to the risks associated with such seasonal factors and the fluctuations of demand for our products. Should there be any adverse change in market conditions, our profitability may be adversely affected. In addition, as a result of the seasonal impact on business, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be solely relied on as indicators of our Group's performance.

We may not be able to adequately protect our intellectual property rights which could harm our brand and our business

Our Directors believe that our registered trademarks are important as these trademarks enable customers to differentiate our business from our competitors. Details of our intellectual property rights are set out under the section headed "Appendix IV — Statutory and General Information — B. Further Information About Our Business — 2. Intellectual property rights of our Group" in this document. Save as the trademarks of "Target Marketing Systems", "TMS" and "Simple Living" the trademarks which are essential to our business are registered or being applied for in the U.S. and Singapore for the appropriate category for use. We are also in the process of registering some of our other trademarks for use in the U.S. and Singapore. There is no assurance that we will be able to register these trademarks as we may receive objection from other trademark owners claiming that these trademarks are substantially similar to one of their trademarks. Accordingly, we may not be entitled to the same protections with respect to our registered trademarks. In addition, unauthorised use of our trademarks and brand names may damage our brand and reputation. Although we have registered our trademarks and are not aware of any infringement of our intellectual property rights in the past, there is no assurance that infringement of our intellectual property will not take place in the future. In certain jurisdictions that do not have developed intellectual property laws or a record of protecting intellectual property rights, we may face considerable difficulties and costly litigation in order to protect and enforce such rights. In the event that we are not able to protect our intellectual property rights, our brand reputation and sales volume may be harmed.

Our products may be subject to third party intellectual property rights

As most of the products sourced by our Group are imported from various overseas suppliers, it is not commercially practicable for us to ascertain whether such products infringe on third party intellectual property rights. In the event that any product we sell infringes on third party intellectual property rights, we may also be found liable for such infringement and be compelled to discontinue the sale of the infringing products and/or pay damages or suffer other liabilities. It may also lead to litigation which could result in substantial costs and diversion of resources and negatively affect our reputation, profitability and prospects.

The price and supply of our products are influenced by a number of factors, some of which are beyond our control

We do not manufacture our own furniture but we source for furniture from our suppliers in Europe, the PRC, Malaysia and Vietnam. Our procurement costs may fluctuate due to factors beyond our control, including but not limited to fluctuation of prices of raw materials, imposition of import or export tariff and tightening of environmental standards. Our suppliers may seek to pass on such increase in costs to us by charging higher prices for furniture they supply to us. Our margins could be materially affected should the cost of raw materials rise significantly and we are unable to pass on the price fluctuation to our customers, causing our financial performance to be adversely affected.

Our information technology systems, notably our ERP system in Singapore and ERP and EDI systems in the U.S., are important to our operations. A system failure or breakdown may cause interruptions to our business and operations

Our information technology systems, in particular, our ERP system for operations in Singapore and ERP and EDI systems for operations in the U.S., are important for us to conduct our operations. We currently use the systems to keep track of our inventory record, product price, logistics, sales and returns record. Any failure or breakdown in a particular part of our information technology system, particularly our current or future information technology system, for an extended period of time may cause interruptions to our business and operations. Furthermore, a dispute with our information technology service provider or termination of a service contract with such provider may adversely affect our ability to use our information technology infrastructure or upgrade such infrastructure in a timely and cost-effective manner. If any of these events occur, our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, customers or other third parties which could subject us to financial losses and harm our reputation

We receive and handle cash and credit card transactions in our daily operations. We cannot assure you that there will not be any instances of fraud, theft or other misconduct involving our employees, customers and other third parties in future. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

The application of IFRS 16 on our operating lease commitments may materially affect our financial performance

As at the Latest Practicable Date, some of our properties for which we operate our business on were obtained through leases, which the relevant leases were classified as operating leases. Our current accounting policy for such leases is set out in Note 3 to the Accountants' Report. As at 31 May 2018, our Group's future aggregate minimum lease payments under non-cancellable operating leases contracted for but not recognised as liabilities amounted to approximately S$7.3 million. During the Track Record Period, our future operating lease commitments were not recognised as assets and liabilities in our consolidated statements of financial positions. IFRS 16, which we expect to apply from the financial year beginning 1 January 2019, provides new provisions for the accounting treatment of lease and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statements of financial positions. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated statements of financial positions. As for the financial performance impact in the consolidated income statements and comprehensive income, rental expenses will be replaced with straight-line depreciation expense on the right-of-use asset and interest expenses on the lease liability. The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability may result

in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. Our financial and results of operations may be affected as a result. Please refer to the paragraph headed "Financial Information — Impact of the Adoption of IFRS 16" in this document for further details.

RISKS RELATING TO THE INDUSTRIES WHICH WE OPERATE IN

i. U.S. furniture sales segment

We face competition from our competitors

According to the CIC Report, the sales value for furniture in the U.S. grew continuously from US$50.9 billion in 2013 to US$59.7 billion in 2017, with the sales value for furniture on leading U.S. e-commerce sales platforms experiencing significant growth from US$10.5 billion in 2013 to US$18.9 billion in 2017. According to the CIC Report, it is expected that furniture e-commerce channels will continue to expand and sales value for furniture will maintain a steady growth trend in the foreseeable future. As the furniture online sales market in the U.S. is highly competitive with approximately one million furniture sellers in 2017, we expect to face tougher competition, especially from our top competitors, who have longer operating histories, more clients, better brand name recognition, more product collections and significantly greater financial, technical, marketing and public relations resources than we do. Our competitors may be in a better position to respond more quickly to the changing demands of the furniture industry or offer a range of products and services that are comparable or even superior to ours at lower prices. Facing intense competition from other sellers, we may need to lower our prices of products to stimulate sales. Any increase in competition could exert a negative impact on our pricing by eroding our profit margins, our market share or make it more difficult for us to achieve any significant market penetration. If we are unable to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends, our business and financial performance will be adversely affected.

We may be subject to international trade policies and trade barriers such as anti-dumping duties or trade quotas with respect to overseas sales, which could adversely affect our business and results of operations

We export a substantial portion of our products to customers in the U.S. Any international trade policies and trade barriers such as anti-dumping duties, tariffs or quota fees imposed by the countries to which we export our products, or a trade war involving our products could significantly increase the prices of our products in such countries. Changes to trade policies, treaties and tariffs in the jurisdictions in which we operate, or the perception that these changes could occur, could adversely affect the financial and economic conditions there, as well as our international and cross-border operations, our financial condition and results of operations. The U.S. under the President Donald Trump administration has advocated greater restrictions on trade generally and significant increases on tariffs on goods imported into the U.S., particularly from the PRC, and has recently taken steps toward restricting trade in certain goods. For example, on 6 July 2018, the U.S. began imposing tariffs of 25% on approximately US$34 billion worth of imports from PRC, with the public comment process pending for an additional 25% tariff on products of the PRC with an annual trade value of approximately US$16 billion. The products targeted by the additional tariffs are believed to be those which benefit from the PRC's industrial

policy and forced technology transfer practices, which include machinery, televisions, medical devices, aircraft parts and batteries. On the same day, the PRC retaliated against the U.S. by imposing tariffs on US$34 billion in U.S. exports to the PRC, and threatening tariffs on another US$16 billion. In light of the PRC's response by imposing duties on U.S. goods, the U.S. proposed to take further action in the form of an additional 25% tariff on products of the PRC with an annual trade value of approximately US$200 billion, which was subject to public comments through 5 September 2018. On 17 September 2018, the Office of the United States Trade Representative released a list of approximately US$200 billion worth of PRC imports that will be subject to additional tariffs. The additional tariffs, initially of 10%, will be effective starting from 24 September 2018, and will increase to 25% starting from 1 January 2019. The products subject to the final tariff list include certain furniture products from the PRC. Subsequently, the PRC announced retaliatory tariff increases on US$60 billion worth of U.S. imports. The current U.S. administration has created uncertainty with respect to, among other things, existing and proposed trade agreements (including the renegotiation of North American Free Trade Agreement to better implement U.S. trade policy objectives, such as through the potential addition of new provisions to address regulatory practices, state-owned enterprises, services, customers procedures, sanitary measures, labor, the environment, and other matters which may affect our business or the business of our customers), free trade generally, and potential significant increases on tariffs on goods imported into the U.S., particularly from Mexico, Canada and the PRC. If we were not able to pass additional costs on to our customers, our sales margins could be adversely affected, which could adversely affect our financial position, business or results of operations. As we cannot accurately predict whether any trade policies, tariffs or quota fees will be imposed in the future, we do not make any provisions in our accounts for any payments incurred under such trade policies, tariffs or quota fees.

There is no assurance if additional retaliatory actions may be taken by the U.S. or the PRC in response to the increased tariffs by both countries. There is also a concern that the imposition of additional tariffs by the U.S. could result in the adoption of tariffs by other countries. To the extent that trade tariffs and other restrictions imposed by the U.S. increase the price of, or limit the amount of raw materials utilised by our suppliers to manufacture the Group's products imported into the U.S., our costs of inventory may be adversely affected, and the increase in the price of our products to pass on the increased costs to customers could result in decrease in demand from our customers for products and services, which could adversely affect our revenue and profitability. We cannot predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental actions related to tariffs or trade agreements or policies may adversely impact demand for our products, our costs, our customers, our suppliers, and the world economy, which in turn could result in a material and adverse impact our business, financial condition and results of operations.

ii. Furniture sales segment

We operate in a competitive market and in order to remain competitive we may be required to alter our business strategies, which could affect our revenue and profitability

According to the CIC Report, the mid-to-high end furniture retail market in Singapore is well-developed. We face increasing competition from fast-fashion retailers, luxurious designer furniture brands and start-ups. Our competitors may have greater financial, marketing, personnel and other relevant resources compared to us. In particular, as most customers are price sensitive to the pricing of products, reasonable pricing has become of one of the most crucial success factors for furniture retailers to stand out among competitors. The pricing strategies implemented by our competitors may affect the pricing of our products. If our competitors significantly reduce their product or service prices, we may have to reduce our selling prices or engage in further marketing strategies to remain competitive. This would likely reduce our revenue and profitability. Further, any failure on our part to compete effectively with our competitors may result in loss or inability to expand our market share, which may have a material adverse result on our business, financial conditions and business prospects.

Our furniture sales segment focuses mainly on our physical points of sales and we currently generate a small portion of revenue from our online sales platforms launched in late 2016. For details, please refer to the paragraph headed "Financial Information — Total revenue by business segment" in this document. According to the CIC Report, physical retailing may face competition from online furniture retailing as e-commerce is becoming more and more popular in Singapore, with revenue of online furniture growth increasing from S$13.2 million in 2013 to S$21.4 million in 2017. This growth is expected to continue in the next five years, due to the convenience of purchasing furniture online and reasonable pricing. Our Directors consider that due to the rapid development of online retailing, there is a risk that internet-based retailing will become increasingly dominant in the lifestyle furniture and home furnishing market in the future. As compared to traditional physical stores, online sales platforms offer greater accessibility and convenience for customers as they do not need to travel to purchase furniture. Further, online retailers may incur lower overhead expenses compared with physical retail stores and as such, similar products to our own may be offered at more competitive prices. Since our online sales platforms are still at ramp up stage, we may not be able to compete with online retailers and we cannot assure you that we will be able to maintain or increase our sales in face of the competition from online furniture retailers.

iii. General

Our business is subject to laws and regulations and if we are unable to respond to the changes in these laws and regulations in a timely manner, our business will be adversely affected

Our success will depend, in part, on our ability to keep up with the pace of changing standards in the market we serve. We are required to comply with relevant safety laws and regulations in Singapore, the U.S, Malaysia and Brunei. If we do not respond successfully to changes in the regulatory, as well as evolving industry standards, our customers are likely to seek more qualified service providers who are able to respond more effectively to changes in the regulatory standards and better meet their demand. As at the Latest Practicable Date, we are not

aware of any material adverse changes or developments in environmental and safety laws or regulations imposed by relevant governmental authorities. Nevertheless, there is no assurance that there will not be adverse changes or developments in such laws and regulations in the future. If we fail to adapt to these changes, our reputation may be damaged, or we may be required to pay penalties or fines or take remedial actions, any of which could have an adverse effect on our business, results of operations and prospects.

We may be affected by fluctuations in the property markets in the U.S., Singapore, Malaysia and Brunei

The business and prospects of our Group partly depend on the performance of the property market in the U.S., Singapore, Malaysia and Brunei. The demand for properties in the property market is affected by a number of factors, including but not limited to the government policies in relation to the property market. For example, in July 2018, the Singapore government has raised the additional buyer's stamp duty rates applicable to the purchase of residential property in Singapore, save in relation to Singapore citizens and permanent residents purchasing their first residential property. This was implemented by the Singapore government to cool the property market and keep price increases in line with economic fundamentals. We cannot guarantee that the demand for properties in the aforementioned markets will continue to grow or that there will not be a market downturn of the property sector. Fluctuations of demand in the property market may influence the demand for furniture and home accessories in general. Our interior design segment is especially vulnerable to the residential property markets in Singapore, Malaysia and Brunei, to the extent that fluctuations in the property market may have an indirect impact on the number of new property development and number of renovation projects. When property prices are trending down, property developers will slow down the launching of new property developments which drives the demand of showflat design projects. Decisions by home owners to carry out renovations to their properties may be dependent on the expected increase in asset value resulting from the refurbishment and upgrading exercises. Moreover, property owners may not be able to obtain the necessary financing to undertake such renovation works during a recessionary period.

RISKS RELATING TO CONDUCTING BUSINESS IN THE U.S.

We rely on the U.S. market to generate a significant portion of our revenue. Changes in the economic, political and social conditions in the U.S. could materially and adversely affect our customers in the U.S. and in turn our business, results of operations, financial condition and future prospects

We primarily target the furniture online sales market in the U.S. and approximately 58.1%, 62.2%, 66.7% and 71.0% of our Group's revenue for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, was derived from there. In addition, all of our five largest customers during the Track Record Period are located in the U.S. We anticipate the sales from our U.S. furniture sales segment in the U.S. will continue to be our main source of revenue in the near future. As the demand of our products depends significantly on households' disposal income and their desire to spend, our business has been and will continue to be affected by U.S. economic conditions, such as an economic downturn, adverse change of conditions of the property market or any other changes which result in a decline in consumer-spending levels. Other conditions including inflation and changing prices of energy could lead to reduced revenues and gross margins, and negatively impact our business and liquidity. Economic and other factors out of our control include consumer and commercial credit availability, consumer confidence and spending levels, as well as the impact of payroll tax and medical cost increase on U.S. consumers, recession, inflation, deflation, employment levels,

housing sales and remodels, interest rates, tax rates, rates of economic growth, fiscal and monetary government policies, consumer debt levels, consumer debt payment behaviors, fuel costs and other challenges currently affecting the U.S. and even the global economy. These economic conditions could adversely affect the disposable income levels of, and the credit available to, our customers and end-customers, which could lead to reduced demand for our products. The threat, outbreak or escalation of terrorism, civil unrest, military conflicts or other hostilities could affect consumer confidence in the U.S. and lead to a decrease in consumer spending. Any of these events and conditions could inhibit sales or cause us to increase inventory markdowns and promotional expenses, thereby reducing our gross margins. We can offer no assurance that we will be able to respond quickly to any economic, market or regulatory changes in the U.S. market, and any failure to do so may cause an adverse effect on our business performance, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN SINGAPORE, MALAYSIA AND BRUNEI

We may face changes in economic, political and social conditions, as well as any changes in government policies, which could materially and adversely affect our business, results of operations, financial condition and future prospects

As our furniture sales and our interior design segments are conducted in Singapore, Malaysia and Brunei, and we also source some of our products in Malaysia, our business, results of operations, financial condition and future prospects are significantly exposed to the economic, political and legal developments in these jurisdictions. We cannot assure you that the relevant governments will continue to maintain the current economic policies or pursue economic and political reforms. Specifically, our business and operating results can be materially and adversely affected by changes in the government's regulations concerning production restrictions, price controls (such as price fixing), export controls, taxation, ownership and expropriation of property, environmental or health and safety issues. Any changes in the economic conditions and government policies regarding the property markets will also affect the demand of our products and services and our business performance will be affected.

RISKS RELATING TO THE [REDACTED] AND THE SHARES

Future sale of our securities in the public market (or perception that such sales may occur) could have a material and adverse impact on the prevailing market price of our Shares

The market prices of the [**REDACTED**] could decline as a result of future sale of substantial amount of the Shares or other securities relating to the Shares in the public market or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sale of substantial amounts of our securities, including any future offerings, or the perception that such sales are likely to occur, may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem to be appropriate.

While the Shares held by our Controlling Shareholders are subject to a lock-up period, details of which are set out in the section headed "[**REDACTED**] — Undertakings — Undertakings to the Stock Exchange Pursuant to the Listing Rules" in this document, we are not in a position to give any assurances that they will not dispose of any Shares during the relevant periods. If any of their undertakings are waived or breached or after the restriction lapse, any future sales of a substantial number of our Shares, or the perception that these sales may occur, would materially and adversely affect the prevailing market prices of our Shares.

There has been no prior public market for our Shares and their liquidity and market price may be volatile

Prior to the [**REDACTED**], there has been no public market for our Shares. The [**REDACTED**] range for our Shares was the result of negotiations among us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price for our Shares following the [**REDACTED**]. We have applied for the [**REDACTED**] and permission to deal in our Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the [**REDACTED**] that the market price of our Shares will not decline following the [**REDACTED**].

Furthermore, the price and trading volume of our Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows, announcement of new investments, strategic alliances and/or acquisitions, fluctuations in market price for our products or fluctuations in market price for companies in our industry, changes of senior management of our Group and general economic conditions. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. There is no assurance that such developments will or will not occur. In addition, shares of other companies [**REDACTED**] on the Stock Exchange have experienced substantiality price volatility and trading volume fluctuations in the past. It is likely that from time to time, our Shares will be subject to changes in price that may not be directly related to our Group's financial or business performance.

Since there will be a gap of several days between [**REDACTED**] **and** [**REDACTED**] **of our** [**REDACTED**]**, holders of our** [**REDACTED**] **are subject to the risk that the price of our** [**REDACTED**] **could fall when the trading of our** [**REDACTED**] **begins**

The [**REDACTED**] of our Shares will be determined on the [**REDACTED**]. However, our Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be the [tenth] business day after the [**REDACTED**]. As a result, investors may not be able to sell or otherwise [**REDACTED**] our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall when [**REDACTED**] begins as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [**REDACTED**] begins.

Investors will experience immediate dilution as a result of the [REDACTED] and could face further dilution if our Company issues additional Share or other securities in the future

Based on the [**REDACTED**] range, the [**REDACTED**] is expected to be higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, the potential investors will experience an immediate dilution in unaudited pro forma net tangible asset value to approximately HK$[**REDACTED**] per Share and approximately HK$[**REDACTED**] per Share based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], respectively.

We believe that our current cash and cash equivalents, anticipated cash flows from operations and the [**REDACTED**] from the [**REDACTED**] will be sufficient to meet our anticipated cash needs for the foreseeable future. However, additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than a pro rata basis to existing Shareholders, the percentage ownership of our Shareholders may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

In addition, our Company may issue additional Shares upon exercise of options to be granted under the [**REDACTED**] in the future. The increase in the number of Shares outstanding after issue would result in the reduction in the percentage ownership of our Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

Statistics and industry information contained in this document may not be accurate and should not be unduly relied upon

Certain facts, information, statistics, and data presented in the section headed "Industry Overview" in this document and elsewhere in this document relating to the industry in which we operate have been derived, in part, from various publications, industry-related sources prepared by government officials or independent third parties and a market research report commissioned by us and prepared by CIC, an independent market research agency. Our Company believes that the sources of the information are appropriate sources for such information, and the [**REDACTED**] and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this document. In addition, our Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted.

However, neither our Group, our Directors, the [**REDACTED**], nor any parties involved in the [**REDACTED**] have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources are prepared on a comparable basis or that such information and statistics are stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

Investors should read the entire document and should not rely on any information contained in the press articles or other media coverage regarding us and the [REDACTED]

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our investors should not rely on such information.

Investors for our Shares may face difficulties in protecting your interests under the laws of the Cayman Islands

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For further information, please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document.

Dividends declared in the past may not be indicative of our dividend policy in the future

Our Directors may declare dividends, after taking into account, among other things, our results of operations, cash flows and financial condition, operation and capital requirements, the amount of distributable profits, the Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please refer to the paragraph headed "Financial Information — Dividend" in this document. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. There is no assurance that the amount of dividends declared by the Company in the future, if any, will be at a level comparable with that in the past.

There are risks associated with forward-looking statements

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "expect", "believe", "plan to", "intend", "could", "anticipate", "estimate", "should" and "will" or similar words or statements. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our further business, operations, liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this document, whether as a result of new information, future events or otherwise. For further details, please refer to the section headed "Forward — Looking Statements" in this document.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the requirements under certain provisions of the Listing Rules.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must ordinarily reside in Hong Kong.

Since the business and operations of our Group are primarily located, managed and conducted in Singapore and U.S., there is no business or practical need for our Company to appoint executive Directors in Hong Kong. All of our executive Directors and the majority of our Group's senior management are, and will continue to be in the foreseeable future, based in Singapore. Substantially all of our Group's assets are also in Singapore and U.S.. Our Company does not, and does not contemplate in the foreseeable future, that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

An application for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules has been made to, [and granted by,] the Stock Exchange.

The arrangements proposed by our Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange, for the purposes of Rule 8.12 of the Listing Rules and in accordance with the Guidance Letter HKEX-GL9-09, are as follows:

(a) our Company has appointed and will continue to maintain two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal channel of communication with the Stock Exchange. The two authorised representatives appointed are Mr. Goon, our executive Director and Ms. Mak Tze Fan, our company secretary. They will have the means of contacting all of our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. They will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary to deal with enquiries from the Stock Exchange from time to time. Our Company will inform the Stock Exchange promptly if there is any change in our authorised representatives or the contact details of any of them;

(b) each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong, and will be able to meet with the Stock Exchange within a reasonable period of time upon prior notice from the Stock Exchange, if required;

(c) our Company has appointed Southwest Securities (HK) Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will also act as an additional channel of communication between our Company and the Stock Exchange for the period commencing on the [**REDACTED**] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. Our Company will inform the Stock Exchange promptly of any changes in the compliance adviser;

(d) our Company will appoint other professional advisers (including legal advisers and accountants) to advise on on-going compliance requirements and other issues arising from the Listing Rules and other applicable laws and regulations in Hong Kong, and to ensure that there will be efficient communication with the Stock Exchange after the [**REDACTED**]; and

(e) each of our Directors will provide his or her respective mobile phone number, office phone number, e-mail address, and fax number to the Stock Exchange prior to the [**REDACTED**]. In the event that a Director expects to travel outside Hong Kong, he or she shall provide to the authorised representatives the phone numbers of the place of his or her accommodations outside Hong Kong or the phone numbers where he or she can be contacted outside Hong Kong.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Goon Eu Jin Terence (阮友仁)	5 Woollerton Drive Tanglin, Singapore 257555	Singaporean
Wee Ai Quey	13 Ponggol Twenty-Fourth Avenue Singapore 829504	Singaporean
Ong Ciu Hwa (王秋華)	Block 335 Tampines Street 32 #06-494 Singapore 520335	Singaporean
Non-executive Directors		
Kho Chuan Thye Patrick (高泉泰)	64A Andrew Road Singapore 299981	Singaporean
Lim Sooi Kheng Patrick (林瑞慶)	Block 3, Normanton Park #12-171 Singapore 119000	Singaporean
Independent non-executive Directors		
Lim Boon Cheng (林文正)	52 South Buona Vista Road #01-07 Vista Park Singapore 118168	Malaysian
Ng Chee Kwong, Colin (吳志光)	Apt. Block 234A Serangoon Avenue 2 #07-143, Singapore 551234	Singaporean
Wee Kang Keng	4 Seletar Hills Drive Singapore 807024	Singaporean

For more information on our Directors and members of senior management, please refer to the section headed "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor .....

Southwest Securities (HK) Capital Limited
A corporation licenced by the SFC to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
40/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

[**REDACTED**]

Legal Advisers to the Company ....

As to Hong Kong law
Stephenson Harwood
18th Floor
United Centre
95 Queensway
Hong Kong

As to Singapore law
Virtus Law LLP
1 Raffles Place #18-61
Tower 2
Singapore 048616

As to U.S. law
Squire Patton Boggs (US) LLP
555 South Flower Street
31st Floor
Los Angeles, CA90071

As to Malaysia law
The Law Office of KK Chong & Company
Suite 1213, 12th Floor, Plaza Permata
No. 6, Jalan Kampar
50400 Kuala Lumpur
Malaysia

	As to Brunei law **Eversheds HEP, Advocates & Solicitors** Units 15-17, Ground Floor Bangunan Haji Hassan Abdullah, Jalan Gadong Kampung Menglait Bandar Seri Begawan BE3919 Brunei Darussalam
	As to Cayman Islands law **Conyers Dill & Pearman** Cricket Square Hutchins Dirve PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law* **H.M. Chan & Co in association with Taylor Wessing** 21/F, 8 Queen's Road Central Hong Kong
Reporting Accountants	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Hong Kong
Compliance adviser	**Southwest Securities (HK) Capital Limited** 40/F., Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Industry Consultant	**China Insights Consultancy Limited** 10th Floor, Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai China 200003
Tax Advisers	**SG Tax Alliance Services Pte Ltd** 24 Peck Seah Street #02-03 Nehsons Building Singapore 079314
	[**REDACTED**]

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Square PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Headquarters and principal place of business in Singapore	16 Tai Seng Street #07-09 Singapore 534138
Company's website	www.designcapital.sg ***(Note: the information contained in this website does not form part of this document)***
Company secretary	Ms. Mak Tze Fan (麥子芬女士), *ACS, ACIS* Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Mr. Goon Eu Jin Terence (阮友仁先生) 16 Tai Seng Street #07-09 Singapore 534138 Ms. Mak Tze Fan (麥子芬女士) Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
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)

[**REDACTED**]

Principal bankers	**Oversea-Chinese Banking Corporation Ltd** 65 Chulia Street OCBC Centre Singapore 049513 **United Overseas Bank Ltd** 80 Raffles Place UOB Plaza Singapore 048624 **Malayan Banking Bhd** 2 Battery Road Maybank Tower #16-02 Singapore 049907

Unless otherwise indicated, the information presented in this section is derived from the CIC Report prepared by CIC, which was commissioned by us and is prepared primarily as a market research tool intended to reflect estimates of market conditions based on publicly available resources. References to CIC should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics. Our Directors have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. The information prepared by CIC and set out in this Industry Overview has not been independently verified by our Group, the Sole Global Coordinator, our Controlling Shareholders, the Sole Sponsor, the [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**] *or any other party involved in the* [**REDACTED**] *or their respective directors, officers, employees, advisers and agents, and no representation is given as to its accuracy and completeness. Accordingly, such information should not be unduly relied upon.*

SOURCE OF INFORMATION

We have commissioned CIC, an independent third party, to both conduct an analysis of and to produce a report on the furniture industry in the U.S. and Singapore, and on the interior design and fitting-out industry in Singapore. The report we commissioned, or namely the CIC Report, has been prepared by CIC independent of our influence. We paid CIC a fee of HK$600,000 for the preparation of the report, which we consider to be in line with market rates. CIC is a professional industry consulting company established in 2013 and committed to facilitate the investment and financing process. CIC's services include industry consulting, commercial due diligence, strategic consulting, etc.

CIC REPORT

CIC conducts both primary and secondary research using a variety of resources. Primary research involves interviewing key industry experts and leading industry participants. Secondary research involves analyzing data from various publicly available data sources, such as the International Monetary Fund, the U.S. Bureau of the Census, Singapore Statistics, industry associations, etc.

The market projections in the commissioned report are based on the following key assumptions: (i) economic and industrial developments in the U.S. and Singapore are likely to maintain steady growth trends over the next decade; (ii) related key industry drivers are likely to drive growth in these markets during the forecast period, including an expanding population, increasing household incomes, a higher demand for housing units, and a growing younger generation in both the U.S. and Singapore; (iii) there is no extreme *force majeure* or industry regulation in which the markets may be affected either dramatically or fundamentally.

All statistics are reliable and based on information available as of the date of this report. Other information sources, including from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based. CIC came to the conclusions in CIC report based on multi-methodologies to ensure data validation and integrity assessment.

All the information pertaining to the Group has been sourced from the Group's own audited financial statements or through management interviews. Information regarding the Company has not been independently verified by CIC.

Except as otherwise noted, all the data and forecasts in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there was no adverse

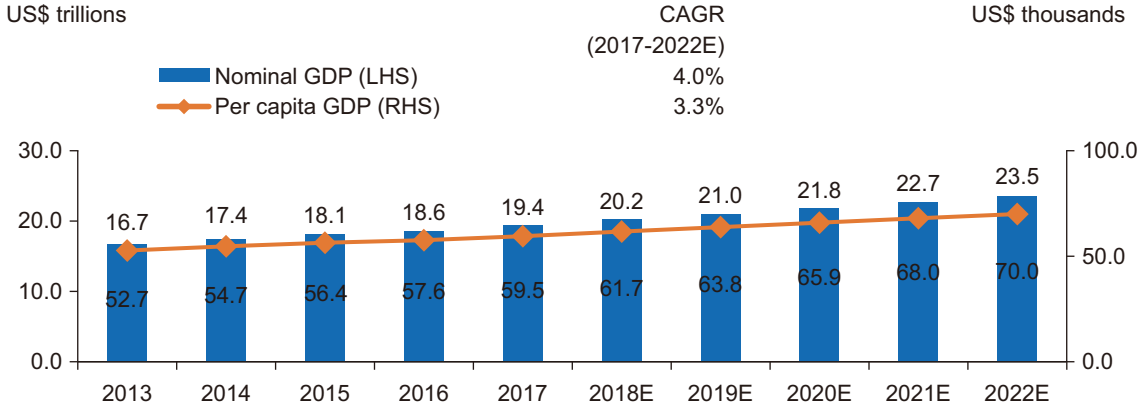
change in any of the market information since the release date of the CIC Report, changes which may qualify, contradict, or have an impact on the information as disclosed in this section.

OVERVIEW OF MACROECONOMICS IN THE U.S.

Nominal GDP and per Capita GDP in the U.S.

Nominal GDP in the U.S. increased from US$16.7 trillion in 2013 to US$19.4 trillion in 2017. Meanwhile, per capita GDP rose from US$52,700 in 2013 to US$59,500 in 2017. With the increase in nominal GDP and per capita GDP, it is anticipated that the disposable income of Americans will rise accordingly, which will in turn boost spending on necessities, including furniture. By 2022, nominal GDP in the U.S. is expected to grow and reach US$23.5 trillion, while per capita GDP is anticipated to reach a further US$70,000.

Nominal GDP and Per Capita GDP, U.S., 2013-2022E



Source: International Monetary Fund

FURNITURE ONLINE SALES INDUSTRY IN THE U.S.

In the 1970s, the prototype for modern-day online sales was first used on private networks within large enterprises to process daily operational issues. In 1991, the usage of Internet became commercialised, and the trend of online sales began. In the early 2000s, the first movers began the furniture online sales business, which allowed them to expand rapidly with limited competition and vastly unsaturated markets. Some of these furniture online suppliers established distribution network and relationships with furniture online sales platforms, which gave them competitive advantages against new entrants. Later, during the early stages of the 21st century, numerous furniture online sales platforms were launched, with leading platforms including Overstock, Wal-Mart, Wayfair, William-Sonoma, etc.

Value chain and key products for the furniture online sales industry in the U.S.

The value chain for the furniture online sales industry in the U.S. comprises (i) the upstream domestic and overseas manufacturers and suppliers; (ii) midstream sellers operated through brick-and-mortar stores and online sales platforms; and (iii) end-consumers.

For the furniture online sales market, in terms of import values in 2017, China was the largest furniture import origin country, followed by ASEAN countries including Indonesia, Cambodia, Myanmar, Thailand, Vietnam, Brunei, Laos, Malaysia, Singapore, Philippines, and Canada. Usually, furniture imported from China and ASEAN countries serve the mass market, while furniture made domestically in the U.S. and imported from Europe target the high-end market. Furniture sellers in the U.S. can purchase products from upstream manufacturers through either OEM (original equipment manufacturer), ODM (original design manufacturer), or OBM (original brand manufacturer) models. Then, end-consumers can purchase furniture directly from midstream sellers from either brick-and-mortar stores or online sales platforms. Online sales platforms include furniture specialty online stores (such as websites of Wayfair, Overstock, William-Sonoma, etc.), online supermarket portals (such as websites of Wal-Mart, Target, Kohl's, etc.), online department stores (such as websites of Macy's, JC Penny, Sear's, etc.), and online marketplace websites (such as Amazon, eBay, etc.).

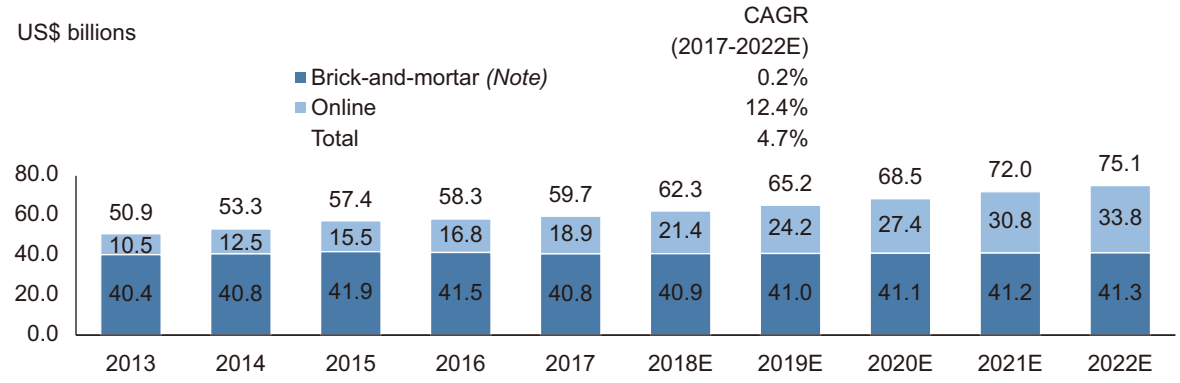
Key products for furniture online sales industry include bedroom furniture (such as bed frames, wardrobes, etc.), living room furniture (sofa, end tables, etc.), dining room furniture (dining tables, dining seats, etc.), kitchen furniture (kitchen carts, cabinets, etc.), home offices furniture (computer tables, chairs, etc.), and outdoor furniture (tables, loungers, sofas, etc.), etc.

Market size of the furniture sales industry in the U.S.

After the economic recession, the sales value for furniture in the U.S. started to regain growth momentum since 2010. Between 2013 and 2017, the sales value for furniture in the U.S. grew continuously from US$50.9 billion in 2013 to US$59.7 billion in 2017. With steady improvements in the economic environment in the U.S., it is expected that the sales value for furniture in the U.S. will also continue to grow at a steady pace and reach US$75.1 billion by 2022, representing a CAGR of 4.7% between 2017 and 2022.

The online sales value for furniture only accounted for 20.6% of the total sales value for furniture in 2013, amounting to US$10.5 billion. However, in recent years, the leading U.S. online sales platforms and the U.S. furniture online sales industry have experienced significant growth. Between 2013 and 2017, the online sales value for furniture increased from US$10.5 billion to US$18.9 billion. In 2017, the online sales value for furniture took up about 31.6% of the total sales value. It is anticipated that the online sales value will maintain a strong growth trend between 2017 and 2022, and reach US$33.8 billion by 2022.

Sales value for furniture, brick-and-mortar stores and online, U.S., 2013-2022E



Source: *China Insights Consultancy*

Note: Brick-and-mortar stores refers to traditional street-side businesses that operate with a physical point of sales and deal with customers face-to-face.

Drivers of the furniture online sales industry in the U.S.

1. Increasing occupancy rate for housing units has stimulated the furniture demand in the U.S.

While the total number of housing units in the U.S. from 2013 to 2017 remains at steady level (with a CAGR of less than 1%), the number of vacant housing units decreased from 18.0 million in 2013 to 16.7 million in 2017 and the total number of occupied housing units in the U.S. recorded a growth from 115.4 million in 2013 to 120.2 million to 2017, reflecting the increasing demand for properties in the U.S.. Under the ongoing rejuvenation of the economy and increasing disposable incomes of citizens, it is expected that the demand for properties in the U.S. will continue to increase and drive the demand for furniture in the future.

2. Increasing market penetration on the use of internet has stimulated furniture online sales

The value for online retail sales in the U.S. has recorded a strong growth and reached US$452.1 billion in 2017. Representative online sales platforms include Amazon, eBay, Wal-Mart, Target, etc. In view that the increase in penetration rate for the Internet in the U.S. (increased from 71.4% to 77.8% from 2013 to 2017) and the burgeoning use of smartphones which allow consumers to shop online with greater convenience is expected to maintain in the future, the growth in the online retail market, and thus that of the furniture online sales industry is expected to continue in the near future.

3. An expanding population and increasing annual salaries, especially for the younger generation, is expected to increase the market size of the furniture online sales industry

The population segment between 18-34 years old in the U.S. increased from 74.3 million in 2013 to 76.8 million 2017, meanwhile the median annual salary earned by this group was around US$28,700 in 2017. The overall furniture industry in the U.S. is now benefiting from the rising economic power of the millennial generation (the generation of people born between 1982 and 2002) in terms of their increasing incomes and their expanding population. The younger generation prefers shopping through online sales channels mainly due to convenience. Without incurring the costs that physical stores have to bear, such as rental and labour costs, online sales platforms are able to sell products at relatively affordable prices. In addition, the younger generation is more likely to move around compared to the senior generation. Since the younger generation is still studying or in the early stage of their careers, it is more convenient for them to move without too much luggage, such as bulky furniture. As a result, the demand for inexpensive furniture is expected to increase. Based on current estimates, the population segment between 18-34 years old will reach 78.2 million by 2022, while the total U.S. population is estimated to expand from 283.2 million in 2017 to 293.6 million in 2022. The expanding population and increasing annual salaries are expected to boost the market size of the furniture online sales industry in the U.S.

Market trends and opportunities of the furniture online sales industry in the U.S.

1. Expressing personal tastes and preferences through furniture

The millennial generation is becoming the main consumer group in the U.S. market. This group puts more emphasis on personal tastes and convenience when purchasing products. Hence, furniture products with strong personal style are gaining popularity.

Furniture companies need to diversify products and meet some specific needs of different age groups, which creates opportunities for additional revenue growth points.

2. Furniture online sales have received increasing attention

Furniture sellers are increasingly interested in online sales channels as these platforms allow them to reach out to potential customers to showcase their products at a lower operating cost. On the other hand, consumers are also becoming increasingly inclined to use online sales channels due to their convenience and ability to enable access to a wider range selection of products . With the increasing acceptance of buying and selling furniture products on online sales platforms, it is expected that the furniture online sales market will expand in the future.

3. Easy-to-assemble furniture is expected to be more popular

Easy-to-assemble furniture is easy to assemble and dismantle, and allow consumers to pack it into compressed packages which are portable. From the sellers' point of view, easy-to-assemble furniture is easy to transport and store, which can reduce logistics and storage cost, and improve operational efficiency. From end-consumers' perspective, it allows them to assemble on their own without getting carpenters to assist in the assembling and also to dismantle easliy to save hassles when they move house from one to other. Due to the above reasons, easy-to-assemble furniture has gained popularity. Easy-to-assemble furniture, with their compact packaging, is also well received by consumers on online sales channels. Therefore, furniture manufactures are likely to offer more easy-to-assemble furniture targeting the mass market through online sales channels.

Challenges of the furniture online sales industry in the U.S.

1. Increasing number of smaller households

The increasing number of smaller households and smaller homes has led to a rising demand in multifunctional furniture designed for smaller living spaces. In 2017, for example, 27.9% and 34.5% of households in the U.S. were occupied by single persons and two persons, respectively. These smaller households tend to purchase multifunctional furniture to suit their needs. The design approach to multifunctional furniture is very different from that of traditional furniture. It is expected that furniture sellers will continue developing and adapting their products in accordance with these market trends.

2. Increasing number of people are renting instead of purchasing their own houses/apartments

Because of higher home prices, rising mortgage rates and fallout from the latest real estate crisis, as well as other factors, an increasing number of people are now choosing to rent as opposed to buy property. This has led to a growing market for economically-friendly and

functional furniture items with shorter product life-spans. Tenants and landlords alike are focused on selecting the most cost-effective furniture. Furniture manufacturers and retailers will have to adapt to these ongoing changes.

COMPETITIVE LANDSCAPE OF THE FURNITURE ONLINE SALES INDUSTRY IN THE U.S.

In 2017, furniture online sales in the U.S. accounted for 31.6% of the total sales of furniture in the U.S. market. Furniture online sales industry in the U.S. is highly fragmented with approximately one million furniture sellers and approximately 10,000 online sales platforms. The top ten furniture online sales platforms in terms of furniture sales in 2017 include Wayfair, William-Sonoma, IKEA, Overstock, Bed Bath and Beyond, Wal-Mart, Restoration Hardware, Amazon, Rooms to Go, and Target. The top ten platforms contributed approximately one-third of the total furniture online sales to end-customers. For its U.S. furniture sales segment, the Company, focusing on the U.S. mass market during the Track Record Period, accounted for approximately 0.3% of the market share in the total furniture online sales in 2017. Currently, the online furniture sales platforms in the U.S. mainly target the mass market with an average selling price of furniture products ranging from approximately US$50 to US$1,000. Firstly, online channels are relatively more welcomed by the younger generation. Being more familiar with technology and the internet, consumers of the younger generation prefer the efficiency of online shopping, which provides easy access to a wide range of brands and products. Consumers of the younger generation tend to spend less on furniture than older generations, largely due to their lower financial resources, and thus are more attracted to furniture from lower-priced markets. As the younger generation tends to move around more frequently, they mainly seek easy-to-assemble furniture from online platforms that can provide timely delivery. On the other hand, mid-end and high-end consumers prefer physically visiting furniture stores. These generally belong to the less tech-savvy, older generation. As mid-end and high-end consumers seek high-quality products, they are more willing to take their time to identify a suitable piece of furniture for their home. When shopping, they prefer being able to view and touch the products in person, and appreciate the consultation services provided by retailers when shopping in-store. They tend to be more willing to wait for products, if suitable, to be delivered. Furthermore, some of the high-end furniture require customisation and pre-order, which is still hard to achieve through online channels. Due to these reasons, online furniture sales industry in the U.S. currently focuses on targeting the mass market.

The top ten online sales platforms in the U.S. in terms of sales value consist of the Group's five largest online sales platform customers during the Track Record Period. The table below sets forth the market shares of those five major online sales platforms in the furniture online sales industry in the U.S. market in terms of furniture sales and the Group's revenue and position on these platforms in 2017. These five online sales platforms had a total of approximately 400 furniture suppliers that generated sales in 2017.

Platform	Furniture sales value in 2017 (US$ million)	The platform's market share as a percentage of total furniture online sales in 2017	Approximate sales value charged by the Group on the platform in 2017 (US$ million) (Note)	The Company's approximate market share on the platform in terms of revenue in 2017 (Note)
Platform A	1,313.5	7.0%	15.4	1.2%
Platform B	593.3	3.1%	19.0	3.2%
Platform C	480.1	2.5%	10.5	2.2%
Platform D	401.3	2.1%	1.8	0.4%
Platform E	246.0	1.3%	2.8	1.1%
Subtotal:	3,034.2	16.0%	49.5	
Others:	15,837.4	84.0%		
Total:	18,871.6	100.0%		

Note: The numbers are derived based on the sales value charged by the Company to these five platforms in 2017. These platforms are free to determine on the final selling prices of the products to the end-customers with mark-ups and/or applicable discounts. The market shares are therefore presented for illustration purposes, calculated with reference to the selling price charged by the Group out of the total furniture sales values on the platforms without taking into account any mark-up and/or applicable discounts charged by the platforms to the end-customers.

The retail sales value of the Group's products contributed approximately 1.6% of the total furniture online sales value of its five largest online sales platform customers in 2017. The table below sets forth the market share of the top five furniture sellers on the five major furniture online sales platforms (Platforms A to E) in 2017.

Rank	Company	Description	Approximate retail sales value of products on Platforms A to E in 2017 (US$ million)	The approximate market share on the Platforms A to E
1	Company A	Specialising in manufacturing and distribution of wooden furniture	325.9	10.7%
2	Company B	Providing affordable furniture in North America	223.9	7.4%
3	Company C	A leading manufacturer of ready-to-assemble furniture	174.2	5.7%
4	Company D	Providing ready-to-assemble furniture	147.3	4.9%
5	Company E	Sourcing and distributing furniture to the U.S.	127.7	4.2%
	Subtotal:		999.0	32.9%
	Others:		2,035.2	67.1%
	Total:		3,034.2	100%

Entry barriers to the furniture online sales market in the U.S.

1. Capital barrier

The furniture retail business is capital intensive in nature. To run a sizeable business, companies typically need to have sufficient capital to cover substantial costs for the business, including procurement of good and other operating expenses. In particular, customers expect very prompt delivery on online purchases, which creates great pressure for new entrants on the inventory management.

2. Relationship with online sales platforms

As the furniture market in the U.S. is highly fragmented, establishment of solid relationships with online sales platforms is essential for the furniture companies in the market to gain visibility through the websites of these platforms. New entrants without proven track record will find it exceedingly difficult to gain the trust of these platforms for displaying the products, which therefore creates another entry barrier.

3. Brand awareness

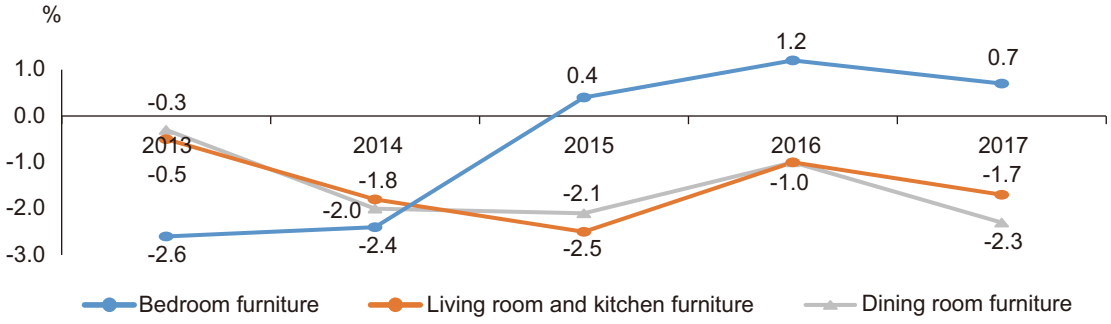
Downstream customers usually prefer furniture brands with a good reputation in terms of product quality, customer service and review on online platforms. A furniture company with greater brand awareness and better reputations is expected to indicate stable quality. For new entrants, establishing a brand can be difficult as it takes time to prove that their business can meet the requirements of different clients.

4. Relationship with upstream manufacturers

A well-established relationship with quality manufacturers enables market participants to consistently get high quality furniture at reasonable prices and steady supply of furniture even when encountering any unexpected issues. However, such relationship requires time to establish and new entrants lacking of established relationship with quality manufactures may have lower bargaining power during negotiations and higher chances of encountering problems associated with poor quality and delays in delivery schedules.

HISTORICAL ANNUAL PRICE TRENDS FOR KEY FURNITURE CATEGORIES IN THE U.S.

Annual price change of key furniture categories, U.S., 2013-2017



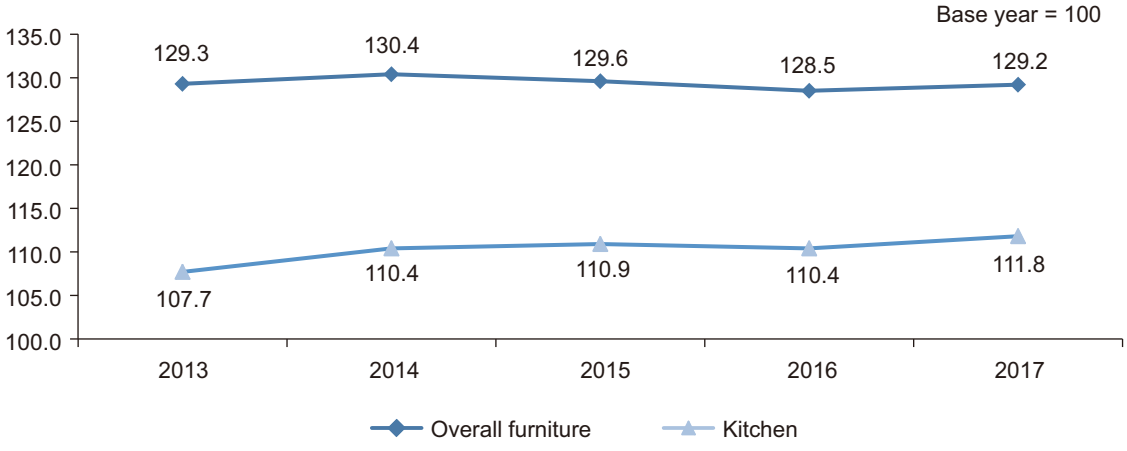
Source: Bureau of Labor Statistics, China Insights Consultancy

For furniture targeting the mass market, price for key products ranged from around US$50 to US$1,000. Among these furniture products, dining room furniture recorded price range from US$50 to US$300 in 2017. The price trend for furniture sold in the U.S. was relatively stable during the last five years.

Though the annual price change of key furniture categories was relatively stable in the past five years, the price is anticipated to increase in the next five years. China and ASEAN countries are the major furniture manufacturers. In the last five years, the labour cost in these countries rose relatively fast. The average annual wage of manufacturing industry in China and in ASEAN countries increased at a CAGR of 9.8% and of 3.6%, respectively from 2013 to 2017.

The import price index for overall furniture ranged from 129.2 to 130.4, recording a relatively stable price change between 2013 and 2017. Meanwhile, the import price index for kitchen furniture has experienced a minor growth trajectory, increasing from 107.7 in 2013 to 111.8 in 2017.

Import price index for furniture, U.S., 2013-2017

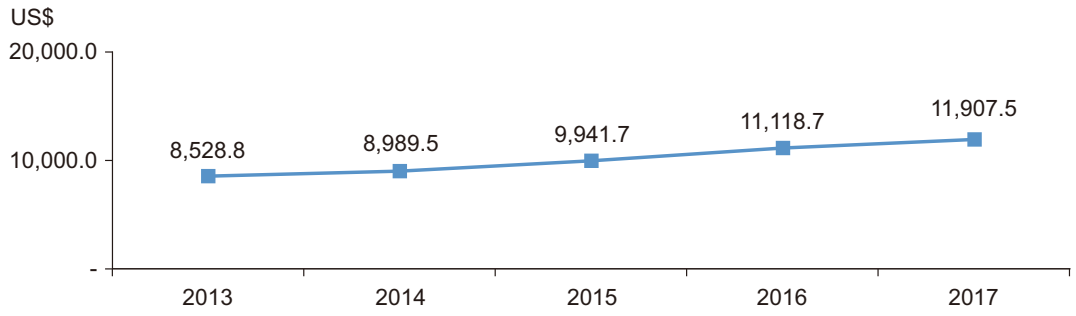


Source: U.S. Bureau of Labour Statistics

Note: The base year of overall furniture index is 2000; the base year of office furniture and kitchen furniture indices are 2005.

Yearly average wages and salaries for warehousing and storage industries in the U.S. recorded a fast growth from US$8,528.8 in 2013 to US$11,907.5 in 2017, representing a CAGR of 8.7%.The following chart set forth yearly average wages and salaries for warehousing and storage industries in the U.S. between 2013 and 2017.

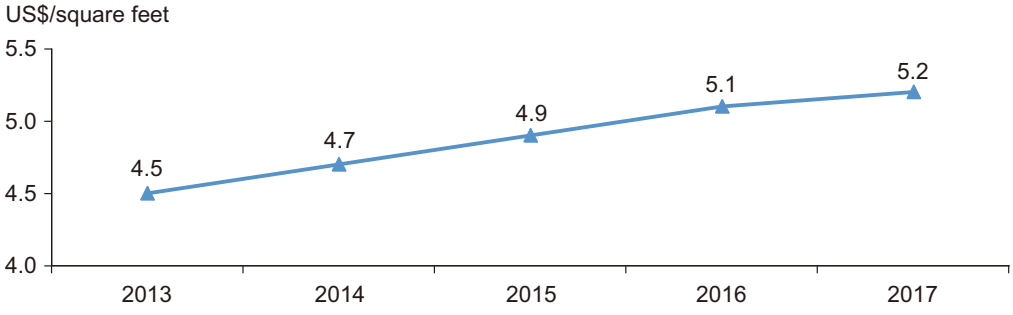
Yearly average wages and salaries for employees in warehousing and storage industries, U.S., 2013-2017



Source: U.S. Bureau of Labour Statistics

Responding to the growing online activities, demands for renting warehouses and distribution centers are increasing accordingly. The average rental fees for warehouses and distribution centers increased from US$4.5 per square feet in 2013 to US$5.2 per square feet in 2017, representing a CAGR of 4.0%.

Average rental fees for warehouses and distribution centers, the U.S., 2013-2017



Source: Open sources, China Insights Consultancy

THE FURNITURE RETAIL INDUSTRY IN SINGAPORE

Value chain and key products of Singapore furniture retail industry

The value chain of Singapore furniture retail industry starts with manufacturers, who transport containers of products to the warehouses of large retailers by direct shipments to achieve economies of scale and of wholesalers who are typically subject to minimum order quantity requirement. The midstream of the value chain is represented by various kinds of retailers who usually maintain a requisite inventory level at their own warehouses or storage

places leased from third party. The Singapore furniture market is dominated by offline retailers, which accounted for approximately 97.6% of the furniture retail market in terms of sales revenue in 2017. The total sales value of online furniture sales has increased from S$13.2 million in 2013 to S$21.4 million in 2017. The downstream segment comprises customers who purchase furniture products, including but not limited to dining table, chair, sofa, mattress and wardrobes.

Classifications of the furniture retailers in Singapore

There are three major segments for furniture retail industry in Singapore. The classification is commonly acknowledged by the industry players. They are defined as follows:

Segment	Description
High-end furniture retailer	• High-end furniture retailers in Singapore provide high-end furniture products, which are usually imported from European countries and sold at relatively high retail prices. Most high-end furniture retailers hold limited stock in Singapore and engage in made-to-order services for their customers. Their showrooms are always located in the central areas of Singapore with medium spaces and complete shopping guidance services.
Mid-end furniture retailer	• Mid-end furniture retailers in Singapore engage in the sales of stylish furniture products at moderate prices, imported globally from countries such as China, Malaysia and other European countries. Most mid-end furniture retailers maintain a certain level of inventory to fulfil instant demands from customers. Their showrooms are mostly located in shopping malls in multiple regions of Singapore.
Mass furniture retailer	• Mass furniture retailers in Singapore engage in the sales of affordable furniture products, which are mostly imported from countries in the Asia Pacific. Most mass furniture retailers hold certain level of inventory and have relatively high turnover rates. Most retailers are catalogued as mass furniture retailers in the Singapore furniture market. This includes, but is not limited to, most chain furniture retailers and independent furniture stores in Singapore.

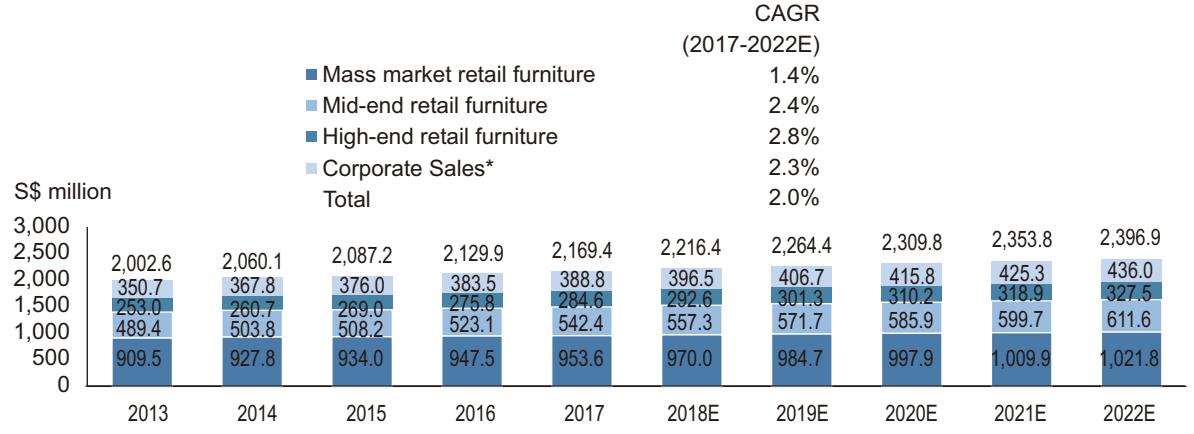
Market size of the furniture retail industry in Singapore

The furniture retail industry comprises individual customers and corporate customers (also known as corporate sales).

Between 2013 and 2017, the market size of furniture retail to individual customers in terms of total receipts, increased steadily from S$1,651.9 million to S$1,780.6 million. Given the growth in population as well as that in GDP, the market size of the furniture retail to individual customers in Singapore, in terms of total receipts, is expected to continue growing to reach S$1,960.9 million in 2022. On the other hand, furniture products sold to corporate customers for commercial use such as in hotels and offices, also witnessed a steady growth in Singapore in the past few years. The sales value of corporate sales in Singapore increased steadily from S$350.7 million to S$388.8 million from 2013 to 2017 and is expected to reach S$436.0 million in 2022, representing a CAGR of 2.3% from 2017 to 2022.

Average household incomes from employment in Singapore have increased continuously over the past five years, reaching S$10,920 per month in 2017. As a result, consumers have increasingly focused on the quality of products and are channelling more of their spending power towards high-quality consumption. The market size of the high-end furniture market increased from S$253.0 million to S$284.6 million between 2013 and 2017 and has witnessed a higher CAGR compared to that of the overall furniture market. The market for high-end furniture is expected to continue to grow to reach S$327.5 million by 2022, representing a CAGR of 2.8%. Furthermore, the market for mid-end furniture also witnessed a steady growth in last five years, increasing from S$489.4 million to S$542.4 million from 2013 to 2017. The expanding number of middle-income family and steady growth in household incomes are expected to support the future growth for the mid-end furniture retail market in Singapore, which is anticipated to reach S$611.6 million in 2022, representing a CAGR of 2.4% from 2017 to 2022. The aggregate sales value of furniture sales markets for mid-end and high-end retail furniture in Singapore is expected to grow steadily to S$939.1 million by 2022, representing a CAGR of 2.6% from 2017 to 2022.

Sales value of furniture sales market, Singapore, 2013-2022E



**Note:* Corporate sales refer to sales to corporate clients

Source: *China Insights Consultancy*

COMPETITIVE LANDSCAPE OF THE FURNITURE RETAIL INDUSTRY IN SINGAPORE

In Singapore, the Company focused on the furniture sales to individual and corporate customers from the mid-end and high-end segments. The mid-end furniture retail market is well-developed and fragmented in Singapore, with the top five players took an aggregate market share of approximately 10.2%.

The high-end furniture market, which targets customers with strong personal taste and high requirement on quality, has accounted for approximately 16% of the total furniture retail market in 2017 in terms of sales value. There are approximately 91 high-end furniture retailers in Singapore. The top five furniture retailers took up approximately 20.1% of the entire high-end furniture retail market in Singapore.

Set out below is the table showing the market shares and position of those five largest furniture retailers and the Company in the high-end furniture retail market in Singapore in terms of furniture sales.

Rank	Company	Description	Revenue derived from sales of high-end furniture retail product in 2017 (S$ millions)	Approximate market share
1.....	Company F	Focusing on the retail sales of high-end furniture in Singapore	17.8	6.3%
2.....	Company G	Engaging in the retail sales of high-end furniture and interior furnishing services in Asia-Pacific	14.8	5.2%
3.....	Company H	Providing high-end furniture through retail and wholesale in Asia-Pacific	10.3	3.6%
4.....	The Company	Marquis furniture engages in the retail sales of high-end furniture in Singapore	7.8*(Note)*	2.7%
5.....	Company I	Providing high-end and mid-end furniture and home furnishing services	6.5	2.3%
		Subtotal:	57.2	20.1%
		Others:	227.4	79.9%
		Total:	284.6	100.0%

Note:

Revenue of the Company includes only the revenue generated from sales of high-end furniture product at its points of sales branded under "Marquis" .

Set out below is the table showing the market shares and position of those five largest furniture retailers and the Company in the mid-end furniture retail market in Singapore in terms of furniture sales.

Rank	Company	Description	Revenue derived from sales of mid-end furniture retail products in 2017 (S$ millions)	Approximate market share
1	Company J	Engaging in the retail sales of mid-end furniture and provision of home furnishing services in Asia-Pacific	15.7	2.9%
2	Company K	Engaging in the retail sales of mid-end furniture and provision of home furnishing services in Singapore and Malaysia	10.5	1.9%
3	Company L	Focusing on the retail sales of mid-end furniture to in Singapore and Malaysia	10.3	1.9%
4	Company M	Engaging in the retail sales of mid-end furniture and sanitary systems in Singapore	9.5	1.8%
5	Company N	Engaging in the retail sales of mid-end furniture and kitchen systems in Asia-Pacific	9.3	1.7%
		Subtotal:	55.3	10.2%
		The Company:	8.3*(Note)*	1.5%
		Others:	478.8	88.3%
		Total:	542.4	100.0%

Note:

Revenue of the Company includes only the revenue generated from sales of mid-end furniture product at its points of sales branded under "OM" and "Lifestorey".

Drivers of the furniture retail industry in Singapore

The emergence of new retail model with more value-added services

Many retail stores are providing add-on services including customising furniture, styling advice and integrated interior design service to customers other than mere sales of furniture. Since more services are provided, more value is created by furniture retailers in Singapore market.

Upgrade of supply chain management

New supply chain management strategies, with the inclusion of warehouses and display areas in the business model, are expected to reduce the operational cost of furniture retailers in Singapore, and is expected to benefit retailers and customers in Singapore market.

Market Trend and Future Opportunities for Furniture Retail Industry in Singapore

Increasing competition in furniture retail market in Singapore

New entrants are looking for opportunities in furniture retail market in Singapore. A number of fast-fashion retailers and luxurious brands are dipping their toes in the furniture retail market. Furthermore, start-ups are also beginning to gain market acceptance in the furniture retail industry.

Continuous growth in household expenditure on furniture

Corresponding to the steady growth of household income in Singapore, the purchasing power of consumers in Singapore is increasing. As a result, it is anticipated that consumers will place higher expectation on the quality, brand and style of furniture products. Such motivation for home renovation is anticipated to continuously drive the furniture retail market in Singapore in the future.

Opportunity in high-end furniture segment

With the expansion of high-income class, the high-end furniture retail market is expected to grow in the future. Other than the expected growth in the sales of furniture, the provision of value-added services is also considered as one of the future opportunities for high-end furniture retailers in Singapore.

Challenges of the Furniture Retail Industry in Singapore

Price pressure from increasing operation cost

Increasing labour and raw material costs have driven up the operation costs of total retail trade from S$42.8 billion in 2014 to S$46.7 billion in 2017, which imposes the price pressure for the furniture retailing market in Singapore. Retailers with poor cost management skills are anticipated to be squeezed out of the market.

Increasing number of renters

Because of the rising price of real estate in Singapore, the number of tenant households increased from 105,700 in 2013 to 107,600 in 2016. Tenants are less likely to spend money on quality furniture for their temporary living period and limitation of their incomes. The increasing number of tenants are expected to reduce the potential of furniture retailing market in Singapore.

Entry Barriers to the Furniture Retail Industry in Singapore

Proven track record in the furniture retail industry

Reputation and brand image in the furniture retail industry, which generally require proven track record and substantial time to develop, are critical for attracting and retaining customers. Without a proven track record in the industry, it will be challenging for new entrants to gain a foothold in the market and compete against well-established furniture companies.

Large initial capital investment is needed to successfully launch a furniture sales store

To achieve sizeable business operation, large amount of capital expenditures is required to be incurred for establishing furniture stores, including renting of venue and expenditures for decorations, procurement and personnel recruitment, etc. If new entrants do not have sufficient capital, they may find it difficult to establish furniture stores with sizeable scale.

Stable relationship with upstream suppliers

In the furniture retail market, especially the high-end furniture retail market, customers are sensitive to the quality and brand of products. A preference towards well-established brands is observed in the Singapore market. A stable relationship with furniture suppliers, especially the brand owners of luxury furniture, remains a crucial factor, which new entrants often do not possess.

PRICE RANGE OF MAIN CATEGORIES OF AND PRICE TREND FOR MAJOR COST ITEMS IN THE FURNITURE RETAIL INDUSTRY IN SINGAPORE

There are five main categories of products in high-end furniture retail market in Singapore, including dining table, chair, sofa, mattress and wardrobes. High-end furniture products, which are usually imported and sold according to the orders from customers, have wide price range for their customised services. The average prices of high-end furniture were relatively stable without any drastic changes in last five years.

Price range of main categories of products in high-end and mid-end furniture retailing market, Singapore, 2017

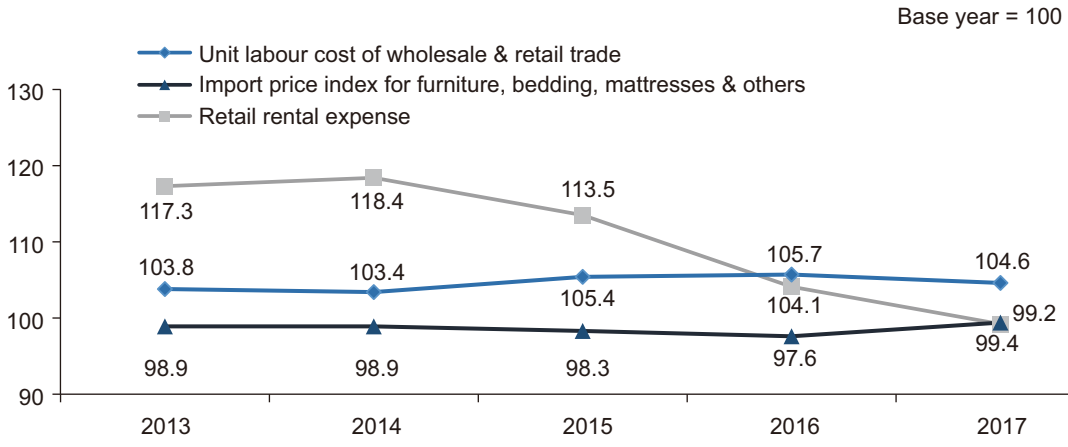
	Dining table	Armchair and other chair	Sofa	Mattress	Wardrobe
High-end furniture (S$)	3,500-17,000	400-9,000	6,500-40,000	2,000-12,000	20,000-45,000
Mid-end furniture (S$)	350-3,500	100-400	600-6,500	1,000-2,000	3,500-20,000
Mass furniture (S$)	<350	<100	<600	<1,000	<3,500

Source: *China Insights Consultancy*

Note: The price range covers most common products in each category in Singapore furniture retailing market.

Index of unit labour cost of retail trade and import price for furniture witnessed slight fluctuations from 2013 to 2017, which increased from 103.8 in 2013 to 104.6 in 2017 and 98.9 in 2013 to 99.2 in 2017, respectively. However, the retail rental index witnessed a steady decrease in Singapore, from 117.3 in 2013 to 99.4 in 2017, indicating a reduced cost for retail stores in Singapore market.

Price indices for major cost items in furniture retailing industry, Singapore, 2013-2017



Note: The base year of unit labour cost of wholesale & retail trade index is 2010; the base year of import price index for furniture, bedding, mattresses & others is 2012; the base year of retail rental expense index is Q4 1998.

Source: *Singapore Statistics, China Insights Consultancy*

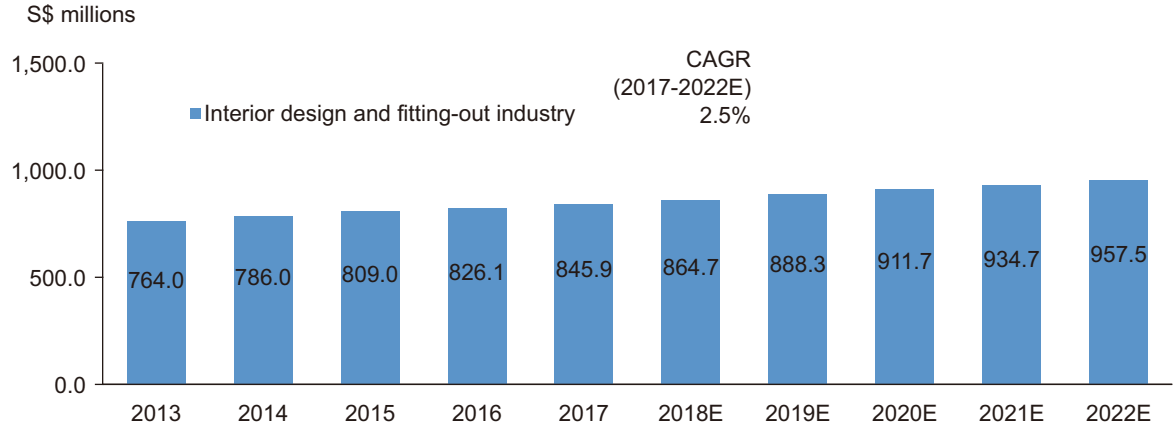
THE INTERIOR DESIGN AND FITTING-OUT INDUSTRY IN SINGAPORE

Market size of the interior design and fitting-out industry in Singapore

Between 2013 and 2017, the market size of the interior design and fitting-out market increased steadily from S$764.0 million to S$845.9 million. The number of newly completed

residential properties, despite the two-year decline in 2015 and 2016, which were 27,305 and 21,432, respectively, rebounded to 28,588 units in 2017 due to the recovery in the real estate market. The relatively substantial increase in the number of newly completed projects in 2017 indicated a turning point in the Singapore real estate market, which will in turn stimulate the future growth of the interior design and fitting-out industry. As a result, the size of the market is expected to continue growing at a CAGR of 2.5% to reach S$957.5 million by 2022. The interior design and fitting-out market is highly fragmented in Singapore, with more than 3,000 participants in the market. The market share of the five largest leading players accounted for approximately 6.0% of the interior design and fitting-out industry in Singapore.

Market size of the residential interior design and fitting-out industry in terms of total revenue, Singapore, 2013-2022E



Source: China Insights Consultancy

Drivers of the interior design and fitting-out industry in Singapore

Increasing number of households in Singapore

New types of households and family structures which compose of fewer family members have become more visible over the past few years. The adoption of new lifestyles will further increase the number of households in Singapore given the expanding population which has increased from 1.2 million to 1.3 million from 2013 to 2017, representing a higher CAGR compared to that of the population. As a result, this will continuously fuel downstream demand in Singapore's interior design and fitting-out industry in the future.

Continuous increase in average household income in Singapore

Corresponding to the continuous growth in average household income, the demand for larger living spaces and better interior living environments has also been increasing. A rising average transaction price in the real estate market indicates strong residential demand in Singapore, which is expected to directly drive the growth of interior design and fitting-out market in Singapore.

Market trends for the Interior Design and Fitting-out Industry in Singapore

Increasing customer requirements in terms of customised interior design services

Corresponding to the steady increase in per capita income in Singapore, the concept of interior design has been adopted by the majority of residents living in Singapore. Customers are looking for customised designs according to their own personal preferences and tastes rather than a standardised and unified design for their homes.

Increasing market consolidation

Since per-unit costs will be lower when the operation scale becomes larger, the leading interior design and fitting-out contractors will have cost advantages over smaller companies in terms of the scale of their operations. Interior design and fitting-out companies of smaller scale, are expected to be squeezed out of the market in the future.

Market challenges for Singapore's interior design and fitting out market

Labour shortages in Singapore

Due to high labour costs when hiring local workers, companies in Singapore usually resort to hiring foreign workers from Malaysia, Thailand, the Philippines, etc. According to the Singapore Ministry of Manpower, the total number of foreign workers in Singapore reached 1.4 million in 2017. However, the Singapore government has implemented restrictions on overseas workers employment in recent years. Furthermore, few younger local residents are willing to work in the fitting out sector in Singapore. The ongoing squeeze on foreign workers may lead to a labour shortage in the interior design industry.

Over-reliance on foreign imports of raw materials

Most of the raw materials used in Singapore's interior design and fitting out industry have to be imported. However, an over-reliance on foreign imports of raw materials involves taking the risk of unexpected price hikes resulting from external market conditions, which may lead to a sharp increase in costs.

Entry barriers for Singapore's interior design and fitting out market

Experienced and qualified staff

New entrants to the interior design and fitting out market may not be able to attract and retain a sizeable pool of skilled workers such as skilled designers and project managers, and necessary equipment to cater for the diverse requirement of customers. Professionals by understanding the specific requirements of end customers and properly managing the resources of projects, are considered as the key factor for successful interior design and fitting out projects in Singapore. Given the project based business model in interior design and fitting out market, new entrants may face highly volatile working load and find it difficult to maintain a stable size of qualified staff for their potential customers.

Acquiring new customers

Reputation and brand image is one of the most critical factors affecting the interior design and fitting out industry in Singapore. Customers generally prefer to turn to well-established companies due to the proven quality of their services. New entrants to the market may therefore find it difficult to acquire customers and expand their business if they do not have a long history in Singapore's market.

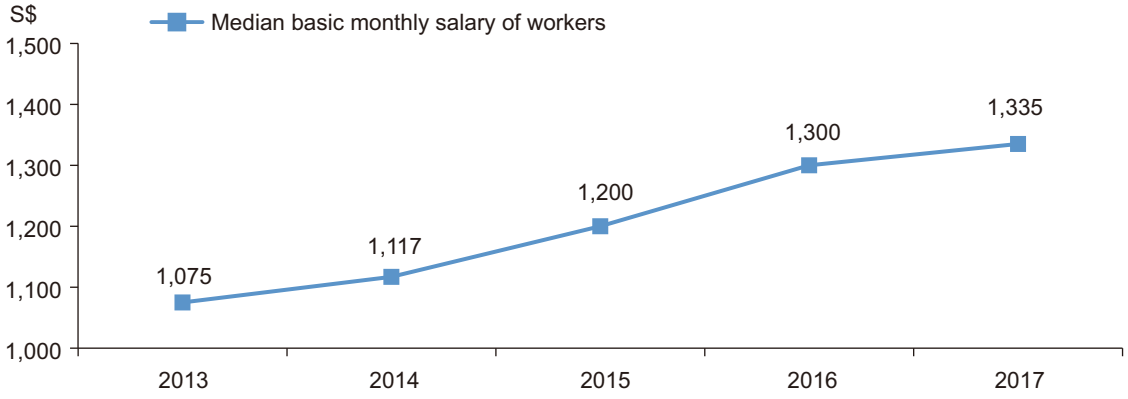
HISTORICAL PRICE TREND IN THE INTERIOR DESIGN AND FITTING-OUT INDUSTRY IN SINGAPORE

Singapore is recognised for being one of the most expensive cities in the world in terms of its cost of living. With restrictions on foreign labour inflows, prices in the interior design and fitting-out industry has witnessed a steady increase over the past five years.

The average price for a new residential apartment renovation project increased from S$18,525.0 in 2013 to S$24,501.8 in 2017, representing a CAGR at 7.2%. The average price for renovation projects is higher compared to that of new apartment projects as it required cementing and clearing services. The average price for renovation projects increased from S$50,012 in 2013 to S$63,672 in 2017, representing a CAGR of 6.2%. The major cost of interior design and fitting-out industry is the labour cost. The ongoing labour shortage in Singapore is expected to continue and continuously increase in the future. As a result, prices in the interior design and fitting-out market are expected to be steadily driven up in the future from 2018 to 2022.

The constrain of foreign labour inflow in Singapore has directly led to a steady increase of labour cost in most industries. The median basic monthly salary of workers in interior design and fitting out industry increased from S$1,075 to S$1,335 from 2013 to 2017, representing a CAGR at 5.6%.

Median basic monthly salary of workers in interior design and fitting out industry, Singapore, 2013-2017



Source: Singapore Ministry of Manpower, China Insights Consultancy

During the Track Record Period, the business activities of our Group were principally based in the U.S. and Singapore. Our Group also had business activities in Malaysia and Brunei.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

(I) Laws relating to consumer protection

The Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) of Singapore

The Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) of Singapore ("**CPTDSR Act**") prohibits the application of false trade descriptions to goods in the course of trade or business, as well as the supply of goods to which a false trade description has been applied. In particular, it is an offence to falsely indicate that any goods supplied or methods adopted are or are of a kind supplied to or approved by any person, including any government or government department or agency or any international body or agency whether in Singapore or abroad.

Our Group must accordingly take care to ensure that all goods it supplies to consumers are accurately described. "Trade description" is interpreted very broadly, and includes specifics such as the measurements of the good, the composition, method of manufacture, and place of manufacture.

The CPTDSR Act provides in general that any person convicted of an offence under the CPTDSR Act for which no penalty is expressly provided shall be liable on conviction to pay a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 2 years or both.

Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011 of Singapore

The Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011 of Singapore ("**CGSR**") require all consumer goods ordinarily supplied for private use or consumption, except for goods such as used or second-hand goods specifically excluded under CGSR, to conform to the required safety standards. Generally, it seeks to enhance the safety of general consumer goods that are currently not under the purview of other regulations or regulatory bodies in Singapore. This covers physical/mechanical hazards and electrical/fire hazards related to consumer products. The CGSR is based on post-market surveillance and action, and does not impose any requirements for pre-market-testing, certification or approval from the safety authority in Singapore.

The CGSR excludes application to certain categories of products that our Group provides, such as fixtures and fittings, and household electrical products (which would cover our supply of lamps/lights). It would therefore apply primarily to our Group's furniture products.

The consumer goods covered by CGSR are classified into 2 categories:

(i) Category 1: any consumer goods for which safety standards have been formulated or adopted and published by any of the following: International Organisation for Standardisation ("**ISO**"), International Electrotechnical Commission ("**IEC**"), European Committee for Standardisation or ASTM International.

(ii) Category 2: any consumer goods other than Category 1 goods.

Category 1 goods shall conform to the safety standards for such goods formulated or adopted and published by ISO and IEC, respectively; the European Committee for Standardisation; or ASTM International and the safety standards and requirements for such goods specified by the Safety Authority and published in its Consumer Protection (Consumer Goods Safety Requirements) Information Booklet.

Category 2 goods shall conform to the safety standards for such goods that have been formulated or adopted and published by any regional or national standards body. Our Group's furniture products fall under this category.

The Enterprise Singapore Board ("**Enterprise Singapore**") is appointed by the Ministry of Trade and Industry ("**MTI**") as the Safety Authority to administer the CGSR. As the Safety Authority, Enterprise Singapore has the power to investigate, stop the sale of, or ban unsafe general consumer goods from the market.

Under the CGSR, Enterprise Singapore may issue a public notice declaring any consumer goods to be unsafe and/or direct suppliers to (i) control or cease supply of such goods in Singapore; and (ii) inform users of the potential danger of the goods, if any of these consumer goods do not conform to the required safety standards. At present, Enterprise Singapore has not issued any public notices regarding unsafe goods that are applicable to our Group's product offerings.

It is an offence under the CGSR to supply any consumer goods as declared by Enterprise Singapore to be unsafe in Singapore in the course of trade or business. Any person who fails to comply with Enterprise Singapore's direction to control or cease the supply of any consumer goods or fails to inform users of the consumer goods supplied by him of the potential danger of goods shall be guilty of an offence under the CGSR. The CGSR provides that any person convicted of an offence under CGSR shall be liable on conviction to pay a fine not exceeding S$2,000 or to imprisonment for a term not exceeding 12 months or both; and in the case of a second or subsequent offence, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 2 years or to both.

Sale of Goods Act (Chapter 393) of Singapore

The Sale of Goods Act (Chapter 393) of Singapore ("**SGA**") is the main governing law in Singapore in relation to sale of goods. The SGA applies to any contract for the sale of goods. A contract of sale of goods is a contract by which the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price. The SGA therefore applies to all consumer goods sold by our Group.

Section 14 of the SGA provides that where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of satisfactory quality, except that there is no such condition (i) as regards defects specifically drawn to the buyer's attention before the contract is made; (ii) where the buyer examines the goods before the contract is made, as regards defects which the examination ought to reveal; or (iii) if the contract is a contract for sale by sample, defects which would have been apparent on a reasonable examination of the sample. For the purposes of the SGA, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price, and all other relevant circumstances.

Breach of this implied provision, it being a condition of the contract, would entitle the buyer to terminate the agreement and take action against the seller in respect of any loss suffered.

Consumer Protection (Fair Trading) Act (Chapter 52A) of Singapore

The Consumer Protection (Fair Trading) Act (Chapter 52A) of Singapore ("**CPFTA**") protects consumers against unfair practices and give consumers additional rights in respect of goods that do not conform to contract. The Competition and Consumer Commission of Singapore is the administrating agency for the CPFTA and will have investigative and enforcement powers to take timely actions against recalcitrant retailers.

Part II of the CPFTA provides that a consumer who has entered into a consumer transaction involving an unfair practice may bring an action against the supplier.

It is an unfair practice under the CPFTA for a supplier, in relation to a consumer transaction:

(i) to do or say anything, or omit to do or say anything, if as a result, a consumer might reasonably be deceived or misled;

(ii) to make a false claim;

(iii) to take advantage of a consumer if the supplier knows or ought reasonably to know that the consumer (a) is not in a position to protect his own interests; or (b) is not reasonably able to understand the character, nature, language, or effect of the transaction or any matter related to the transaction; or

(iv) to commit any of the unfair practices specified in the Second Schedule of the CPFTA.

Part III of the CPFTA applies to provide remedies against goods that fail to conform to the contract at the time of delivery. Where Part III of the CPFTA applies, the consumer has the right under the CPFTA to require the seller to repair or replace the non-conforming goods within a reasonable time without causing significant inconvenience to the consumer at the seller's cost. In certain circumstances, instead of repair or replacement, the CPFTA allows the consumer to require the seller to reduce the price of the goods or to rescind the contract for such goods. Such circumstances include where repair or replacement is impossible, where repair or replacement is disproportionate in comparison with price reduction or rescission, and where the consumer has requested the repair or replacement but the seller has not carried out the remedy within a reasonable time and without causing significant inconvenience to the consumer.

(II) Laws relating to personal data protection

Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore ("**PDPA**") governs the collection, use and disclosure of personal data by organisations. The Personal Data Protection Commission ("**PDPC**") is the administrative and enforcement agency for the PDPA.

Under the PDPA, personal data means data, whether true or not, about an individual who can be identified from that data or from that data and other information to which the organisation has or is likely to have access. An organisation is required to comply with the following obligations prescribed by the PDPA:

(i) shall not collect, use or disclose personal data about an individual unless the individual gives, or is deemed to have given, his consent under the PDPA to the collection, use or disclosure, unless required or authorised under the PDPA or any other written law;

(ii) may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and where that individual has been informed by the organisation (if applicable);

(iii) notify an individual of the purpose for the collection, use or disclosure of the individual's personal data;

(iv) where requested by an individual, provide access to, and correction of, the individual's personal data;

(v) make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete, if the personal data is likely to be used by it to make a decision that affects the individual to whom the personal data relates or is likely to be disclosed by it to another organisation;

(vi) make reasonable security arrangements to protect personal data in its possession or under its control in order to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;

(vii) cease to retain its documents containing personal data, or remove the means by which the personal data can be associated with particular individuals, as soon as it is reasonable to assume that the purpose for which that personal data was collected is no longer being served by the retention of the personal data, and retention is no longer necessary for legal or business purposes;

(viii) not to transfer any personal data to a country or territory outside Singapore except in accordance with the requirements under the PDPA; and

(ix) develop and implement policies and practices that are necessary for the organisation to meet its obligations under the PDPA and to make available on request, information about its data protection policies and practices.

If the PDPC finds that an organisation is in breach of any of the data handling provisions in the PDPA, it may give the organisation such directions that it thinks appropriate to ensure compliance, including to:

(i) stop collecting, using or disclosing personal data in contravention of the PDPA;

(ii) destroy personal data collected in contravention of the PDPA;

(iii) provide access to or correct the personal data; and/or

(iv) pay a financial penalty of an amount not exceeding S$1 million.

In addition, the PDPA also established a Do-Not-Call Registry ("**DNC Registry**") which allows individuals to register their Singapore telephone numbers in any of the three Do-Not-Call Registers ("**DNC Register**") to opt out of receiving specified messages via voice call, specified text messages and specified fax messages. Under the PDPA, before an organisation sends a specified message to a Singapore telephone number, it must check with the DNC Registry to confirm that the number is not listed on the DNC Register, unless the personal has obtained clear and unambiguous consent in evidential form from the user or subscriber of the number. Further, when sending a specified message to a Singapore telephone number, the organisation must include clear and accurate information identifying the sender and how the recipient can contact the sender and for voice calls, the sender must not conceal or withhold from the recipient the sender's calling line identity. A specified message is a message where the purpose/purposes is/are, among others, to offer to supply goods or services and to advertise or promote goods or services. An organisation that breaches any of its duties under the Do-Not-Call provisions in the PDPA commits an offence and is liable on conviction to a fine of an amount not exceeding S$10,000 for each offence. In appropriate cases, the PDPC has the power to compound the offence for a sum of up to S$1,000.

(III) Laws relating to building operations and workplace safety

Electricity Act (Chapter 89A) of Singapore

Under the Electricity Act (Chapter 89A) of Singapore ("**EIA**"), no person shall use, work or operate or permit to be used, worked or operated any electrical installation without an electrical installation licence granted by the Energy Market Authority of Singapore ("**EMA**"). An electrical installation refers to any electrical appliance wire, fitting or apparatus used for the conveyance and control of electricity in any premises.

Any person who uses, works or operates or permits to be used, worked or operated any electrical installation without an electrical installation licence granted by the EMA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding S$250 for every day or part thereof during which the offence continues after conviction.

Workplace Safety and Health Act (Chapter 354A) of Singapore

Under the Workplace Safety and Health Act (Chapter 354A) of Singapore ("**WSHA**"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any equipment, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Inspectors appointed by the Commissioner for Workplace Safety and Health ("**CWSH**") may, among others, enter, inspect and examine any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with. The CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Fire Safety Act (Chapter 109A) of Singapore

The Fire Safety Act (Chapter 109A) of Singapore provides that the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence ("**CCD**") for approval of the plans of the fire safety works in accordance with the Fire Safety (Building and Pipeline Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans for approval. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works. Any person who commences or carries out or permits or authorises the commencement or carrying out of any fire safety works without approval of the plans by the CCD shall be liable on conviction to a fine not exceeding S$200,000 or imprisonment for a term not exceeding 2 years or both.

(IV) Laws relating to employment matters

Employment Act (Chapter 91) of Singapore

The Employment Act (Chapter 91) of Singapore ("**EA**") is administered by the Ministry of Manpower ("**MOM**") and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA. The EA covers employees who are under a contract of service with an employer and includes, among others, a workman (as defined under the EA). However, the EA generally does not cover persons who are employed in a managerial or executive position and are in receipt of salaries exceeding S$4,500 a month.

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S$4,500 a month and employees (other than workmen) who receive salaries not exceeding S$2,500 a month.

Section 38(8) of the EA provides that an employee is not allowed to work for more than 12 hours in any one (1) day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the "**CL**") for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offence to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment of Foreign Manpower Act (Chapter 91A) of Singapore

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore ("**EFMA**") and regulated by the MOM.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

(i) be liable on conviction to a fine of not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

(ii) on a second or subsequent conviction:

(1) in the case of an individual, with a fine of not less than S$10,000 and not more than S$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or

(2) in any other case, be punished with a fine of not less than S$20,000 and not more than S$60,000.

In relation to the employment of a semi-skilled foreign worker in, among others, the services sector, a work permit for such foreign workers must be applied for. In relation to the employment of a foreign mid-level skilled staff, a 'S Pass' must be applied for. In relation to the employment of a foreign professional, manager and executive, an 'Employment Pass' must be applied for.

The Employment of Foreign Manpower (Work Passes) Regulations 2012 ("**EFMR**") requires the employers of work permit holders, to, among others:

(i) upkeep and maintain the foreign employees and bear the costs of such upkeep and maintenance (unless agreed otherwise);

(ii) provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employees at work; and

(iii) provide acceptable accommodation for the foreign employees.

The EFMR also requires the employers of S Pass holders, to, among others:

(i) pay not less than the fixed monthly salary due to the foreign employees for the month; and

(ii) be responsible for and bear the costs of the foreign employees' medical treatment in Singapore, subject to certain exceptions (unless agreed otherwise).

Employment of Foreign Manpower Levy Order 2011 of Singapore

Under the Employment of Foreign Manpower (Levy) Order 2011 ("**Levy Order**"), the employment of foreign workers is also subject to the payment of levies.

Section 5 of the Levy Order provides that the levy payable by an employer in respect of every month or part thereof shall be due and payable on the first day of the following month and shall be paid no later than the 14th day of that following month. An employer shall be liable to pay penalty for any unpaid levy but the total penalty for any unpaid levy shall not exceed 30% of the amount of levy outstanding.

The Central Provident Fund Act (Chapter 36) of Singapore

The Central Provident Fund ("**CPF**") is a social security savings scheme funded by contributions from employers and employees formed pursuant to the Central Provident Fund Act (Chapter 36) of Singapore ("**CPF Act**"). It enables working Singapore citizens and permanent residents to set aside funds for retirement. It also addresses healthcare, home ownership, family protection and asset enhancement.

Under the CPF Act, both employers and employees make monthly CPF contributions on the amount of wages at the rates set out in the CPF Act. Such contributions go into three accounts, namely the (i) ordinary account, which is primarily for housing, insurance, investment and education, (ii) special account, which is for old age and investment in retirement-related financial products, and (iii) Medisave account, which is for hospitalisation expenses and approved medical insurance. CPF contributions are due at the end of the month and an employer has a grace period of 14 days to pay it. The employer must pay both the employer's and employee's share of the monthly CPF contribution. However, the employer can recover the employee's share by deducting it from their wage when the contributions are paid for that month.

Section 7(3) of the CPF Act provides that any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the CPF within such time as may be prescribed, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 9 of the CPF Act provides that, where the amount of the contributions which an employer is liable to pay in respect of any month is not paid within the prescribed period for payment, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest shall be calculated at the rate of 1.5% per month or the sum of S$5.00, whichever is the greater.

The CPF Act provides that in general if any person convicted of an offence under the CPF Act for which no penalty is provided shall be liable on conviction to pay a fine not exceeding S$5,000 or to imprisonment for a term not exceeding six (6) months or both, and if that person is a repeat offender for the same offence, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or both.

(V) Laws relating to taxation

The Goods and Services Tax Act (Chapter 117A) of Singapore

Goods and Services Tax ("**GST**") is a broad-based consumption tax levied pursuant to the Goods and Services Tax Act (Chapter 117A) of Singapore ("**GST Act**") on the import of goods, as well as nearly all supplies of goods and services in Singapore. It is an indirect tax expressed as a percentage applied to the selling price of goods and services provided by GST registered entities in Singapore. The prevailing rate of GST is 7%. As GST is charged to the end consumer, the GST-registered entity does not generally incur any costs in relation to GST and merely collects taxes on behalf of the local tax authority.

A company is required to register for GST when the turnover of its business is more than S$1 million in the past 12 months, or is expected to exceed S$1 million in the next 12 months. If a company fails to make a correct return by omitting or understating any output tax or any other tax for which it is accountable, it will be guilty of an offence and on conviction be required to pay a penalty equal to the amount of tax which has been undercharged. Failure to make returns within the prescribed period under the GST Act will also expose a company to a penalty equal to 5% of the amount of tax payable.

GST exemptions apply to the provision of most financial services, the sale and lease of residential properties, and the importation and local supply of investment precious metals. Goods that are exported and international services are zero-rated.

The Income Tax Act (Chapter 134) of Singapore

The corporate tax rate in Singapore is currently 17%. In addition, 75% of up to the first S$10,000, and 50% of up to the next S$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. Furthermore, companies will be granted a corporate income tax rebate of 50% of the tax payable for the years of assessment 2016 to 2017, subject to a cap of S$20,000 for year of assessment 2016 and S$25,000 for year of assessment 2017 where the Comptroller of Income Tax is satisfied that the rebate would be beneficial to the relevant company. The Singapore Government announced in the Singapore Budget 2018 that in order to ease business costs and support restructuring by companies, the corporate income tax rebate for year of assessment 2018 will be raised to 40% of the tax payable subject to a cap of S$15,000, from the 20% of the tax payable subject to a cap of S$10,000 announced in the Singapore Budget 2017.

Payment of corporate tax must be made within one (1) month from the date of notice after which a 5% penalty can be imposed on the unpaid tax amount. If the amount of tax outstanding is not paid within 60 days of the imposition of the 5% penalty, an additional penalty of 1% of the tax outstanding shall be payable for each completed month that the tax remains unpaid, but the total additional penalty shall not exceed 12% of the amount of tax outstanding.

Dividend distributions

(i) One-tier corporate tax system

Singapore adopts the one-tier corporate tax system. Under the one-tier corporate tax system, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax exempt (one-tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of the tax residence status or legal form of the shareholders.

(ii) Repatriation of dividends and Withholding tax

Singapore currently does not impose any restriction on repatriation or withholding tax on dividends paid to resident or non-resident shareholders.

(VI) Laws relating to intellectual property

Generally, it is unlawful to import goods into Singapore which infringe intellectual property rights. Failure to comply may result in civil remedies and criminal sanctions, including fines of up to S$10,000 for each imported good, thing or article infringing intellectual property rights (such as a good or thing to which a trade mark is falsely applied or an article made without the consent of the copyright owner), but not exceeding in aggregate S$100,000, and/or imprisonment for a term not exceeding 5 years. In addition, the forfeiture and/or destruction of the infringing items may be ordered.

The Trade Marks Act (Chapter 332) of Singapore

The formal system for trade mark registration in Singapore is governed by the Trade Marks Act (Chapter 332) of Singapore. For registration under the Trade Marks Act, the trade mark in question has to be registered with the Singapore Registry of Trade Marks. Upon registration, the registrant will have exclusive rights to use the trademark in Singapore and this last for 10 years and can be renewed for additional 10-year periods.

Failure to register any trade mark does not incur any penalties; however, as a registered trade mark is a property right, the holder of the trade mark will not have the exclusive right of use of that trademark, nor will he be entitled to rely on the rights and remedies provided under the Trade Marks Act.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN THE U.S.

During the Track Record Period, we had no material activities in the U.S. other than importation and sale of furniture. Certain federal and state product safety laws and regulations and other laws and regulations are applicable to furniture sold to the U.S.. The laws, rules and regulations with the most significant impact on our operations are described below. However, other federal, state and local laws may also impose certain obligations on us and affect our products sold within the United Sates.

Product Safety Laws

Enacted in 1972 by the United States Congress, the Consumer Product Safety Act ("**CPSA**") is the umbrella statute at federal level with respect to product safety of consumer products sold in the United States. CPSA established the United States Consumer Product Safety Commission ("**CPSC**"), which is a permanent independent agency of the United States federal government, and defines CPSC's basic authority and authorizes CPSC to develop standards and bans pertaining to consumer products. Pursuant to this authority, the CPSC had promulgated a series of regulations under the CPSA. A major amendment to the CPSA is the Consumer Product Safety Improvement Act ("**CPSIA**"), which came into effect in 2008 and provides the CPSC with significant new regulatory and enforcement tools.

Section 14 of the CPSA provided that imported consumer products shall bear certificates specifying the compliance with applicable rules and standards under this act. According to Section 17 of the CPSA, the consumer products which fail to comply with an applicable

consumer product safety rule or to be accompanied by a certificate required by the CPSA will be refused to be imported into the United States. The CPSA also provides for civil and criminal penalties with respect to the violation of the act.

Furthermore, the CPSA contains several reporting requirements for manufacturers and sellers of consumer products sold in the U.S.

Section 15 of the CPSA requires a manufacturer or a seller to inform the CPSC immediately in the event it obtains information that any of its products (1) fails to comply with certain consumer product safety rules, (2) contains certain defect or (3) creates an unreasonable risk of serious injury or death. The CPSC may require the manufacturer or the seller to cease distribution of the product, and notify each person to whom the manufacturer or the seller knows such product was sold of such non-compliance, defects or risk. In certain circumstances, the CPSC may require the manufacturer or the seller bring the product into conformity with the applicable product safety rules, repair the defect in the product, replace the product with an equivalent product that complies with the applicable product safety rules, effect a product recall and/or refund the purchase price of the product.

With respect to upholstered furniture flammability requirements, the CPSC has proposed flammability standards for upholstered furniture such as interior furnishings under the Flammable Fabrics Act ("**FFA**"). While this legislation is still pending, states may adopt upholstered furniture flammability regulations. For example, California has established its own fire safety regulations for upholstered furniture, which include specific testing and labeling requirements. The products that we sell in such states must be in compliance with the relevant standards, which could increase our manufacturing, sales and compliance costs.

In addition, federal and state laws regulate the use of certain materials in furniture. The CPSA and the CPSIA set forth lead limit for paint and surface coatings on furniture and children's products. Some states also regulate the use of lead and other toxic substance in consumer products. The use of various kinds of flame retardant is regulated at federal level through the Environmental Protection Agency ("**EPA**"). Some states limit or even ban the use of certain types of flame retardant. The formaldehyde emissions from composite wood products has also been restricted at federal level under the Formaldehyde Standards for Composite Wood Products Act. California also has its own legislation on the control of formaldehyde emissions from composite wood products. The use of "previously used filling" in furniture requires labels identifying the use of such filing under the Textile Fiber Products Identification Act, and the laws of the majority of states require that furniture with filling provide labels describing the filling materials as a percentage of those filling materials by weight. It is anticipated that laws and regulations at both federal and state levels regarding the sale of products containing certain materials will change over time and that additional materials and substances may be restricted as safety concerns become apparent.

Product Liability Laws

Product liability is not governed by federal law but state law in the United Sates, most of which is based on common law. Although differences do exist, the vast majority of states have adopted similar laws that share common principles as discussed below. Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a

defect in that product. There are three types of product defects, namely, design defects, manufacturing defects and defects in marketing (also known as a failure to warn). Product liability claims may be based on negligence, strict liability or breach of warranty. In a negligence claim, the defendant could be held liable for a personal injury or property damage caused by a failure to use due care. Strict liability claims, however, do not depend on the degree of carefulness by the defendant. A defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product's defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. The plaintiff need only establish the warranty was breached, regardless of how that came about.

Import Regulations

Our shipments of products to the United States are subject to custom inspection and compliance. All of our imported furniture must be classified in the Harmonized Tariff Schedule of the United States and valued in accordance with applicable laws. The goods must also bear markings of the country-of-origin which identify where the product is made.

The United States Customs and Border Protection ("**CBP**"), which is part of the U.S. Department of Homeland Security, is responsible for enforcing all laws and regulations on the importation of goods. An importer of merchandise to the U.S. is responsible to conform with all filing requirements of the CBP and pay duties. Depending on the specific furniture imported to the U.S., the regulations of other government agencies may also be relevant. For example, the U.S. Department of Agriculture's Animal and Plant Health Inspection Services ("**APHIS**") requires an importer of timber product to obtain an import permit and comply with certain specific regulations before timber products can be imported to the United States. The APHIS also requires wood and wood products (including wooden furniture) to undergo phytosanitary procedures prior to importation in order to eliminate the risk of introducing non-native pests and diseases to the United States.

Competition and Antitrust Laws

The U.S. antitrust laws are developed in response to unfair business practices and anti-competitive conduct by companies, corporate monopolies and trusts. At the heart of U.S. antitrust laws is the Sherman Antitrust Act ("**Sherman Act**"), which prohibits agreements that unreasonably restrain trade and the unilateral abuse of monopoly power. Conduct such as price-fixing, bid-rigging, limitation of output, allocation of territories or customers and exclusionary conduct to achieve monopoly are prohibited under the Sherman Act. Violation of the Sherman Act and other anti-trust laws and regulations would lead to criminal and/or civil sanctions.

The U.S. antitrust laws apply to businesses and individuals alike. Certain laws and regulations also have an extraterritorial reach. Pursuant to the Foreign Trade Antitrust Improvement Act of 1982, the Sherman Act would apply to conduct that occurs outside of the US if such conduct (1) has a direct, substantial and reasonably foreseeable effect on U.S. commerce, including U.S. import or export commerce; and (2) gives rise to a claim under the Sherman Act. Our trade and commerce with our U.S. customers are therefore subject to the U.S. antitrust laws.

Labor and Employment Laws

The employment of individuals in the United States is governed by federal, state and sometimes local laws. The full scope of labor and employment laws in the United States is beyond the scope of this disclosure. The following highlights important areas of regulatory activity to illustrate the legal issues involved but does not explain every single law, interpretation or application because in many cases, the issues will be highly fact-specific.

Labor and employment laws can generally be categorised under the headings of (i) equal employment opportunity, (ii) wage and hour, (iii) disability, and (iv) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired "at-will," meaning that their employment can be terminated at any time, with or without notice or cause. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination or harassment, as described below), nor may an employee be terminated or otherwise retaliated against for engaging in protected activity under the law. All employees must provide verification of their eligibility to work in the United States.

Equal Employment Opportunity Laws

Employers in the United States are prohibited from discriminating against individuals based on a variety of specific protected categories. These protections apply to individuals who are applying for jobs as well as to actual employees. In the United States, it is generally illegal to (i) refuse to hire or employ; (ii) refuse to promote; (iii) demote, discipline or terminate an employee; or (iv) provide reduced compensation or other benefits to individuals, based on their age, physical or mental disability, race, color, national origin, religion, sex or gender (which includes gender identity, pregnancy, childbirth, or related medical conditions), sexual orientation, veteran status, marital status, citizenship, political activity or affiliation, ancestry, medical condition (as may be defined under state laws), taking or requesting statutorily protected leave, or any other basis protected by law.

In addition, employers are required to maintain workplaces that are free of harassment based on any of the foregoing protected characteristics by taking reasonable steps necessary to prevent discrimination and harassment from occurring. Harassment can be verbal, physical, or visual.

Individuals who believe they have suffered discrimination or harassment may pursue claims through state and U.S. federal governmental agencies as well as the courts. Aggrieved individuals may be awarded compensatory damages consisting of back pay (money the individual would have earned but for the discriminatory conduct), front pay (additional money the individual is paid to reflect diminished future earnings), pain and suffering, emotional distress and their attorneys' fees and costs. In addition, courts may award punitive damages when the illegal conduct is deemed to have been willful.

Wage and Hour Obligations

All employers are required to pay employees a minimum wage for hours worked and to pay employees premium pay for overtime hours unless the employee fits within an exemption. The exemptions are narrowly construed and generally apply to executives, managers and professionals, as well as certain computer and sales personnel. The United States Department of Labor has issued detailed U.S. federal regulations regarding each category of exemption.

There are also detailed definitions for what constitutes compensable working time. These definitions can, in their finer points, vary between the state and U.S. federal laws. Under U.S. federal and Illinois state law, employers are required to pay non-exempt employees a premium of 1.5 times the employees' regular rate of pay for all hours worked over 40 in a work week. The details of all of the applicable wage and hour rules is beyond the scope of this disclosure, although it is worth noting that this is a highly regulated area where employers must endeavor to comply with a combination of federal, state and local laws. The failure to comply with these laws or technical requirements regarding the timing and form of wage payments can result in awards of damages and penalties to be paid to employees and to the State of Illinois, if applicable. Prevailing employees are eligible to recover their attorneys' fees and costs, as well as the actual underpaid wages and penalties.

Workplace Safety

The Federal Occupational Safety and Health Act ("**OSHA**") sets minimum standards for workplace safety in the United States. As a general proposition, both the U.S. federal and state OSHA laws require employers to furnish employees with a place of employment that is safe and healthful. Employers are required to adopt and maintain an injury and illness prevention program. The details of such programs and the measures required under both the U.S. federal and state regulatory schemes will vary substantially by industry and location. Factors employers should take into consideration when evaluating the worksite include, but are not limited to, (i) environmental hazards such as chemicals or exposure to other toxic substances; (ii) the safe use of machinery; (iii) risk of repetitive stress injuries due to prolonged bending, lifting, or even keyboarding; (iv) outside risks such as the risk of criminal activity; and (v) access to first responders such as ambulance, fire and police.

An employer's failure to comply with OSHA laws can result in awards of fines and damages. While workplace injuries in Illinois typically are covered by Workers' Compensation Insurance programs, the failure to follow appropriate workplace safety standards may be alleged to constitute an intentional tort that may create a substantial separate right of recovery for the employee or employees involved in a workplace accident.

Trademark Laws

The U.S. provides trademark protection at both federal and state levels. Federal law is the principal source of trademark protection in the U.S., although state laws also provide common law protection. The Trademark Act of 1946, which is commonly known as the Lanham Act, is the main federal trademark statute.

There are two ways to acquire ownership of a trademark: (i) being the first to actually use the mark in commerce, and (ii) being the first to register the mark with the U.S. Patent and Trademark Office ("**USPTO**"). The USPTO is the federal agency for granting U.S. patents and registering trademarks. It examines trademark applications and grants registrations when applicants are entitled to them. Most applications are based on the current use of the mark in commerce or the intent to use the mark in commerce in the future. For an application filed under the use-in-commerce basis, the applicant must be using the mark in the sale or transport of goods or the rendering of services in interstate commerce. If an applicant has not used the mark yet but plan to do so in the future, it may file the application based on a bona fide intent to use the mark in commerce.

Tax Laws

The U.S. federal government levies a variety of taxes on U.S. businesses, non-U.S. businesses trading in the United States, and business owners and their employees. Depending on the business structure, such taxes include corporate franchise tax, income tax, capital gains tax on long-term sales, income tax on dividends and interest, income tax on partnership profits and employee payroll taxes.

In addition to the federal government, the 50 state, local counties and city governments tax and regulate business activities within their respective jurisdictions. For example, business activities within a state may be subject to the state's business a personal income tax, payroll tax, sales tax, franchise and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes. If a business has sales or employees in more than on location, state and local taxes generally will be pro-rated depending on the percentage of income, number of employees and other factors associated with each location.

For the period from 1 January 2015 through 31 December 2017 the United States federal government used a progressive income tax system and a C corporation could be subject to the maximum corporate income tax rate at 35%. From 1 January 2018 the federal corporate income tax rate is reduced to a flat rate at 21%. From 1 January 2015 through 30 June 2017 the Illinois state corporate income tax rate was 5.25% and from 1 July 2017 the Illinois state corporate income tax rate is 7%.

In late December 2017, the United States enacted a new tax law known as the Tax Cuts and Jobs Act. Key features of the new law include a permanent reduction in the statutory C corporation tax rate to 21%. Changes were also made to the taxation of multinational entities, including a shift from a system of worldwide taxation with deferral to a hybrid territorial system. There is also a temporary provision that allow businesses to write-off the cost qualifying new properties.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN MALAYSIA

Taxation

Companies operating in Malaysia have to submit its tax returns, pay its income taxes, excise duty, sales tax and goods and services taxes and otherwise comply with the guidelines and regulations and otherwise comply with the requirements under the Excise Act, 1976, Sales

Tax Act, 1972, the Goods and Services Tax Act, 2016, the Sales Tax Act, 2018 and the Services Tax Act, 2018, Income Tax Act 1967, the Real Property Gains Tax Act, 1976 and the Investment Incentive Act 1986. Also, generally, under these Malaysian legislations dealing with taxation companies operating in Malaysia are required to acquire or supply goods, services and real properties at arm's length price. Where the relevant authorities has reason to believe that any goods, services and real property is acquired or supplied at a price which is either less than or greater than the price which it might have been expected to fetch if the parties to the transaction had been independent persons dealing at arm's length, it may substitute the price in respect of the transaction to reflect an arm's length price for the transaction in determination of the taxes or deductions allowed under the relevant legislations.

The applicable corporate income tax rates on the estimated taxable profits arising in Malaysia for each of the years ended 31st December, 2015, 2016, 2017 and 2018 are 25%, 24%, 24% and 24% respectively.

The Sales Tax Act, 1972 has been abolished in 1 April 2015 and replaced with the Goods and Services Tax Act, 2014. The Goods and Services Tax Act, 2016 has been abolished and has been replaced by The Sales Tax Act, 2018 and The Services Tax Act, 2018 with effect from 1st September, 2018. License to own vehicle for the transportation of their own workers and goods issued by the Commercial Vehicle Licensing Board.

Capital gains are generally not subject to tax in Malaysia. However, under the Real Property Gains Tax Act, 1976, real property gains tax is charged on gains arising from the disposal of real property situated in Malaysia or of interest, options or other rights in or over such land as well as the disposal of shares in real property companies.

Failure to comply with the provisions of the Excise Act, 1976, Sales Tax Act, 1972, the Goods and Services Tax Act, 2016 Income Tax Act 1967, the Real Property Gains Tax Act, 1976 and the Investment Incentive Act 1986 may result fine and/or imprisonment. There could also be penalty taxes being imposed by the tax authorities.

Employment of Non-Citizen of Malaysia

The Malaysian Employment (Restriction) Act 1968 prohibits the employment of non-citizen in Malaysia unless such person possesses a valid employment permit, The employment of such foreign labour is subject to the approval of the Ministry of Home Affairs Malaysia, which imposes conditions, amongst other things, on the number, the positions, the duration of employment and the sources or country of origin of the foreign workers, Application is also required to be made for Visit Pass (Temporary Employment) to the Foreign Workers Division, Immigration Department of Malaysia.

Employment Act, 1955

The main legislation, the Employment Act 1955 applies to all employees in Peninsular Malaysia and the Federal Territory of Labuan whose monthly wages do not exceed RM1,500 and all manual labourers irrespective of their wages. Employers may draw up the contract of service but it should not contravene the minimum benefits stipulated under the law. Employees who earn between RM1,500 and RM5,000 a month can seek redress at the Labour Court on terms and conditions in their individual contracts of service.

Some of the obligations of an employer under the Employment Act 1955 are as follows:

i. Every employee must be given a written contract of service containing the terms and conditions of the employment, including provisions relating to the termination of contract.

ii. Maintaining of labour register pertaining to personal particulars of employees, payment of wages and deduction of wages.

iii. Special provisions for the protection of female employees pertaining to night work and maternity benefits.

iv. Normal hours of work and other provisions relating to numbers of working hours.

v. Entitlement of paid annual leave, sick leave and public holidays.

vi. Rate of payment for overtime and extra work.

Employees Provident Fund

The Employees Provident Fund Act 1991 stipulates a compulsory contribution for employees. Under the Act, all employers and employees (except foreign workers and those who are listed under the First Schedule) must contribute to the Employees Provident Fund (EPF).

Employees who are not Malaysian Citizens may also elect to contribute to EPF.

All employers must register their employees with EPF immediately upon employment except for those who are exempted under the Act.

Social Security Organisation (SOCSO)

The Social Security Organisation (SOCSO) provides two social security schemes to protect the welfare of employees and their dependents under the Employees' Social Security Act 1969. The two social security schemes namely are:

- Employment Injury Insurance Scheme
- Invalidity Pension Scheme

The Employment Injury Insurance Scheme provides employees with coverage by way of cash benefits and medical care in the event of any disablement or death due to employment injury.

The Invalidity Pension Scheme provides 24-hour coverage to employees against invalidity or death due to any cause not connected with his employment. However, the employee must fulfill the condition to be eligible for invalidity pension.

Any employer who hires one or more employees as defined under the Social Security Act 1969 is required to register and make contributions to SOCSO.

Workmen's Compensation Act 1952

The Workmen's Compensation Act, 1952 provides for the payment of compensation for injuries sustained in accidents during employment and imposes an obligation on the employers to insure workers. The Foreign Workers' Compensation Scheme (Insurance) Order 2005 issued under this Workmen's Compensation Act, 1952 requires every employer employing foreign workers to insure with the panel of insurance companies appointed under this order and to effect payment of compensation for injuries sustained from accidents during and outside working hours.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN BRUNEI DARUSSALAM

Regulation of builder services

The applicable laws in relation to builders and contractors is the Building Control Order, 2014. The duties of builders are set out in section 15 of the Building Control Order, 2014 and also sets out the penalties for contravention of section 15. Section 43(2) of the Building Control Order, 2014 states that no person shall carry on the business of a builder in Brunei Darussalam unless he is in possession of a builder's licence, and section 43(3) sets out the penalties for contravention of section 43(2). Section 45(1) of the Building Control Order, 2014 states that the Authority (i.e., Authority for Building Control and Construction Industry (ABCi)) shall keep a register of builders in which shall be entered the names of all persons licensed as builders.

The ABCi and Ministry of Development, Brunei Darussalam has recently launched *the Piawaian Brunei Darussalam 12: 2017 Building Guidelines and Requirements (4th edition: 2017)*.

Pursuant to Part VII of the Building Control Order, 2014, all builders in Brunei Darussalam must be licensed and registered with the Ministry of Development.

Regulation of contractor services

There are no laws or regulations regulating contractors in general in Brunei Darussalam. However, pursuant to section 49(1) of the Building Control Regulations, 2014, any person who desires to install a window on any building shall engage an approved window contractor (as defined in section 46 of the Building Control Regulations, 2014) to install the window. Based on the definition of "approved window contractor" in section 46 of the Building Control Regulations, 2014, an approved window contractor must be a company or firm registered by the ABCi as an approved window contractor.

All contractors in Brunei Darussalam must be registered with the Ministry of Development. In order to be registered, the contractor must first obtain a builder's licence in the relevant category.

Regulation of suppliers

All suppliers in the building industry in Brunei Darussalam must be registered with the Ministry of Development and obtain a Product Certification for the category of products being supplied.

Regulation of sign writers

There are no laws or regulations regulating sign writers in Brunei Darussalam. However, the First Schedule of the Building Control (Advertisement, Billboard and Signboard) Regulations, 2016 sets out the specifications of the inscription on the signboard (as defined in the Building Control (Advertisement, Billboard and Signboard) Regulations, 2016).

Taxation

There are three types of taxes in Brunei Darussalam namely: income tax, withholding tax, and stamp duty. The relevant laws and regulations on taxes and stamp duty in Brunei Darussalam are the Income Tax Act (Cap 35), Income Tax (Double Taxation Relief) (United Kingdom) Order, Income Tax (Development of Mineral Resources) (Encouragement) Order, Income Tax (Forms) Rules, Income Tax (Machinery or Plant) (Annual Allowance) Rules, Income Tax (Petroleum) Act (Cap 119), Income Tax (Petroleum) Act (Cap 119) Amendment Order 2012, Stamp Act (Cap 34), Stamps (Remission of Estate Duty) Order, Investment Incentives Order 2001, Accounting Standards Order 2010, and Accountants Order 2010.

Corporate income tax is levied on limited companies incorporated and registered under the Companies Act or any law in force elsewhere, which accrues in, derives from or receives income in Brunei Darussalam. The corporate income tax levied on companies in Brunei Darussalam is at the rate of 18.5% of the chargeable income of the companies and shall be paid for each year of assessment. Companies are required to submit their completed income tax returns form by 30 June every year to the office of Collector of Income Tax.

OVERVIEW

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 as the [**REDACTED**] in the [**REDACTED**]. Pursuant to the Reorganisation as more particularly described in "— Reorganisation" in this section, our Company has become the holding company of our Group for the purpose of the [**REDACTED**].

HISTORY AND DEVELOPMENT

Nobel Design Singapore was founded in 1981 as an interior design solutions provider to provide interior design services for showflats and residential units in Singapore. Focusing on our commitment to offer inspirational home furnishing ideas and to deliver innovative design solutions and quality furniture to homeowners, we expanded our business footprint into furniture retailing in 1995 by opening our first furniture point of sale in Singapore under the brand "Marquis". In view of the rapidly growing business, we were keen to recruit a management personnel outside the Nobel Design Singapore group to help us to embark on the next stage of growth. Mr. Goon joined us in 1994 to serve the role in overseeing the expanded operation and formulating strategic plan for our Group. Riding on its experience and expertise in Singapore, our Group expanded overseas in 1997 when we incorporated Nobel Reka Cipta in Malaysia and Nobel Design Brunei in Brunei to provide interior design services in these markets.

To cater for a wider range of customer preference and to increase our market share in the furniture sales market in Singapore, our furniture sales store under the "Lifestorey" brand, which features a series of contemporary furniture and lifestyle goods for young and mid-market customers, was opened in Singapore in 1998. In 1999, we incorporated Momentum Creations which launched our "OM" brand offering quality designer furniture at a more affordable price range.

In 2000, recognising the potential in the furniture market in the U.S., we tapped into the U.S. via the acquisition of Target Marketing Systems and in 2005, we launched our products to the U.S. consumers by selling our furniture products to major and sizeable e-commerce sales platforms under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey", offering affordable and reasonably priced furniture items.

In 2009, to better manage our interior design business, we consolidated our interior design and fitting-out business under Numero Uno Creative Group which operates the "SuMisura" brand. By adopting and managing a strong multi-brand strategy, we are able to offer a wide selection of products to cater for different customers' needs and preferences at all market levels. For further details of our business, please refer to the section headed "Business" in this document.

With our robust business expansion and wide market recognition, Nobel Design Singapore was listed on SESDAQ (now known as Catalist) of the SGX-ST on 25 November 1996 and was subsequently transferred to the Main Board of the SGX-ST on 8 August 2008 with the aim of gaining wider access to capital markets and raising our corporate profile. Mr. Goon and Ms. Wee, each of whom is one of our Controlling Shareholders, have been directors and substantial shareholders of Nobel Design Singapore since the listing of Nobel Design Singapore on SESDAQ. As of 1 January 2017, Mr. Goon and Ms. Wee collectively was the single largest group of shareholders of the Nobel Design Singapore (who held less than 30% of the Shareholding interest in the Company in aggregate) and since 1 May 2017 following the Acquisition (defined below), Mr. Goon and Ms. Wee further became the single largest group of controlling shareholders of Nobel Design Singapore. On 29 August 2017, Nobel Design Singapore was delisted from the Main Board of the SGX-ST. Following this and pursuant to the Reorganisation, as more particularly described in the paragraph headed "Reorganisation" in this section, Mr. Goon and Ms. Wee became our Controlling Shareholders. For further details, please refer to "— Prior Listing on SGX-ST and Reason for the [**REDACTED**]" in this section and "Our controlling shareholders, Mr. Kho, Southern Cross and our Group" in the section headed "Relationship with our controlling shareholders" in this document.

KEY BUSINESS MILESTONES

Our Group has expanded its business both locally and in other parts of Asia as well as the U.S.. Our Group's major milestones are set out below:

Year	Events
1981	Nobel Design Singapore was incorporated for the provision of interior design services
1995	Commenced our furniture sales business under the brand "Marquis" for the sale of European imported furniture
1996	Nobel Design Singapore was listed on SESDAQ (now known as Catalist) of the SGX-ST
1997	Commenced our overseas expansion plan by incorporating Nobel Reka Cipta in Malaysia and Nobel Design Brunei in Brunei to expand our interior design business in these markets
1998	Opened our first furniture point of sales under the "Lifestorey" brand which features a range of contemporary furniture and lifestyle goods
1999	Opened another point of sales under the "OM" brand to offer affordable designer furniture
2000	Tapped into furniture sales business in the U.S. after the acquisition of Target Marketing Systems
2005	Commenced our furniture e-commence sales in the U.S.
2006	Opened our first mono-brand point of sales for an Italian brand
2008	Listing of Nobel Design Singapore was transferred to the Main Board of the SGX-ST
2009	Commenced our interior design and fitting-out business under the brand "SuMisura"
2012	Engaged sales with five major e-commerce sales platforms, all of which are our five largest customers in our U.S. furniture sales segment during the Track Record Period

Year	Events
2013	Received Asia Pacific Property Awards: Interior Design Show Home Singapore 2013 – 2014 (Highly Commended): Stellar RV by Numero Uno Creative Group Pte Ltd – SuMisura
	Received HDF Luxurious Projects Asia Summit & Awards 2013: Top Luxury Residential Design Silver Award
2017	Nobel Design Singapore was delisted from the Main Board of the SGX-ST
	Received Asia Pacific Property Awards: Best Interior Design Show Home Singapore 2017 – 2018: Gramercy Park II by SuMisura Asia

OUR MAJOR OPERATING SUBSIDIARIES

As at the Latest Practicable Date, our Group has established a number of operating subsidiaries to carry out our businesses. The key corporate developments of our major subsidiaries are set out below:

Buylateral Singapore

Buylateral Singapore (formerly known as Dynamic Furniture Pte Ltd. and Buylateral.com Pte Ltd.) was incorporated in Singapore as a limited liability company on 28 December 1990. Upon its incorporation, Buylateral Singapore had an issued share capital of S$2.00 divided into two shares of S$1.00 each and each was held by each to the two founders.

From the date of incorporation of Buylateral Singapore until 1 December 1999 (where Buylateral Singapore became part of the Nobel Design Singapore group), there was a series of transfers and allotments of shares in Buylateral Singapore. Nobel Design Singapore decided to invest in Buylateral Singapore having considered the intention to grow e-commerce business in US market. On 1 December 1999, the remaining founder (the "**Former Buylateral Director**") transferred 220,000 shares in Buylateral Singapore to Nobel Design Singapore at a nominal consideration of S$3,002. On the same day, 170,000 shares of S$1.00 each in Buylateral Singapore were allotted, issued and credited as fully paid at par to Nobel Design Singapore. Upon completion of the said transfer and allotment, the issued share capital of Buylateral Singapore was increased to S$570,000 divided into 570,000 shares of S$1.00 each, such that Buylateral Singapore was held as to approximately 31.6% by the Former Buylateral Director and 68.4% by Nobel Design Singapore, respectively.

On 5 January 2000, as part of the commitment to get Nobel Design Singapore to work together with him to grow Buylateral Singapore, the Former Buylateral Director transferred 66,000 shares in Buylateral Singapore to Nobel Design Singapore at a nominal consideration of S$1.00. On 19 July 2000, he also transferred 54,150 shares in Buylateral Singapore to an ex-employee of Buylateral Singapore at a nominal consideration of S$1.00.

On 15 November 2000, in order to improve the equity position of Buylateral Singapore, one share of S$1.00 in Buylateral Singapore was allotted, issued and credited as fully paid to Nobel Design Singapore at a premium of S$949,999, while one share of S$1.00 in Buylateral Singapore was allotted, issued and credited as fully paid to the Former Buylateral Director at a premium of S$49,999. On the same day, an additional share of S$1.00 was allotted, issued and credited as fully paid to Nobel Design Singapore at a premium of S$1,120,619, by way of capitalisation of a sum of S$1,120,620 owing by Buylateral Singapore to Nobel Design Singapore.

With effect from 30 January 2006, the concept of par value was abolished in Singapore. Accordingly, the sum standing to the credit of Buylateral Singapore's share premium account became part of its share capital.

On 25 September 2012, the former employee of Buylateral Singapore transferred 54,150 shares in Buylateral Singapore to Ms. Lee Woon Yeong (the general manager of Buylateral Singapore) at a consideration of US$5,000.

On 16 December 2016, when the Former Buylateral Director decided to cash out from his investment in Buylateral Singapore, he transferred 59,851 shares in Buylateral Singapore to Nobel Design Singapore at a consideration of S$239,404, which was arrived at the price the Former Buylateral Director offered.

In addition to the above, Buylateral Singapore entered into subscription agreements dated 9 November 2000 and 12 March 2002 with NJI No. 3 Investment Fund and Optixlab Sdn. Bhd. (each an Independent Third Party), respectively, pursuant to which 65,577 Series A preference shares and 204,111 Series B preference shares, respectively, were issued to them. After NJI No. 3 Investment Fund decided to cash out its investment in Buylateral Singapore, all of the Series A preference shares were transferred to Nobel Design Singapore on 21 June 2006 for an aggregate consideration of S$925,000 based on the price NJI No. 3 Investment Fund offered. Since the day of acquisition of the Series A preference shares, Nobel Design Singapore had provided an undertaking to Buylateral Singapore to convert all 65,577 Series A preference shares to ordinary shares and had also agreed not to redeem any of the 65,577 Series A preference shares, which were therefore accounted for as an investment in Buylateral Singapore in books of Nobel Design Singapore and as equity instruments in books of Buylateral Singapore. All of the Series B preference shares were converted into 204,111 ordinary shares in Buylateral Singapore in 2006 and after Optixlab Sdn. Bhd. decided to cash out its investment in Buylateral Singapore, it transferred the 204,111 ordinary shares to Nobel Design Singapore on 17 March 2017 for an aggregate consideration of RM4.8 million based on the price Optixlab Sdn. Bhd. offered.

Subsequent to the conversion of all of the Series A preference shares on 18 December 2017, the resultant share capital of Buylateral Singapore was S$7,603,435.88 comprising 1,184,987 ordinary shares, held as to approximately 95.4% by Nobel Design Singapore and approximately 4.6% by Ms. Lee Woon Yeong, respectively, and there was no outstanding warrant, option or any other security of any kind convertible or exchangeable into share capital of Buylateral Singapore.

On 16 April 2018, Buylateral Singapore passed a shareholders' resolution to distribute S$4,200,000 to its shareholders as at 16 April 2018 on a pro-rata basis via capital reduction. The capital reduction has taken effect on 6 June 2018. After the capital reduction, the resultant capital of Buylateral Singapore is S$3,403,435.88.

Buylateral Singapore principally engages in the business of our U.S. furniture sales.

Upon completion of the Reorganisation, Buylateral Singapore became our Company's indirect subsidiary and is held as to approximately 95.4% by Design Capital Singapore and approximately 4.6% by Ms. Lee Woon Yeong, respectively. For details, please see "— Reorganisation" in this section.

Target Marketing Systems

Target Marketing Systems was incorporated as a corporation in the State of Illinois, U.S., on 1 March 1985.

Upon its incorporation, Target Marketing Systems had an authorised share capital of 100,000 shares, with a par value of US$1.00 per share, of which 1,000 shares were initially issued to an Independent Third Party.

On 27 November 2000, the Independent Third Party transferred 1,000 shares of Target Marketing Systems to Buylateral Singapore for a consideration of US$1.35 million, which was arrived at based on the then assets and liabilities of Target Marketing Systems at the material time. The first instalment of US$750,000 was paid to an escrow agent to settle the account payables of Target Marketing Systems. The balance consideration were settled in instalments by cash and/or set-off against liabilities of the Independent Third Party. The consideration had been settled in full. Since then and up to the Latest Practicable Date, Buylateral Singapore has been the sole shareholder of Target Marketing Systems. The shareholding interests of Target Marketing Systems remained unchanged up until the Latest Practicable Date.

Target Marketing Systems principally engages in the business of our furniture sales in the U.S.

Upon completion of the Reorganisation, Target Marketing Systems became our Company's indirect subsidiary and continues to be held as to 100% by Buylateral Singapore. For details, please see "— Reorganisation" in this section.

Buylateral.com (M)

Buylateral.com (M) was incorporated in Malaysia as a private company limited by shares on 22 May 2000. Upon its incorporation, one issued and paid up ordinary share of RM1.00 was allotted to each of Mr. Goon and the Former Shareholder, and both shares are held on trust for Buylateral Singapore. The shareholding interests of Buylateral.com (M) remained unchanged from its date of incorporation up until the Reorganisation.

Buylateral.com (M) principally engages in the procurement of furniture for our U.S. furniture sales.

Upon completion of the Reorganisation, Buylateral.com (M) became our Company's indirect subsidiary and continues to be beneficially held as to 100% by Buylateral Singapore. For details, please see "— Reorganisation" in this section.

Marquis Furniture Gallery

Marquis Furniture Gallery was incorporated in Singapore as a limited liability company on 5 December 1994. Upon its incorporation, Marquis Furniture Gallery had an issued share capital of S$2.00 divided into two shares of S$1.00 each, which were credited as fully paid and each was held by the Former Shareholder and Ms. Wee.

On 18 May 1995, each of Ms. Wee and the Former Shareholder transferred their respective share of S$1.00 each in Marquis Furniture Gallery to Nobel Design Singapore. Upon completion of these transfers, Marquis Furniture Gallery was wholly-owned by Nobel Design Singapore.

On 29 June 1995 and 23 August 2000, 179,998 shares and 250,000 shares in Marquis Furniture Gallery were allotted, issued and credited as fully paid at par to Nobel Design Singapore. Upon completion of these allotments and issues, the issued share capital of Marquis Furniture Gallery was increased to S$430,000 divided into 430,000 shares of S$1.00 each, and Marquis Furniture Gallery remained wholly owned by Nobel Design Singapore. The shareholding interests of Marquis Furniture Gallery remained unchanged up until the Reorganisation.

Marquis Furniture Gallery principally engages in the business of retail of mid-to-high end European furniture and interior design and fitting-out services.

Upon completion of the Reorganisation, Marquis Furniture Gallery became our Company's indirect wholly-owned subsidiary and is wholly-owned by Design Capital Singapore. For details, please see "— Reorganisation" in this section.

Marquis HQO

Marquis HQO (formerly known as HQO Corporation Pte. Ltd.) was incorporated in Singapore as a limited liability company on 24 June 2000. Upon its incorporation, Marquis HQO had an issued share capital of S$2.00 divided into two shares of S$1.00 each, which were credited as fully paid and each was held by Mr. Goon and the Former Shareholder.

On 26 January 2001, each of Mr. Goon and the Former Shareholder transferred their respective one share of S$1.00 each in Marquis HQO to Boss Design International Pte Ltd. On the same day, 149,998 shares in Marquis HQO were allotted, issued and credited as fully paid at par to Boss Design International Pte Ltd. Upon completion of the said transfers and allotment, Marquis HQO became wholly-owned by Boss Design International Pte Ltd.

On 17 December 2007, Boss Design International Pte Ltd transferred their entire shareholding of 150,000 shares in Marquis HQO to Marquis Furniture Gallery. Upon completion of the said transfer, Marquis HQO became wholly-owned by Marquis Furniture Gallery.

On 31 October 2012, 30,000 shares, 10,000 shares and 10,000 shares in Marquis HQO at the issue price of S$1.00 per share were allotted, issued and credited as fully paid to Marquis Furniture Gallery, Ms. Sharon Wu Pui See (a director of Marquis HQO and a member of our senior management) and Ms. Foo Kim Soon (a director of Marquis HNC and a member of our senior management), respectively. Upon completion of the said allotments, Marquis HQO was held as to 90.0% by Marquis Furniture Gallery, 5.0% by Ms. Sharon Wu Pui See and 5.0% by Ms. Foo Kim Soon, respectively.

On 26 September 2016, after Ms. Foo Kim Soon was redesignated to manage Marquis HNC, Ms. Foo Kim Soon transferred her entire shareholding of 10,000 shares in Marquis HQO to Ms. Sharon Wu Pui See at a consideration of S$20,000. Upon completion of the said allotments, Marquis HQO was held as to 90.0% by Marquis Furniture Gallery and 10.0% by Ms. Sharon Wu Pui See, respectively. The shareholding interests of Marquis HQO remained unchanged up until the Latest Practicable Date.

Marquis HQO principally engages in our Special Projects.

Upon completion of the Reorganisation, Marquis HQO became our Company's indirect subsidiary and is held as to 90.0% indirectly by Design Capital Singapore through Marquis Furniture Gallery and 10.0% by Ms. Sharon Wu Pui See. For details, please see "— Reorganisation" in this section.

Marquis HNC

Marquis HNC was incorporated in Singapore as a limited liability company on 6 April 2016 with a share capital of S$150,000 divided into 150,000 shares. Upon its incorporation, 135,000 shares and 15,000 shares of Marquis HNC (representing 90.0% and 10.0% of the shareholding interests in Marquis HNC, respectively) at an issue price of S$1.00 per share were allotted and issued to Marquis Furniture Gallery and Ms. Foo Kim Soon (a director of Marquis HNC and a member of our senior management) respectively. The shareholding interests of Marquis HNC remained unchanged from its date of incorporation up to the Latest Practicable Date.

Marquis HNC principally engages in our Special Projects.

Upon completion of the Reorganisation, Marquis HNC became our Company's indirect subsidiary and is held as to 90.0% indirectly by Design Capital Singapore through Marquis Furniture Gallery and 10.0% by Ms. Foo Kim Soon. For details, please see "— Reorganisation" in this section.

Numero Uno Creative Group

Numero Uno Creative Group was incorporated in Singapore as a limited liability company on 17 March 2009. Upon its incorporation, Numero Uno Creative Group had an issued share capital of S$2.00 divided into two shares of S$1.00 each, which were credited as fully paid and each was held by Ms. Lim Chieh Yin (a director of Numero Uno Creative Group and a member of our senior management) and Mr. Chua Seow Chang (a director of Numero Uno Creative Group).

On 12 May 2011, 20,000 shares and 79,998 shares in Numero Uno Creative Group at an issue price of S$1.00 per share were allotted and issued to Ms. Lim Chieh Yin and Nobel Design Singapore, respectively. On the same day, one share was also transferred by each of Ms. Lim Chieh Yin and Mr. Chua Seow Chang to Nobel Design Singapore at a consideration of S$1.00 per share which is the same as issue price. Upon completion of the said allotments and transfers, the issued share capital of Numero Uno Creative Group was increased to S$100,000 divided into 100,000 shares, and Numero Uno Creative Group was owned as to 80.0% by Nobel Design Singapore and 20.0% by Ms. Lim Chieh Yin.

On 27 October 2016, Nobel Design Singapore transferred 20,000 shares of S$1.00 each to Ms. Lim Chieh Yin, such that Numero Uno Creative Group was owned as to 60.0% by Nobel Design Singapore and 40.0% by Ms. Lim Chieh Yin. The transfer was in line with our original effort to entice Ms. Lim Chieh Yin to join our then Nobel Design Singapore group. The shareholding interests of Numero Uno Creative Group remained unchanged up until the Reorganisation.

Numero Uno Creative Group principally engages in the business of interior design and fitting-out services.

Upon completion of the Reorganisation, Numero Uno Creative Group became our Company's indirect subsidiary and is held as to 60.0% by Design Capital Singapore and 40.0% by Ms. Lim Chieh Yin, respectively. For details, please see "— Reorganisation" in this section.

Momentum Creations

Momentum Creations was incorporated in Singapore as a limited liability company on 18 March 1999. Upon its incorporation, Momentum Creations had an issued share capital of S$2.00 divided into two shares of S$1.00 each, which were credited as fully paid and each was held by Mr. Goon and the Former Shareholder.

On 25 June 1999, each of the Former Shareholder and Mr. Goon transferred their respective one share of S$1.00 each in Momentum Creations to Nobel Design Singapore. Upon completion of the transfers, Momentum Creations became wholly-owned by Nobel Design Singapore.

On 5 July 1999, 15,000 shares and 84,998 shares of S$1.00 each in Momentum Creations were allotted, issued and credited as fully paid at par to Mr. Toh Poh Soon (the general manager of Momentum Creations and a director of Nobel Reka Cipta) and Nobel Design Singapore, respectively. Upon completion of the said allotments, the issued share capital of Momentum Creations was increased to S$100,000 divided into 100,000 shares of S$1.00 each, such that Momentum Creations was held as to 85.0% by Nobel Design Singapore and 15.0% by Mr. Toh Poh Soon.

On 27 July 2000, Nobel Design Singapore transferred 5,000 shares of S$1.00 each to Mr. Chua Swee Tian Adrian (a former employee of Nobel Design Singapore). On 3 March 2003, Mr. Chua Swee Tian Adrian transferred 4,200 shares and 800 shares in Momentum Creations to Nobel Design Singapore and Mr. Toh Poh Soon, respectively, such that Momentum Creations was held as to approximately 84.2% by Nobel Design Singapore and approximately 15.8% by Mr. Toh Poh Soon.

On 9 July 2010, a further 53,046 shares and 9,954 shares in Momentum Creations at the issue price of S$1.00 per share were allotted, issued and credited as fully paid to Nobel Design Singapore and Mr. Toh Poh Soon, respectively. The shareholding interests of Momentum Creations remained unchanged up until the Reorganisation.

Momentum Creations principally engages in the business of furniture sales under our brand "OM".

Upon completion of the Reorganisation, Momentum Creations became our Company's indirect subsidiary and is held as to approximately 84.2% by Design Capital Singapore and approximately 15.8% by Mr. Toh Poh Soon, respectively. For details, please see "— Reorganisation" in this section.

Nobel Reka Cipta

Nobel Reka Cipta (formerly known as Career Empire Sdn. Bhd) was incorporated in Malaysia as a limited liability company on 14 November 1996. Upon its incorporation, one issued and paid-up ordinary share of RM1.00 was allotted to each of Mr. Teng Choon Fatt (an Independent Third Party) and Mr. Teng Mee Leng (an Independent Third Party), respectively.

On 20 December 1996, Mr. Teng Choon Fatt transferred his one share to Mr. Goon, and Mr. Teng Mee Leng transferred his one share to Ms. Tan Sian Hong (a current employee of Numero Uno Creative Group).

On 16 April 1998, each of Mr. Goon and Ms. Tan Sian Hong transferred their respective one share in Nobel Reka Cipta to Nobel Design Singapore, upon which Nobel Reka Cipta became wholly-owned by Nobel Design Singapore.

On 4 April 2013, Nobel Reka Cipta issued an additional 99,998 ordinary shares to Nobel Design Singapore, upon which the share capital of Nobel Reka Cipta was increased to RM100,000 divided into 100,000 ordinary shares, which were wholly-owned by Nobel Design Singapore. The shareholding interests of Nobel Reka Cipta remained unchanged up until the Reorganisation.

Nobel Reka Cipta principally engages in the business of interior design and fitting-out services in Malaysia.

Upon completion of the Reorganisation, Nobel Reka Cipta became our Company's indirect wholly-owned subsidiary and is wholly-owned by Design Capital Singapore. For details, please see "— Reorganisation" in this section.

Nobel Design Brunei

Nobel Design Brunei (formerly known as Nobel Golden Gifts Sdn Bhd) was incorporated in Brunei as a limited liability company on 7 January 1997. Upon its incorporation, one issued and paid-up ordinary share of BND1.00 was allocated to each of Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman and Mr. Goon, respectively.

On 8 April 1997, Mr. Goon transferred his one share to Nobel Design Singapore at BND1.00. On the same day, 349 shares and 649 shares of BND1.00 each in Nobel Design Brunei were allotted, issued and credited as fully paid to Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman and Nobel Design Singapore, respectively. On 3 November 1998, an additional 174,650 shares and 324,350 shares of BND1.00 each in Nobel Design Brunei were allotted, issued and credited as fully paid to Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman and Nobel Design Singapore, respectively.

On 15 May 2003, Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman transferred 35,000 shares at BND1.00 each and Nobel Design Singapore transferred 65,000 shares at BND1.00 each to Mr. Azmi bin Abdul Rahman Ibrahim (an Independent Third Party). On 24 August 2007, Mr. Azmi bin Abdul Rahman Ibrahim transferred 100,000 shares at BND1.00 each to Mr. Ibrahim Khalili bin DP Hj Abd Rahman. Upon completion of the said allotments and transfers, Nobel Design Brunei was held as to 28.0% by Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman, 20.0% by Mr. Ibrahim Khalili bin DP Hj Abd Rahmann and 52.0% by Nobel Design Singapore, respectively. The shareholding interests of Nobel Design Brunei remained unchanged up until the Reorganisation.

Nobel Design Brunei principally engages in the fitting-out services in Brunei.

Upon completion of the Reorganisation, Nobel Design Brunei became our Company's indirect subsidiary and is held as to 52.0% by Design Capital Singapore, 28.0% by Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman and 20.0% by Mr. Ibrahim Khalili bin DP Hj Abd Rahmann. For details, please see "— Reorganisation" in this section.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the [**REDACTED**] which involved the following steps:

Incorporation of our Company

In preparation for the [**REDACTED**], our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 as a holding company of our Group and the [**REDACTED**] in the [**REDACTED**]. The initial authorised share capital of our Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of its incorporation, our Company allotted and issued one subscriber share to an initial subscriber, who is an Independent Third Party, at par value. On the same day (a) the said one fully-paid subscriber share was transferred from the initial subscriber to Nobel Design (BVI) at par value; and (b) five Shares, two Shares and two Shares were allotted and issued, credited as fully paid, by our Company to Nobel Design (BVI), Mr. Kho and Southern Cross, respectively, at par value.

On [●] 2018, our Company has increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of nominal value of HK$0.01 each by the creation of an additional 9,962,000,000 Shares.

Incorporation of Design Capital (BVI)

Design Capital (BVI) was incorporated in the BVI with limited liability on 6 April 2018 as an investment holding company. On the date of its incorporation, (a) Design Capital (BVI) was authorised to issue a maximum of 50,000 ordinary shares of S$1.00 each; and (b) one ordinary share was allotted and issued, credited as fully paid, to our Company at par value credited as full paid, after which Design Capital (BVI) is wholly owned by our Company.

Incorporation of Design Capital Singapore

Design Capital Singapore was incorporated in Singapore as a limited liability company on 10 April 2018. Design Capital Singapore was incorporated with one fully-paid ordinary share that was allotted and issued to Design Capital (BVI) at S$1.00, consequently, Design Capital Singapore is wholly owned by Design Capital (BVI).

Transfer of our Company to Nobel Design Singapore

On 16 April 2018, Nobel Design (BVI), Mr. Kho and Southern Cross transferred their respective holdings in our Company to Nobel Design Singapore for a total consideration of HK$0.10 at par value. Upon completion, our Company, Design Capital (BVI) and Design Capital Singapore became wholly owned subsidiaries of Nobel Design Singapore.

Acquisition of operating subsidiaries by Design Capital Singapore

On 16 April 2018, a sale and purchase agreement was entered into between Design Capital Singapore as purchaser and Nobel Design Singapore as vendor, pursuant to which Nobel Design Singapore agreed to transfer the following interests (the "**Sale Shares**") to Design Capital Singapore for an aggregate consideration of approximately S$21.3 million:

(a) 84.2% interest in the issued share capital of Momentum Creations;

(b) 60% interest in the issued share capital of Numero Uno Creative Group;

(c) 100% interest in the issued share capital of Marquis Furniture Gallery;

(d) 52% interest in the issued share capital of Nobel Design Brunei;

(e) 100% interest in the issued share capital of Nobel Reka Cipta; and

(f) 95.4% interest in the issued share capital of Buylateral Singapore.

The consideration was determined based on the net asset value of the Sale Shares as at 31 December 2017, after deducting S$4,200,000 to be distributed to shareholders of Buylateral Singapore on a pro-rata basis pursuant to a capital reduction exercise.

The consideration for the transfer of the Sale Shares was satisfied by Design Capital Singapore by procuring that our Company allot and issue an aggregate of 3,790 Shares credited as fully paid, to Nobel Design Singapore.

Upon completion of the aforesaid transfers, each of Momentum Creations, Numero Uno Creative Group, Marquis Furniture Gallery, Marquis HQO, Marquis HNC, Buylateral Singapore, Target Marketing Systems, Buylateral.com (M), Nobel Reka Cipta and Nobel Design Brunei became a direct or an indirect subsidiary of Design Capital Singapore and an indirect subsidiary of our Company.

All of the above transfers had been properly and legally completed and settled. As advised by our Singapore Legal Advisers, Malaysia Legal Advisers, Brunei Legal Advisers and U.S. Legal Advisers, no approval or consent is required to be obtained from any governmental or regulatory authority in Singapore, Malaysia, Brunei or the U.S. in connection with the Reorganisation.

Distribution of shares in our Company

On 24 April 2018, Nobel Design Singapore passed a shareholder's resolution to distribute all the Shares it held to Grand Slam by way of a capital reduction exercise. On 24 April 2018, Grand Slam entered into a set-off agreement with the shareholders of Grand Slam, being Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross, pursuant to which Grand Slam agreed to repay a portion of the shareholders' loans owing from Grand Slam to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross, respectively, by causing the Shares to be distributed by Nobel Design Singapore to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross (or their respective nominee) on a pro rata basis. Mr. Goon and Ms. Wee nominated Nobel Design (BVI) to receive the Shares on their behalf. On completion of the capital reduction exercise and the set-off agreement, 2,280, 760 and 760 Shares were held as to Nobel Design (BVI), Mr. Kho and Southern Cross, respectively.

Upon completion of the Reorganisation, Mr. Goon and Ms. Wee collectively hold their shares in our Company through Nobel Design (BVI), whereas each of Mr. Kho and Southern Cross holds their interests in our Company directly. Mr. Kho and Southern Cross are able to exercise their shareholders' rights independently.

[**REDACTED**]

Conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the [**REDACTED**] pursuant to the [**REDACTED**], our Directors are authorised to capitalise an amount of HK$[**REDACTED**] from the share premium account of our Company by applying such sum towards the paying up in full at par a total of [**REDACTED**] additional Shares for allotment and issue to Nobel Design (BVI), Mr. Kho and Southern Cross, being the existing Shareholders on the register of members of our Company immediately prior to the [**REDACTED**], credit as fully paid and on a pro-rata basis.

PRIOR LISTING ON SGX-ST AND REASON FOR THE [REDACTED]

Prior Listing on SGX-ST

Nobel Design Singapore was listed on the SESDAQ (now known as Catalist) of SGX-ST on 25 November 1996. Its listing was transferred to the Main Board of the SGX-ST on 8 August 2008 and Nobel Design Singapore remained listed on the SGX-ST for more than 20 years until the Delisting (defined below). While listed on SESDAQ and the Main Board of SGX-ST, Nobel Design Singapore was engaged in furniture sales in the U.S., furniture sales in Singapore, the provision of interior design and fitting-out services in Singapore, Malaysia and Brunei as well as the Excluded Business.

Mr. Goon and Ms. Wee were regarded as parties acting in concert with respect to Nobel Design Singapore while listed on SESDAQ and the Main Board of SGX-ST. Since 1 January

2017, they were the single largest group of shareholders of Nobel Design Singapore, with an aggregate interest of approximately 25.76% of the issued shares in the Nobel Design Singapore group immediately prior to the Acquisition (defined below). As at 25 March 2009 and 22 March 2011, Mr. Kho and Southern Cross were interested in approximately 0.64% and 4.43% shareholding interests in Nobel Design Singapore, respectively.

In March 2017, Mr. Goon became aware of the Former Shareholder's intention to sell all his shares in Nobel Design Singapore. Solely out of financial consideration, Mr. Goon and Ms. Wee, together with Mr. Kho and Southern Cross, incorporated Grand Slam on 21 March 2017, to acquire all the shares held by the Former Shareholder. Grand Slam is a Singapore incorporated exempt company limited by shares owned as to 60% by Mr. Goon and Ms. Wee, 20% by Mr. Kho and 20% by Southern Cross.

The Acquisition, the Mandatory Offer and the Delisting

On 2 May 2017, Grand Slam acquired all the shares held by the Former Shareholder representing approximately 23.0% of the total issued shares of Nobel Design Singapore at S$0.510 per share (the "**Acquisition**"). As a consequence of the Acquisition, the aggregate effective shareholding of Grand Slam, Mr. Goon and Ms. Wee (who were parties acting in concert at the material time), Southern Cross, Mr. Kho and Mr. Kho Choon Keng increased from approximately 41.3% to approximately 64.3% of the total issued shares of Nobel Design Singapore at that time. As the Acquisition represented an acquisition of more than 1% of the voting rights of Nobel Design Singapore in the six-month period immediately preceding the date of the Acquisition, Grand Slam became obliged to make a mandatory offer in accordance with Section 139 of the Securities and Futures Act (Chapter 289 of Singapore) and the Singapore Code on Take-overs and Mergers.

On 2 May 2017, an offer announcement was made that Grand Slam intended to make the mandatory unconditional cash offer of S$0.510 per share which was derived wholly from the negotiated and agreed price at which the Acquisition was concluded (the "**Price for the Offer**") for all the issued and paid up ordinary shares of Nobel Design Singapore (being 219,228,686 shares of Nobel Design Singapore), other than those already owned, controlled or agreed to be acquired by Grand Slam, including such shares of Nobel Design Singapore owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with Grand Slam (the "**Mandatory Offer**"). Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross all had undertaken to accept the Mandatory Offer.

Upon completion of the Mandatory Offer, the total number of shares of Nobel Design Singapore owned, controlled or agreed to be acquired by Grand Slam, together with the valid acceptances of the Mandatory Offer, was approximately 97.28% of the total number of Nobel Design Singapore shares then in issue. Having attained control of more than 90% of the total number of shares of Nobel Design Singapore then in issue other than those already held by Grand Slam prior to the Mandatory Offer, Grand Slam served notice to the then remaining shareholders of Nobel Design Singapore on 18 July 2017 to exercise its right of compulsory acquisition (the "**Compulsory Acquisition**") under Section 215(1) of the Companies Act (Chapter 50) of Singapore to acquire all remaining issued and paid up ordinary shares of Nobel Design Singapore not already owned by Grand Slam, its related corporations or their respective nominee. The Compulsory Acquisition completed on 25 August 2017 and Grand Slam became the sole shareholder of Nobel Design Singapore.

The Delisting subsequently took place on 29 August 2017. As confirmed by our Directors, during the period that Nobel Design Singapore was listed on the Main Board of the SGX-ST, it had complied with the listing rules of the SGX-ST in all material aspects and there was no matter that should be brought to our Shareholders' attention.

The Acquisition, the Mandatory Offer and the Compulsory Acquisition were funded by a banking facility obtained by Grand Slam. The facility was fully repaid by Grand Slam in December 2017.

Reason for the [**REDACTED**]

After the Delisting, the directors of Grand Slam reviewed all the assets and businesses of the Nobel Design Singapore (including the Excluded Business) and considered opportunities to grow all or part of those businesses and raise funds for expansion purposes including but not limited to the option to apply for a [**REDACTED**] in Hong Kong.

Having considered the clear business delineation of our Group from the Excluded Business and growth opportunities of the furniture sales industry, the directors of Grand Slam decided to exclude the Excluded Business to streamline the Group's business and assets and to explore opportunities to grow our furniture sales business independently and raise funds for its expansion in order to capture the current growth opportunities of the furniture online sales market in the U.S. while our U.S. furniture sales began to flourish during the Track Record Period. Our Board considered and agreed with the independent opinion issued in connection with the Mandatory Offer that the Price for the Offer which represented a discount of approximately 30.9% to the net assets value per share as at 31 March 2017 underestimated the value of the assets of Nobel Design Singapore and may affect the amount we could raise through other financing means.

Based on the [**REDACTED**] for the [**REDACTED**], our Directors expect that the market capitalisation of our Company will be higher than the value of Nobel Design Singapore (excluding the Excluded Business) implied by the Price for the Offer, and believe that such difference was mainly due to (i) the fact that the Price for the Offer was derived wholly from the negotiated and agreed price at which the Acquisition was concluded; (ii) higher liquidity and valuation of our Shares which better reflect the value of our Company for trading in the Hong Kong market; and (iii) continuous growth in valuation of companies engaging in e-commerce sales related business as driven by robust development of the sector in Hong Kong.

Towards the end of 2017, our Directors perceived that Hong Kong being an international finance centre could offer various benefits to our Group as they noticed that [**REDACTED**] fund raising amounts on the Stock Exchange in 2017 was significantly higher than those on the SGX-ST, in particular, the initial public offerings of the technology-related companies on the Stock Exchange were well received by the market. In addition, the trading volume of and equity fund raised in secondary market by companies on the Stock Exchange were also higher than that of the SGX-ST. Furthermore, the unique collaboration between the Hong Kong, Shanghai and Shenzhen Stock Exchanges through the Stock Connect allows eligible Hong Kong listed companies to attract funds from PRC investors and broadens their shareholder base and fund raising channels. Our Directors further noticed that, as at the Latest Practicable Date, the weighted average price-earnings ratio of listed companies on the Stock Exchange was also higher than that of the SGX-ST.

Having considered the above and (1) the size of the equity market in Hong Kong in terms of the market capitalisation and its greater market activity, (2) the Group's genuine funding needs to expand its business, (3) the fundraising size to satisfy the financing needs, (4) the benefits of raising fund through [**REDACTED**] [**REDACTED**] as disclosed in section headed "Future Plans and [**REDACTED**] — Future Plans" in this document, and (5) achieving the [**REDACTED**] status on the Stock Exchange that is internationally recognised at this moment can further enhance our corporate profile, solidify our market position and capture the market opportunities, in particular in the U.S., when the industry is currently growing, our Directors considered that our Group would be able to obtain funding through an [**REDACTED**] on the Stock Exchange to finance its expansion plans as disclosed in the section headed "Future Plans and [**REDACTED**]" in this document and the [**REDACTED**] will enable our Company to conduct secondary fund raising more efficiently when the need arises given the higher market liquidity in Hong Kong. This is particularly important when the monetary policy tightens and interest rate rises.

In addition, at the time when the Group first listed on the SGX-ST, it mainly focused on furniture retail sales through traditional brick-and-mortar stores and the provision of interior design services in the local market. Over the years, having recognised the potential of e-commerce sales platform in the U.S. during the internet boom, the Group's business model transformed gradually and shifted its business focus to the development of the e-commerce sales of furniture in the U.S. Given the Group's business no longer focus solely on traditional furniture retail sales and has expanded its business scope by tapping into the e-commerce technology industry, the Directors consider the Company can further strengthen its market positioning and competitive edge through the [**REDACTED**] where the investors recognise the intrinsic value of technology-related companies. As such, the Directors believe the Company could potentially be exposed to more business opportunities for its business in e-commerce technology industry offered by wider spectrum of investors who have better recognition of its value. Our Directors also consider the relatively higher amount of equity fund raised in secondary market as compared with Singapore will provide greater flexibility to the Group in raising sufficient financing sources in the capital market for business development as and when needed in the future.

Accordingly, our Directors believe that the [**REDACTED**] will be in the interest of our Group's business development strategies and would be beneficial to our Group and our Shareholders as a whole for the following reasons:

(i) the historical valuation of Nobel Design Singapore (including the Excluded Business) did not entirely reflect the current valuation of our Group for the purposes of the [**REDACTED**] and the [**REDACTED**] will provide our Company with an efficient platform to more accurately reflect our value and potentially provide further improvement in the trading liquidity and valuation of our Shares;

(ii) given the level of internationalisation and maturity of the Stock Exchange in the global financial world, the [**REDACTED**] will provide the Group the opportunity to enhance its profile in the PRC (through Stock Exchange's positioning as its gateway) and internationally, and further enable us to accomplish the following:

(i) although we have already developed a strong brand recognition for our U.S. and Singapore market, we believe that the [**REDACTED**] status in Hong Kong will reinforce and enhance our Group's business profile, brand awareness and publicity on an international level which will in turn raise our ability in soliciting new businesses with reputable furniture brands in Europe and manufacturers and stimulate our business growth in focused markets;

(ii) broaden our shareholder base and attract international and PRC-related institutional investors who are seeking investment in furniture e-commerce sale industry with relatively stable growth;

(iii) enhance our creditworthiness and facilitate future financing from banking and other financial institutions; and

(iv) reinforce our Group's bargaining power to negotiate business terms with our major customers which are e-commerce sales platforms, suppliers, landlords and potential business partners. Our customers will also have growing confidence in the quality of our products and services, financial strength and credibility of our Group; and

(iii) the Stock Exchange is an internationally recognised stock exchange that can give us greater recognition and further strengthen our ability to hire, motivate and retain qualified employees as it will increase the esteem and confidence of our employees based in different regions. The [**REDACTED**] will also allow us to offer equity-based incentive scheme that correlates to their performance with our business to enhance their motivation.

Advantages of equity financing as compared to debt financing

In deciding to embark upon the [**REDACTED**] to fund our future expansion, our Directors had considered the relative costs, feasibility, potential restrictions, advantages and disadvantages of equity as opposed to debt financing as set out below:

(i) Although the funding costs of the one-off expenses to be incurred in connection with the [**REDACTED**] is expected to be higher than interest expenses at the current interest rate level for the same amount of funds raised, the historically low levels of debt financing interest rates has been evidencing an apparent rising trend. This is particularly perceivable in the U.S. market where we currently intend to utilise a substantial portion of the funds we expect to raise in connection with the [**REDACTED**]. Accordingly, our Directors believe that there is no assurance that the historically low interest rates of debt financing would continue indefinitely and funding costs of debt financing may increase in the longer run. Furthermore, the completion of the

[**REDACTED**] would provide the Company a platform which would allow us the option to raise further equity funding in the event interest rates rises and monetary liquidity tightens in the future.

(ii) Our Directors believe that there is no assurance that we will be able to secure sufficient funds via debt financing alone for our future plan as disclosed in the section headed "Future Plans and [**REDACTED**]" in this document ("**Future Plans**"). There is also no assurance that we can secure sufficient debt financing to support our intended expansion to capitalise on the rapid growth of the U.S. e-commerce sales industry in a timely manner. Our Directors further believe that the utilisation of bank borrowings is less effective prior to the [**REDACTED**] as we may be required to (a) provide a substantial amount of or additional collaterals, (b) rely on cash deposits in the bank account as pledge, which restricts the usage of our available cash and/or (c) obtain corporate or personal guarantees from our Controlling Shareholders in order to secure debt financing with a more commercially favourable terms in lieu of equity financing because the banks usually impose stricter collateral requirements on borrowers who are private companies. Since we primarily engage in furniture sales and interior design services, considering the relatively asset-light nature of our Group, the value of fixed assets that would be available as collateral would be limited and we may not have sufficient capacity to raise sufficient fund to finance the implementation of our Future Plans.

(iii) Our Directors are of the view that [**REDACTED**] will facilitate the Group in obtaining bank borrowings with more favourable terms in the long run. The [**REDACTED**] status of the Company will benefit us by having a larger equity base or capital structure and therefore may have a better position to negotiate with banks to relax the banks' requirements for substantial amount of collateral.

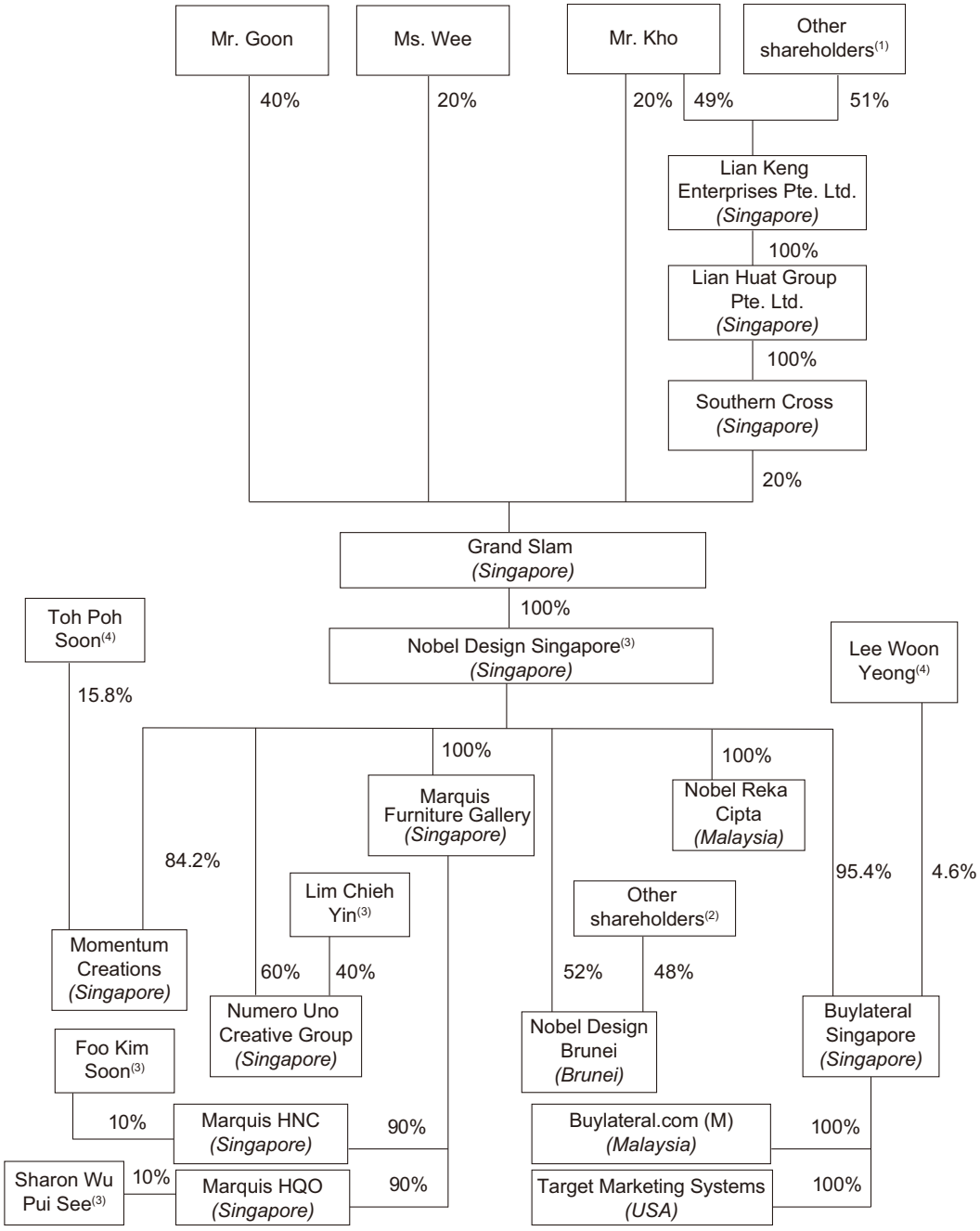
(iv) Although our Group has maintained a certain level of cash and bank balances as our working capital and unutilised banking facilities, our non-sales related cash outflow and payment of dividends declared for the year ended 31 December 2017 will render us in a negative cash position without taking into account the [**REDACTED**] from business operation and the net [**REDACTED**] from the [**REDACTED**]. Accordingly, our internal financial resources as well as our unutilised banking facilities may not be sufficient to fund our future business expansion and marketing plan. Further, whilst Nobel Design Singapore and certain subsidiaries of our Group shared certain banking facilities during the Track Record Period, such unutilised facilities will only be available to our Group upon their transfer to our Group upon the [**REDACTED**]. Please refer to the section headed "Relationship with our Controlling Shareholder — Financial independence" in this document for more details.

Having considered the above factors, our Directors are of the view that the higher one-off costs in the form of expenses for the [**REDACTED**] is offset by the uncertainty of relying solely on debt financing in terms of the amount that can be raised as well as the timing of such funding, the potential rise of in the cost of debt financing in the future, the constraints that are likely to be imposed upon the Group (in the form of collaterals) in the event that appropriate debt financing

is secured by the Group without [**REDACTED**] status. In addition, our Directors believe that the [**REDACTED**] platform we will have upon the completion of the [**REDACTED**] will give us more flexibility in satisfying our Group's future financing needs in the long run through a combination of both equity financing and debt financing and this is an advantage that could not be replicated solely by recourse to debt financing.

SHAREHOLDING AND CORPORATE STRUCTURE

The following chart sets forth the corporate structure of our Group immediately before the Reorganisation:



Notes:

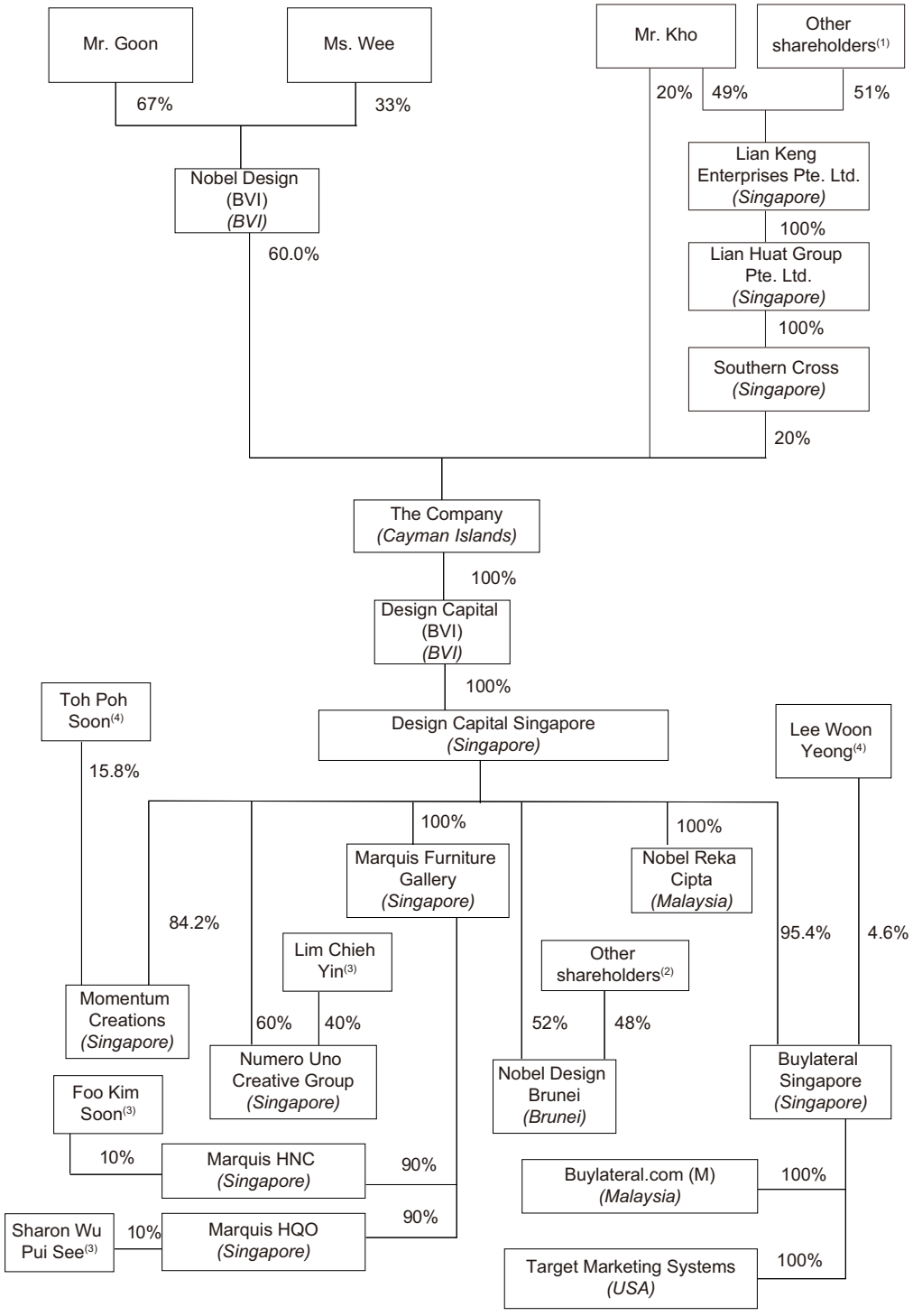
(1) Mr. Kho and the other shareholders who indirectly own Southern Cross through Lian Keng Enterprises Pte. Ltd. are not acting in concert. The other shareholders of Lian Keng Enterprises Pte. Ltd. comprises Kho Choon Keng (49%), Patricia Kho Sunn Sunn (1%), Saw Gek Hua (0.8%) and Kho Chuan Kok Philip (0.2%). Kho Choon Keng, Patricia Kho Sunn Sunn and Kho Chuan Kok Philip are associates of Mr. Kho.

(2) The other shareholders of Nobel Design Brunei comprise Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman (28%) and Mr. Ibrahim Khalili DP Hj Abd Rahman (20%).

(3) Ms. Foo Kim Soon, Ms. Sharon Wu Pui See and Ms. Lim Chieh Yin are each a member of our senior management.

(4) Mr. Toh Poh Soon is the general manager of Momentum Creations and a director of Nobel Reka Cipta and Ms. Lee Woon Yeong is the general manager of Buylateral Singapore.

The following chart sets forth the corporate structure of our Group immediately after the Reorganisation and prior to the [**REDACTED**]:



Notes:

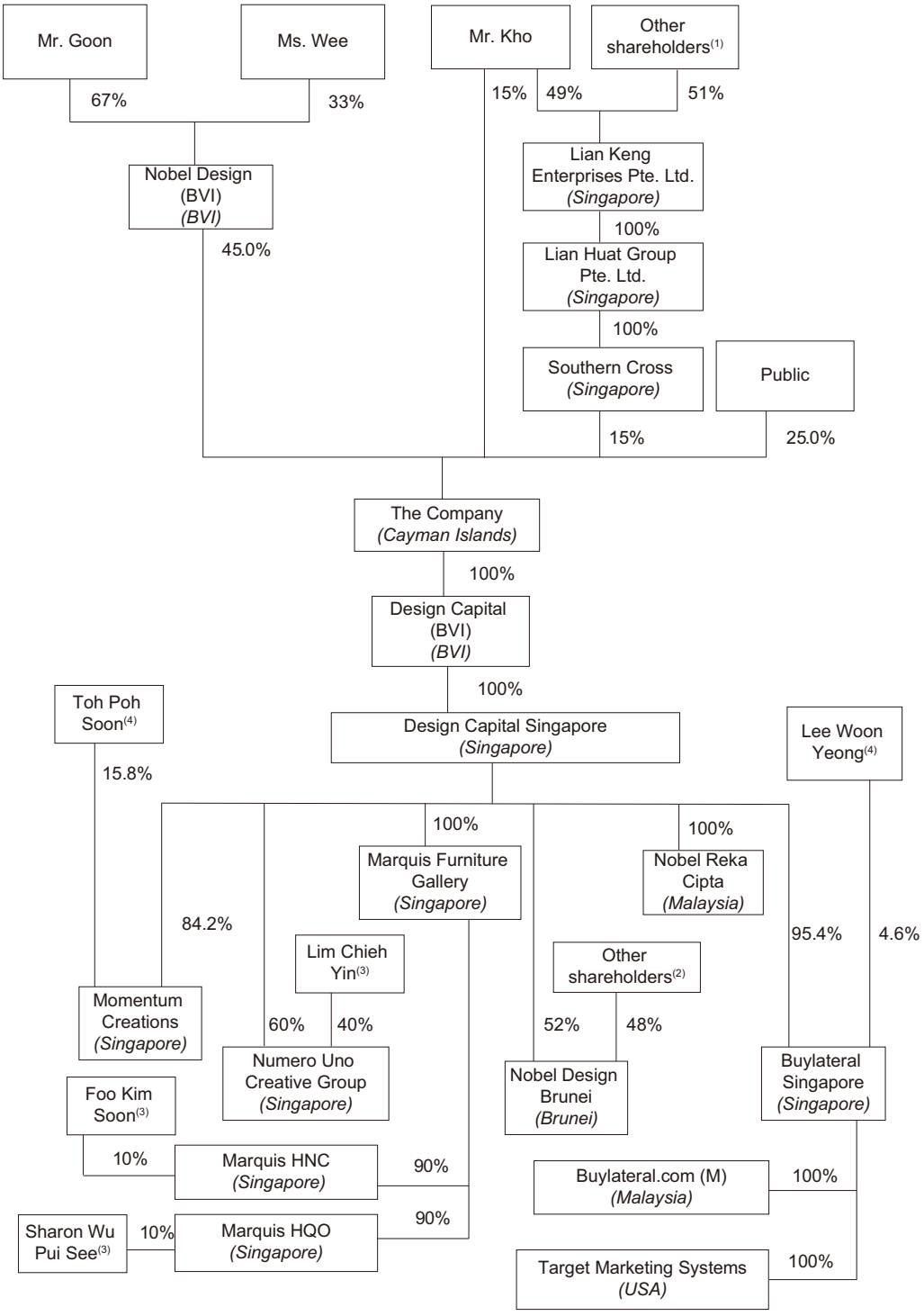
(1) The other shareholders of Lian Keng Enterprises Pte. Ltd. comprises Kho Choon Keng (49%), Patricia Kho Sunn Sunn (1%), Saw Gek Hua (0.8%) and Kho Chuan Kok Philip (0.2%). Kho Choon Keng, Patricia Kho Sunn Sunn and Kho Chuan Kok Philip are associates of Mr. Kho.

(2) The other shareholders of Nobel Design Brunei comprise Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman (28%) and Mr. Ibrahim Khalili DP Hj Abd Rahman (20%).

(3) Ms. Foo Kim Soon, Ms. Sharon Wu Pui See and Ms. Lim Chieh Yin are each a member of our senior management.

(4) Mr. Toh Poh Soon is the general manager of Momentum Creations and a director of Nobel Reka Cipta and Ms. Lee Woon Yeong is the general manager of Buylateral Singapore.

The following diagram illustrates the shareholding and corporate structure of our Group immediately following completion of the [**REDACTED**] and the [**REDACTED**] (assuming none of the options which may be granted under the [**REDACTED**] is exercised):



Notes:

(1) The other shareholders of Lian Keng Enterprises Pte. Ltd. comprises Kho Choon Keng (49%), Patricia Kho Sunn Sunn (1%), Saw Gek Hua (0.8%) and Kho Chuan Kok Philip (0.2%). Kho Choon Keng, Patricia Kho Sunn Sunn and Kho Chuan Kok Philip are associates of Mr. Kho.

(2) The other shareholders of Nobel Design Brunei comprise Mr. Hj Awg Ahmad Morshidi bin POKDGSDDLU Hj Awg Abdul Rahman (28%) and Mr. Ibrahim Khalili DP Hj Abd Rahman (20%).

(3) Ms. Foo Kim Soon, Ms. Sharon Wu Pui See and Ms. Lim Chieh Yin are each a member of our senior management.

(4) Mr. Toh Poh Soon is the general manager of Momentum Creations and a director of Nobel Reka Cipta and Ms. Lee Woon Yeong is the general manager of Buylateral Singapore.

OVERVIEW

Headquartered in Singapore, our Group is a longstanding furniture seller on third party e-commerce platforms in the U.S., a mid-to-high end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. Founded in 1981, we commenced our operations as an interior design solutions provider, mainly offering interior design services for residential units and showflats. Focusing on our commitment to offer inspirational home furnishing ideas and deliver innovative design solutions and quality furniture to homeowners, we expanded our business footprint into furniture retail in 1995, and are currently operating seven points of sales in Singapore. We began selling to the furniture e-commerce sales platforms in the U.S. since 2005. With our experience and established network in furniture retailing and sourcing for over 20 years, our Group currently supplies various furniture brands targeting different market segments through e-commerce sales platforms in the U.S. and through our points of sales in Singapore.

We started our business in 1981 as an interior design solutions provider which is currently marketed under the brand "SuMisura". We have more than 35 years of experience in delivering design solutions, and have developed strong interior design and furniture sourcing capabilities. By focusing on innovative design solutions and inspirational 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, as evidenced by the continuous growth in the number of interior design projects awarded to us and the industry awards and recognitions, including "Asia Pacific Property Awards, Interior Design Show Home Singapore 2013–2014 (Highly Commended): Stellar RV by Numero Uno Creative Group Pte Ltd SuMisura" and "HDF Luxurious Projects Asia Summit & Awards 2013: Top Luxury Residential Design Silver Award", which we received for our completed projects. For details, please refer to the paragraph headed "Awards and Recognitions" in this section.

Building on our experience and capabilities in the interior design industry, we expanded our business footprint into the furniture sales business by opening our first point of sale in Singapore under the brand "Marquis". Since then, we have continued to develop our capability in sourcing concept-inspired furniture products for homeowners of different markets segments. As at the Latest Practicable Date, we operate six points of sales in Singapore, of which two are under the brand "Marquis", two is 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.

With our extensive experience in home furnishings and in-depth understanding of the homeowners' preferences and needs through our interior design and furniture sales businesses in Singapore, 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. Our five largest customers during the Track Record Period for our U.S. furniture sales segment comprise companies based in the U.S. and listed on the New York Stock Exchange or NASDAQ.

Driven by the development in our U.S. furniture sales segment in the U.S., we have recorded a steady growth in revenue during the Track Record Period. The table below sets forth the breakdown of our revenue by business segments during the Track Record Period:

	For the year ended 31 December															For the five months ended 31 May									
	2015					2016					2017					2017					2018				
	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)
U.S. furniture sales	47,850	58.1	461,667	103.6	65.8-736.8	56,333	62.2	529,760	106.3	65.8–736.8	67,288	66.7	591,176	113.8	65.8–736.8	25,167	67.8	267,745	94.0	65.8-736.8	30,725	71.0	407,469	75.4	65.8-736.8
Furniture sales[1]	22,649	27.5	22,566	776.8	120–30,000	22,776	25.2	23,283	686.2	120–30,000	22,674	22.5	20,424	790.2	120–30,000	8,204	22.1	9,525	701.8	120-30,000	8,643	20.0	6,450	904.3	120-30,000
Interior design	11,829	14.4	N/A	N/A	5,000-551,000	11,426	12.6	N/A	N/A	5,000-991,000	10,967	10.8	N/A	N/A	8,000-500,000	3,757	10.1	N/A	N/A	9,000-519,000	3,900	9.0	N/A	N/A	4,000-617,000
Total	82,328	100.0	N/A	N/A	N/A	90,535	100.0	N/A	N/A	N/A	100,929	100.0	N/A	N/A	N/A	37,128	100.0	N/A	N/A	N/A	43,268	100.0	N/A	N/A	N/A

Notes:

(1) For calculation of the sales volume, average selling price and price range, we did not include Special Projects.

(2) Average selling price is derived by the revenue of the respective segment divided by the sales volume. In the case of furniture sales segment, the revenue excluding Special Projects, which amounts to approximately S$17.5 million, S$16.0 million, S$16.1 million and S$5.8 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, is taken for calculation of the average selling price.

The table below sets forth a breakdown of gross profit and gross profit margin by business segments during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)
U.S. furniture sales	10,440	21.8	13,318	23.6	15,869	23.6	5,908	23.5	7,226	23.5
Furniture sales	12,167	53.7	11,436	50.2	10,950	48.3	3,965	48.3	4,249	49.2
Interior design	6,172	52.2	5,718	50.0	5,378	49.0	1,778	47.3	1,908	48.9
Overall	28,779	35.0	30,472	33.7	32,197	31.9	11,651	31.4	13,383	30.9

Since we commenced our furniture sales in the U.S. in 2005, we have built longstanding relationships with sizeable international e-commerce sales platforms. Together with our long operating history, well-defined brand portfolio strategy, our acute aesthetic sense in furniture sourcing, broad base of suppliers and experienced management team, we believe we are distinguished from other competitors in the market.

COMPETITIVE STRENGTHS

We have an extensive sales network with long established and stable relationships with international e-commerce sales platforms in the U.S.

We started our furniture sales business in the U.S. in 2005, focusing on sales to a number of e-commerce sales platforms in the U.S. According to the CIC Report, our five largest customers during the Track Record Period which are top 10 online sales platforms in terms of their total revenue in the U.S., contributed to approximately 16.0% of the total sales value of the furniture online sales in the U.S. in 2017.

We believe our entry into the furniture online sales business in 2005 has given us an advantage in the vastly unsaturated market. We managed to develop longstanding relationships with several major e-commerce sales platforms. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, we generated approximately S$47.9 million, S$56.3 million, S$67.3 million and S$30.7 million from our U.S. furniture sales segment, representing approximately 58.1%, 62.2%, 66.7% and 71.0% of our total revenue, respectively.

Through our participation in the Las Vegas Market, an international trade fair which is held biannually in the U.S., we are able to reach out to existing and potential customers to showcase our latest product offerings. As at the Latest Practicable Date, we leased one warehouse located in Carol Stream, Illinois of the U.S. with a GFA of approximately 95,000 sq.ft. and engaged order fulfillment service providers in different locations in the U.S. to store our products and process sales orders to ensure timely delivery of products to the end-consumers. By focusing our efforts on sourcing products which are aesthetically appealing and easy-to-assemble, maintaining effective product quality control and providing efficient customer care and delivery service, we have been able to establish and foster longstanding and stable relationships with major e-commerce sales platform operators.

According to the CIC Report, the total number of occupied housing units in the U.S. recorded a growth from 115.4 million in 2013 to 120.2 million in 2017, which has in turn driven the growth in the demand of home furniture products in the U.S. In particular, it is expected that the share of online furniture sales will continue to increase from approximately 31.6% of the total furniture sales in the U.S. in 2017 to approximately 45.0% by 2022. We believe that with our extensive sales network with long established and stable relationships with the major e-commerce sales platforms in the U.S., we are well-positioned to capture the opportunities arising from the rapid growth trend in the furniture online sales.

We have developed a solid brand recognition with a well-defined brand portfolio strategy and effective marketing campaigns for each of our business segments

To differentiate our products to better cater to the spending power and preferences of customers in different market segments, our Group adopt a broad brand portfolio strategy which offers our products and market our points of sales under multiple brand names with different price levels and styles.

During the Track Record Period, most of our products sold under our U.S. furniture sales segment in the U.S. are sold under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey", and are featured as affordable, easy-to-assemble and quality furniture pieces.

In Singapore, our points of sales are branded under "Marquis", "Lifestorey" and "OM", which cater to different customer groups. Our point of sales under the "Marquis" brand which was first launched in 1995 features European brands and offers made-to-order and designer furniture, targeting high income households. Following the establishment of our "Marquis" brand, we opened our first furniture point of sales under the "Lifestorey" brand in 1998, which features a range of contemporary furniture and lifestyle goods targeting young customers with moderate spending power. To further broaden our product spectrum, we opened another point of sales under the "OM" brand in 1999 to offer affordable designer furniture sourced from Europe, the U.S. and some Asian countries. As at the Latest Practicable Date, we operate two, two and two points of sale under the "Marquis", "Lifestorey" and "OM" brands, respectively, had a total GFA of approximately 40,030 sq.ft. and housed over 160 third-party brands.

Apart from our furniture sales business in the U.S. and Singapore, we have also gained strong market recognition for our interior design services. We first commenced our interior design business in Singapore in 1981, where we currently market our interior design services under the brand "SuMisura" and have expanded the business into Malaysia and Brunei since 1997. Over the years, our interior design projects have been well received locally and regionally by property developers and homeowners. A number of our completed projects received industry awards and recognitions, including "Asia Pacific Property Awards, Interior Design Show Home Singapore 2013–2014 (Highly Commended): Stellar RV by Numero Uno Creative Group Pte Ltd SuMisura" and "HDF Luxurious Projects Asia Summit & Awards 2013: Top Luxury Residential Design Silver Award".

To reinforce our brand recognition in the market, our Group invests in marketing campaigns through various types of media to promote and increase our brand awareness. For instance, we place advertisements and promotional articles in newspapers, magazines and digital media in Singapore, as well as social media such as Facebook and Instagram. With our marketing team's continuous efforts, we maintain good relationships with our media contacts. As such, a number of our product launch events and design projects received prominent media coverage in lifestyle magazines and websites. Good publicity of our showflat design projects helps showcase our furniture products to our targeted markets which in turn promotes our furniture sales. For more information of our marketing strategies, please refer to the paragraph headed "Marketing" in this section.

Our Directors believe that we have a well-defined and managed brand portfolio strategy that allows us to offer a wide selection of products to cater for the needs and preferences of customers in different market segments in the home design and furnishing industry. Together with our effective marketing campaigns, our Group has built solid brand recognition for our products and services across targeted markets, which differentiates us from our competitors. All these in turn enable us to enlarge our customer base, enhance market penetration and increase our market share, and thereby substantiate our business growth.

We are committed to delivering innovative design solutions and inspirational home furnishing ideas for homeowners at various market segments

Since we first started our business as an interior design solutions provider in 1981, we have focused on designing and furnishing showflats for newly completed residential projects in Singapore. With more than 35 years of experience in interior design, we have developed an acute sense of aesthetics. Our design work for residential properties exhibits great attention to the details and excellent quality of furnishings. We deliver innovative design solutions and inspirational home furnishing ideas which aim to accentuate the contemporary living concepts for residential projects targeting different market segments.

Apart from property developers, our design and furnishing capability have also been well received by individual homeowners, as evidenced by the numerous homeowners' engagement of our Group to provide interior design services for their homes. With such market recognition of our furniture sourcing capability, we decided to expand our business footprint into the furniture sales business in Singapore by opening our first point of sales in 1995.

With our extensive experience in home furnishings, in-depth understanding of the homeowners' preferences gained through our interior design projects and our designer team's acute sense of aesthetics developed, we have been able to source furniture products for different home designs and concepts to suit wide-ranging customers' needs. We consider our appeal to customers begins with the design and aesthetics of our points of sales, which exhibit a relaxing and inspirational lifestyle home furnishing concepts. As at 31 May 2018, we offered over 4,000 SKUs for our furniture sales segment in Singapore. We generated approximately S$22.6 million, S$22.8 million, S$22.7 million and S$8.6 million from our furniture sales segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. According to the CIC Report, we were ranked as fourth in terms of revenue for high-end furniture retailers in Singapore in 2017.

For our furniture sales business in the U.S., we source most of our furniture from Malaysia and the PRC. As at 31 May 2018, we offered over 1,000 SKUs for our U.S. furniture sales segment in the U.S. We generated approximately S$47.9 million, S$56.3 million, S$67.3 million and S$30.7 million from our U.S. furniture sales segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

To identify and adapt to the fast-changing trends and preferences of the end-consumers in each market segment, we have dedicated procurement teams for each of our furniture sales and U.S. furniture sales segments to monitor the latest market trends. Our procurement teams conduct overseas sourcing trips and attend trade shows such as Salone del Mobile Milano held in Europe to explore and identify new brands and products to improve the diversity of our product mix.

We believe that our customer-driven approach has been the key to our success as an integrated home design solutions provider and a mid-to-high end furniture retailer in Singapore, as well as one of the longstanding furniture seller on third party e-commerce platforms in the U.S.

We have established long and stable relationships with our suppliers and subcontractors

Our Directors believe that our ability to source for diverse products and adjust our product portfolio in an efficient and timely manner to meet changing market demands is partly attributed to our diverse and stable supplier base.

As mentioned above, our procurement teams continuously source for new suppliers and identify new brands and products for our U.S. furniture sales and furniture sales segments. This allows us to continuously add new products to our product portfolio to appeal to new customers, maintain our appeal to existing customers, and enable us to adapt to changing market trends. As at the Latest Practicable Date, we maintained a list of over 220 approved suppliers for our U.S. furniture sales and furniture sales segments, and we have a stable business relationship of over five years with most of our five largest suppliers during the Track Record Period.

In sourcing for furniture products, we do not enter into any long-term purchase agreements with our suppliers. Our Directors believe that our long-term relationships with multiple major suppliers can ensure that we have a reliable supply of products for our operations while the absence of long-term contractual purchase obligations gives us with the flexibility to select which suppliers to source from in order to meet the varying needs of our customers and to manage supply shortages and/or disruptions, if any.

We have established stable working relationships with our suppliers and subcontractors for our interior design segment. We have a business relationship of at least five years with our five largest suppliers and most of five largest subcontractors as at 31 May 2018. As at 31 May 2018, we maintain a list of over 100 approved subcontractors. We purchase our fitting-out materials and obtain services from these approved suppliers and subcontractors, all of whom have proven record of providing quality fitting-out materials and/or services to us. The subcontracting arrangements allow us to substantially reduce capital investments and operating costs associated with running the fitting-out business. As such, we can better utilise our resources in our areas of strength such as conceptual design, sales and marketing, and project management. Many of our subcontractors are experienced in showflat design, which involves greater complexity and shorter turnaround time generally demand higher level of craftsmanship and manpower as compared to typical individual residential units. As we have the access to a large group of these subcontractors, we are able to engage in multiple design projects at the same time.

We have an experienced management team and a strong design and quality control team

After being in the interior design and furniture sales business for over 35 years, we have built a strong management team with comprehensive operational and industry knowledge. Our senior management team is characterised by their continued commitment to our Group, entrepreneurship and professional execution capability. Our Group is led by Mr. Goon, our chief executive officer and executive Director, who has over 20 years of experience in the furniture industry and Ms. Wee, our executive Director and chief operation officer, who has over 35 years of experience in interior design and furniture retail. Other members of our senior management team have an average of 15 years of industry experience. Please refer to the section headed "Directors and Senior Management" in this document for the biographical details of our Directors and members of the senior management. Leveraging on their foresight and in-depth industry knowledge, our management team has been able to formulate commercially sound business strategies, anticipate and promptly respond to changes in customer preferences, and capture significant market opportunities as and when they arise.

Our design team possesses extensive experience in executing interior design projects which have been well-received. The members of our interior design team have an average of six years of industry experience. Together with continuous studies of the changing market trends, our design team is well equipped to provide bespoke interior design solutions catering varying customers' needs and preferences.

We pay close attention to details in order to maintain an uncompromising standard for timely delivery of quality products and services. To do so, our quality control and warehousing team conducts quality checks upon delivery at our warehouses or third party order fulfiment centre in the U.S. or Singapore or at the suppliers' factories. In addition, our procurement team inspects the suppliers' factories from time to time to ensure the manufacturing processes of the

products. The collective effort across all teams and departments of our Group to strive for excellence has earned us the trust and recurring business from our customers.

BUSINESS STRATEGIES

Further expand our product mix and brand portfolio

We plan to further expand our product mix that we are selling to our existing customers in the U.S. We plan to expand our product offerings based on our sales performance and market trends to capitalise on the opportunities arising from the changing spending pattern of the end-consumers in order to increase our profitability. Having studied our sales performances, and the market trend, we believe end-consumers expect timely delivery of the items ordered online and are less willing to wait for stock replenishment. As such, we plan to stock up more inventory to be readily available for delivery in warehouses operated by our warehousing team and third party operators in the U.S. Approximately HK$[**REDACTED**] million of the net [**REDACTED**] from the [**REDACTED**] is intended to be used for increasing the inventory of the existing products and strengthening the product portfolio by introducing new products under our U.S. furniture sales segment. Based on (i) our Group's analysis on the market trend and demand, (ii) the Group's historical sales performance in the U.S. which recorded a growth rate of approximately 17.7%, 19.4% and 22.1% for the two years ended 31 December 2016 and 2017 and the five months ended 31 May 2018, respectively, when comparing with the corresponding periods and (iii) the strong growth trend of the sales value of furniture online sales in the U.S. with a CAGR of approximately 12.4% from 2017 to 2022 according to the CIC Report, our Group considers that there is significant growth potential in our U.S. furniture sales segment. As such, we intend to increase our inventory primarily with the addition of new furniture products with styles that appeal to millennials to capture the diversifying and expanding market. We expect to fund such inventory expansion and diversification with approximately HK$[**REDACTED**] million of the net [**REDACTED**]. Based on our analysis of future market trends, we plan to introduce not less than 300, 270 and 130 SKUs of new products as part of our plan to diversify our product range, in 2018, 2019 and 2020, respectively. Among these new products to be offered, our Group will also continue to focus on dining room furniture including dining sets and dining tables, which contributed to more than 50% of the revenue under the U.S. furniture sales segment during the Track Record Period. Other new products we plan to introduce include new upholstery, bedroom and living room furniture. Apart from launching new products, our Group plans to increase the inventory for the existing fast-moving products, based on our constant monitoring of the sales performance of individual products on our customers' e-commerce platforms. Fast-moving products refer to the approximately 20%, or 200 out of the total SKUs which in aggregate contribute to approximately 70% of the sales of our U.S. furniture sales segment. These SKUs mainly include dining room furniture and kitchen furniture. Among the net [**REDACTED**] allocated for inventory expansion, we expect to use approximately HK$[**REDACTED**] million of the [**REDACTED**] to increase the inventory of existing products. The Group intends to invest in developing variation of these products such as new colours, different sizes and finishings. Given that there had been a strong track record of sales for these existing products, the Directors believe that it is an effective way to further improve the sales in the U.S. by providing new options for such items to the customers. In addition, since there is a general lead time of three to six months from procurement of the products to receipt of revenue from our customers while we need to deliver our products after receipt of orders, our Directors are of the view that the increase in inventory is in line with our inventory policy and allows us to maintain sufficient inventory to allow for timely delivery of products to end-consumers and keep sufficient buffer to safeguard the inventory liquidity in order to meet the increasing demand anticipated and capture the rapid growth trend in the U.S. online sales market. In terms of our branding strategy, we plan to launch more products under our brand "Lifestorey" in the U.S. which will feature higher-priced products to target end-consumers who are willing to spend more on ready-to-assemble furniture.

We also plan to widen our product range for the furniture sales segment in Singapore by diversifying into different market segments. We also plan to diversify our brand portfolio to bring in more imported brands from different countries to suit the changing preference of our customers. We plan to stock up more products in our warehouse in Singapore to cope with our expansion plan of new points of sales to be opened. Approximately HK$[**REDACTED**] million of the net [**REDACTED**] from the [**REDACTED**] is intended to be used for strengthening the product portfolio by procurement of product for our planned new points of sales under our furniture sales segment. We will continue to procure and launch new products under new and existing third party brands we sourced from third party from different countries to enrich our product offerings and in response to the changing market trends. We plan to focus on sourcing sofas and dining tables and chairs from existing or new third party brands, both of which are the key products under our furniture sales segment in Singapore and contributed to over 50% of the revenue under this segment during the Track Record Period.

Further expand our sales and marketing network

We plan to further expand our sales and marketing network and extend our reach in both the furniture online sales market in the U.S. and the furniture sales market in Singapore. In respect of our U.S. furniture sales segment in the U.S., we believe there is strong growth potential in the furniture online sales market. During the Track Record Period, we sold our furniture to more than 20 customers, all of which are e-commerce sales platforms in the U.S. According to the CIC Report, the total sales value of the furniture online sales is expected to increase from approximately US$18.9 billion in 2017 to approximately US$33.8 billion in 2022 with a CAGR of 12.4%. We participate as seller in the Las Vegas Market, which is an international trade fair held bi-annually attended by furniture and home accessories buyers and sellers from different countries. Furniture sellers who participate as exhibitors will present its latest product collection in different styles targeting different markets. According to the website of Las Vegas Market, over 150,000 products are showcased in the approximately 5.4 million sq.ft. showroom space, which our Directors believe that it is a key venue for furniture sellers, buyers and business partners such as sales representatives to meet and place orders semi-annually. Our Directors believe that our participation as an exhibitor enables us to showcase our product offerings, reach out and attract business partners, existing and new customers to place our products for sale on their e-commerce platforms and to keep abreast of the latest market information. Going forward, we will continue to reinforce our sales and marketing efforts on our furniture sales business and enhance our exposure in the U.S. To do so, we plan to raise our profile and increase our marketing efforts by participating in our customers' digital promotional campaigns and their online marketing events from time to time in the future.

In respect of our furniture sales segment in Singapore, we expect to capitalise on the growth trend in the mid-to-high end lifestyle furniture and home furnishing market by strategically opening new points of sales in selected locations in Singapore. As at the Latest Practicable Date, we operated six points of sales under three different brands in the central area of Singapore. We plan to open two new points of sales under the brand "OM" and "Lifestorey",

respectively, with a GFA of 15,000 sq.ft. for each of our "OM" and "Lifestorey" points of sales. We plan to open the new "OM" and "Lifestorey" points of sales in the second quarter of 2020 and the first quarter of 2021, respectively. The new "Lifestorey" point of sales is expected to be opened in the western region of Singapore within the proximity of the Jurong Lake District which is to be developed as the second central business district of Singapore. The new "OM" point of sales is expected to be opened in the Central Business District to supplement the existing "OM" point of sales which is located in the east part of the Singapore. We believe that our new points of sales are strategically located in different locations in Singapore and will allow us to extend our reach to our target customers in the mid-to-high end market. We plan to introduce new products or new brands in the future and to reorganise the product offerings in each point of sales under the same brand when the new points of sales are in operation such that each point of sales will carry different product mix to differentiate themselves in terms of the target customers segment, products and price positioning to minimise the risk of cannibalisation between the existing points of sales and the new points of sales. For details of our site selection strategy, please refer to the paragraph headed "Selection of sites for points of sales" in this section.

The decrease in revenue generated from our eight points of sales in operation as at 31 December 2016 was mainly due to the slow down in the Singapore real estate market which has regained its momentum in 2017. There was an increase in the number of newly completed residential projects from approximately 21,000 units in 2016 to more than 28,000 units in Singapore in 2017 and our revenue generated from our five points of sales in operation as at 31 December 2017 increased to S$16.1 million. Adopting our site selection strategy, we constantly review the portfolio of our points of sales based on the location, customer traffic, rental expenses, sales performance, mix of tenants in the adjacent areas, and decided to close four points of sales (one of them was a short-term temporary point of sales) during the Track Record Period in order to better focus our operational resources on existing points of sales with satisfactory performance and planning new points of sales at other sites with better potential to improve our profitability and operational efficiency. In addition, according to the CIC Report, (i) the number of households in Singapore is expected to continue to increase with a CAGR of approximately 1.8% from 2017 to 2022, (ii) the sales value of the mid-end and high-end furniture retail markets in Singapore are expected to grow with a CAGR of approximately 2.4% and 2.8% from 2017 to 2022, (iii) our Group's existing market share in the mid-end and high-end furniture retail market was relatively small, with approximately 1.5% and 2.7%, respectively, in 2017. Our Group considered the decrease in our revenue generated from our points of sales in 2016, which was due to the slowdown in Singapore real estate market, was not persistent as the real estate market regained its momentum in 2017 and the continuous growth of household income indicates significant demand for quality furniture items and that there is room for expanding our market share through capitalising the expanding market by opening the three additional points of sales in the strategically selected locations after taking into account our current market share. Although the furniture retail industry in Singapore is fragmented and competitive with numerous players of various business scales, we believe we would be able to leverage on our longstanding branding and reputation in the market and our experienced and committed management team and gain a foothold in the mid-to-high-end furniture market segment. For details, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

Approximately HK$[**REDACTED**] million of the net [**REDACTED**] from the [**REDACTED**] is intended to be used for paying rental expenses, overhead expenses and capital expenditure for the two new points of sales in aggregate. With reference to the revenue and historical capital expenditure of our existing points of sales, the expected time required for the new points of sales' accumulated revenue to be equal to its accumulated direct expenses (excluding depreciation), i.e. breakeven period, is approximately nine to 12 months. The expected time required for the new points of sales's accumulated revenue to cover its accumulated direct expenses (excluding depreciation) as well as its capital expenditure, i.e. pay back period, is approximately 18 to 24 months, which is estimated after taking into account the estimated capital expenditure for each new point of sales and the operating profit to be generated.

Strengthen our brand recognition

We intend to build upon our existing marketing efforts to further promote our brands and increase our market share in the interior design services industry, so that customers in Singapore are able to easily relate our brands to quality and reliable interior design services. In addition, we intend to strengthen our business development capabilities in order to enhance our relationships with our customers and expand our customer base. Our Directors believe that we can further expand and increase our market share by increasing our marketing efforts as well as our market image as a contemporary home furnishing market player dedicated to quality services and products. Our marketing plans include (i) optimising our marketing effort on the digital marketing such as search engine and social media marketing participating in exhibitions and industry awards to promote our brands; (ii) organising product launch events and promotion campaigns and advertisements in magazines (iii) participating in more interviews in different media. Approximately HK$[**REDACTED**] million and HK$[**REDACTED**] million of the net [**REDACTED**] from the [**REDACTED**] is intended to be used for enhancing our brand awareness and brand recognition for our U.S. furniture sales and our furniture sales segments, respectively.

Continue to retain and recruit talent to support future growth

We recognise that creative talent is vital to our business, therefore we are committed to continuously provide training to our staff so as to raise our standard and quality of services in relation to various aspects of our business including sales technique, retail management, customer service, product knowledge and interior design. We believe this helps instill a sense of belonging in our staff as they grow with our Group. In line with our growth and expansion strategy, we will also recruit additional employees, identify and hire competent interior designers and engage experienced project managers and sales and marketing staff. For our furniture sales segment, we also plan to recruit not less than 20 additional staff which comprises two sales managers, eight sales staff and 10 other supporting staff and will be funded by the net [**REDACTED**] of [**REDACTED**], approximately HK$[**REDACTED**], and HK$[**REDACTED**] for the three years ending 31 December 2021, respectively.

For further details on the implementation of the abovementioned strategies of our Group, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

BUSINESS MODEL

We principally operate three business segments including (i) furniture sales in the U.S., (ii) furniture sales in Singapore targeting customers of mid to high income group, and (iii) provision of interior design services in Singapore, Malaysia and Brunei.

U.S. furniture sales segment

The following diagram illustrates the general business flow for our U.S. furniture sales segment in the U.S.:

(i) Sales analysis and market study

Our sales analysis and market study form the basis of our procurement plans for furniture products. We analyse our sales and inventory levels and discuss with our sales representatives and customers. We also attend exhibitions and trade fairs to understand the latest market trends and the products offered by our suppliers and competitors.

(ii) Selection of products

We source products to be sold under our brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" from furniture suppliers, most of whom are located in Malaysia and the PRC. We do not have any manufacturing plants or facilities and we outsource our production to focus our resources on our key strengths. We adopt stringent quality control policies to evaluate the quality and workmanship of our suppliers' products. For new products from existing suppliers, we will require sample products to be delivered to us for quality checks. Once we are satisfied with the quality of the products, we will include such products in our product catalogue to be presented to our customers or our sales representatives. We also participate in the Las Vegas Market trade fair twice a year to showcase some of our selected products to existing and potential customers. After confirming the order with our suppliers, inspection will be performed on the products prior to shipment and upon delivery.

(iii) Display of products on our customers' websites

After our customers confirm the list of products and order prices, the photos and specifications of the products will be prepared and the relevant information will be uploaded onto the websites for end-consumers to place order.

(iv) Shipment of products to warehouse

We order the selected products from suppliers in bulk. The quantities are based on historical sales performance and the anticipated sales on our customers' websites. We then engage third party logistics service providers to handle shipment of the products to our warehouse or outsourced order fulfilment centres in the U.S., which usually takes up to two to three months.

(v) Receive orders from customers

When the orders are completed by end-consumers on our customers' websites, our customers will transmit the information of the orders to our ERP system. For products stored at our warehouse, we will retrieve the products from our warehouse, affix the shipping label and then make delivery arrangements with our third party logistics service providers. For products stored at the outsourced order fulfilment centres, we will send the order information to the order fulfilment centres by email which are then arranged for delivery.

(vi) Arrange delivery to end-consumers

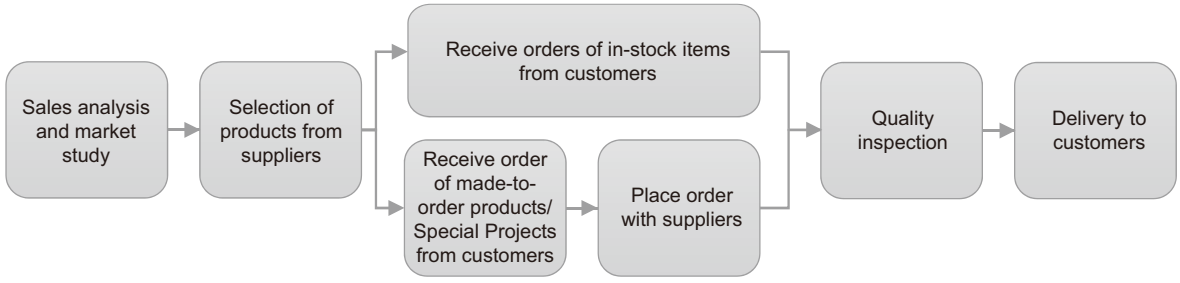
We arrange third party logistics service providers which are designated by our customers to deliver the purchased products to the end-customers. Upon delivery of products, end-consumers sign and acknowledge receipt and such information are logged in our ERP system.

(vii) Payment by our customers

Payment shall be settled by our customer within 30 to 60 days from the date of our invoice.

Furniture sales segment

The following diagram illustrates the general business flow for our furniture sales segment in Singapore:



(i) Sales analysis and market study

We analyse our sales and inventory levels and discuss with our sales team and customers on the historical sales performance of our products.

(ii) Selection of products from suppliers

We select products from suppliers based on our market studies, taking into account the design and quality of products. We also attend exhibitions and trade fairs regularly to observe products of our competitors and suppliers to keep abreast of the latest market trends, after which we will evaluate the quality and workmanship of our suppliers' products.

(iii) Receive orders

For made-to-order items, our customers provide the specifications including the preferred material, colour and dimension. Upon confirmation of orders, our customers pay a deposit of at least 50% of the selling price with the remaining balance to be paid on or before the delivery date.

For Special Projects, we will receive progress payments based on the progress.

Our customers place orders for in-stock items and pay a deposit of at least 50% of the selling price with the remaining balance to be paid on or before delivery. Our fulfillment team then processes such orders and arranges for delivery.

(iv) Quality inspection

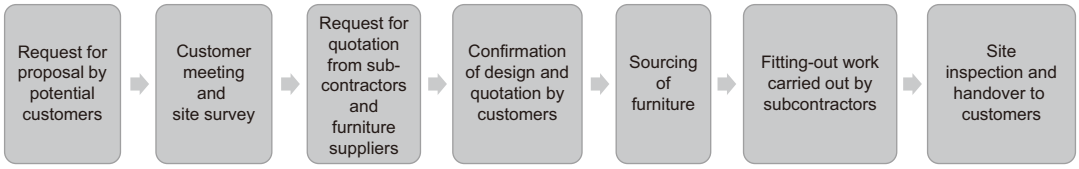
We conduct a final quality inspection prior to delivering the products to customers.

(v) Delivery to customers

Our logistics department delivers the products to our customers, who sign and acknowledge receipt of our products on delivery. From the receipt of orders to the delivery of products, in-stock items usually take up to one to two weeks, while made-to-order items may take two to four months. Delivery time of the Special Projects are subject to project requirements.

Interior design segment

The following diagram illustrates the general business flow for our interior design segment:



(i) Request for proposal by potential customers

Customers typically invite us to submit proposals for interior design projects.

(ii) Customers meeting and site survey

Once our design concept and preliminary quotation are accepted by our customers, we meet with our customers to understand their specific requirements or ideas for the design projects. Our design team will conduct site survey and plan for the interior layout furniture and other decorative arrangements.

(iii) Request for quotation from subcontractors and furniture suppliers

We will request for quotations from our subcontractors and suppliers for conducting the fitting-out and sourcing for the required furniture items according to the preliminary design plan.

(iv) Confirmation of design and quotation by customers

We will have continuous discussions with our customers and modify the plan as necessary to address their specific needs before reverting the final design proposal along with the cost estimation.

(v) Sourcing of furniture and home accessories

Upon confirmation and receipt of the deposit of 50% of our quotation from our customers, we place orders for furniture and home accessories items and our subcontractors will carry out the fitting-out work.

(vi) Fitting-out work carried out by subcontractors

The time required for interior design and fitting out projects from commencement of work to completion is subject to the requirements of customers and depends on the nature and complexity of the project and size of the units.

(vii) Site inspection and handover to customers

After completion of fitting-out works, we will conduct a final site inspection with our subcontractors prior to handing over the site to our customers. The final payment (other than any retention fund agreed under the contracts) will be settled by our customers upon completion of the project.

OUR PRODUCTS AND SERVICES

In respect of our U.S. furniture sales segment, our product portfolio can be broadly classified into dining room furniture items including dining sets of tables and chairs and accent chairs, kitchen furniture items including storage solutions, and home office furniture.

In respect of our furniture sales segment, our product portfolio can be broadly classified into sofas, dining tables and chairs, and other furniture items including beds, mattresses, lights and other storage solutions.

In respect of our interior design segment, our services include mainly interior design, fitting-out and design consultancy services for showflats, residential units and commercial properties.

Our brands and product offerings under our U.S. furniture sales segment in the U.S.

During the Track Record Period, we sold our products we sourced from third party suppliers or manufacturers under our brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" to furniture e-commerce sales platforms in the U.S. which were primarily sourced from our suppliers in Malaysia and the PRC. As at the Latest Practicable Date, we owned the trademark "Lifestorey" registered in the U.S. and are applying for the trademarks "Target Marketing Systems", "TMS" and "Simple Living". For the risks associated with the use of trademarks including "Target Marketing Systems", "TMS" and "Simple Living" which are not registered in the U.S. as at the Latest Practicable Date, please refer to the paragraph headed "— We may not be able to adequately protect our intellectual property rights which could harm our brand and our business" under the "Risk Factors" section of this document.These brands feature a series of easy-to-assemble and good quality furniture which are reasonably priced. The selling price of the products sold under our U.S. furniture sales segment ranged from approximately US$50 to US$560 during the Track Record Period. The table below sets forth our revenue breakdown under our U.S. furniture sales segment by product category during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue
Dining room furniture	24,760	51.7	29,739	52.8	35,274	52.4	14,014	55.7	16,789	54.7
Kitchen furniture	9,403	19.7	11,715	20.8	14,832	22.1	5,288	21.0	6,862	22.3
Home office furniture	4,343	9.1	4,618	8.2	4,518	6.7	1,696	6.7	1,484	4.8
Others	9,344	19.5	10,261	18.2	12,664	18.8	4,169	16.6	5,590	18.2
Total	47,850	100.0	56,333	100.0	67,288	100.0	25,167	100.0	30,725	100.0

Set forth below are pictures of some of our products offered in our U.S. furniture sales segment:

Our brands and our product offerings under our furniture sales segment in Singapore

To cater to the spending powers and preferences of our customers at different market segments, we offer a wide range of products with different styles and price levels and showcase them in our points of sales branded under "Marquis", "Lifestorey" and "OM" in Singapore. As at the Latest Practicable Date, we owned the trademarks "Lifestorey" and "OM" registered in Singapore. For the risks associated with the use of trademarks including "Marquis" which is being applied for registration in Singapore as at the Latest Practicable Date, please refer to "— We may not be able to adequately protect our intellectual property rights which could harm our brand and our business" under the "Risk Factors" section of this document.

Our points of sales branded under "Marquis" offer a selection of luxurious designer furniture under various imported third-party brands which are mainly sourced from Europe, targeting the high-end market customers with strong personal taste. We believe that the points of sales under our "Marquis" brand are decorated to bring out the character and the design of the various imported brands we carry and they represent minimalist elegance, simple luxury and neo-classical opulence.

Our points of sales branded under "Lifestorey" offer modern contemporary furniture imported from Europe, Malaysia and the PRC, targeting customers of younger age and mid-income group. Our points of sales branded under "Lifestorey" are designed with an aim to impart contemporary and casual ambience to appeal to customers who prefer a lively and colourful aesthetic style of home furnishings.

Our points of sales branded under "OM" offer versatile furniture with a sophisticated style which are mainly imported from Europe, the U.S. and some Asian countries (including the PRC) at a relatively affordable price range, targeting customers of mid-income group. Our points of sales branded under "OM" is designed with an aim to impart a modern and cozy ambience.

The price range of our key product categories sold under each of our points of sales during the Track Record Period remained stable. The following table sets forth the selling price range of the key product categories generally sold under each of our points of sales during the Track Record Period:

	"Marquis"	**"Lifestorey"**	**"OM"**
	(S$)	**(S$)**	**(S$)**
Sofas	7,000–30,000	600–4,000	600–4,000
Dining Tables	3,500–15,000	500–3,000	500–3,000
Dining Chairs	400–3,400	120–400	120–400
Storage solutions	3,000–16,000	300–900	300–900

We mainly sold third party branded products at our points of sales in Singapore, with a small portion of products sourced from suppliers marketed under our own brand "Lifestorey" which are mainly sold at our "Lifestorey" points of sales during the Track Record Period. For details of the approximate number of brands carried under each point of sales operated as at the Latest Practicable Date, please refer to the paragraph headed "Direct sales under our furniture sales segment in Singapore" in this section. During the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the sale of third party branded products under our furniture sales segment were approximately S$12.5 million, S$11.1 million, S$11.6 million and S$4.2 million, respectively, representing approximately 71.4%, 69.7%, 72.0% and 72.5% of the total revenue generated from the our points of sales in Singapore.

For our Special Projects, we provide sourcing and sale of furniture products which does not include interior design and fitting-out services mainly to corporate customers including commercial or residential property developers or managers, interior designers and some individual customers including high-net worth homeowners. We may provide consultation and liaison services with furniture manufacturers or suppliers, material sourcing and sampling, procurement to installation services. For individual customers who are mainly referred to us by interior designers or architects, we will provide consultation services to advise on the theme and style of the furnishings for part or whole residential property. We may, depending on the specification requested by customers, propose custom-made furniture to customers, and work with existing or new furniture suppliers to source particular furniture pieces. Once customers

approve the quotations, we will source and deliver the required furniture pieces. Our project manager will conduct onsite inspection to ensure the quality of the furniture delivered and the installation services rendered.

The table below sets forth a breakdown of our sales contributed by each of our points of sales by brand and the Special Projects under the furniture sales segment during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue
Points of sales										
Marquis	8,092	35.7	6,970	30.6	7,802	34.4	3,115	38.0	2,825	32.7
OM	6,343	28.0	6,187	27.2	5,587	24.7	2,243	27.3	2,002	23.2
Lifestorey	3,096	13.7	2,822	12.4	2,751	12.1	1,326	16.2	1,006	11.6
Sub-total	17,531	77.4	15,979	70.2	16,140	71.2	6,684	81.5	5,833	67.5
Special Projects	5,118	22.6	6,797	29.8	6,534	28.8	1,520	18.5	2,810	32.5
Total	22,649	100.0	22,776	100.0	22,674	100.0	8,204	100.0	8,643	100.0

The table below sets forth our revenue breakdown under our furniture sales segment by product category other than Special Projects during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue
Sofas	6,779	38.6	6,167	38.6	6,920	42.9	2,757	41.2	2,652	45.5
Dining tables and chairs	3,186	18.2	2,902	18.2	2,777	17.2	1,125	16.8	911	15.6
Other tables and chairs	2,577	14.7	2,238	14.0	2,029	12.6	826	12.4	795	13.6
Storage solutions	1,240	7.1	1,077	6.7	1,368	8.5	678	10.1	317	5.4
Others	3,749	21.4	3,595	22.5	3,046	18.8	1,298	19.5	1,158	19.9
Total	17,531	100.0	15,979	100.0	16,140	100.0	6,684	100.0	5,833	100.0

Set forth below are pictures of some of our products offered in our furniture sales segment:

Our interior design segment

We provide interior design, fitting-out and design consultancy services for showflats and sales galleries of property development projects and individual residential units mainly in Singapore under the brand "Sumisura", and for some projects in Malaysia and Brunei. As at the Latest Practicable Date, we owned the trade mark "Sumisura" registered in Singapore. The majority of our customers are property developers and individual homeowners. We outsource the fitting-out works to our approved subcontractors. Our interior design projects have been highly recognised in the market and received a number of industry awards in Singapore. For details of the awards and recognitions received by us during the Track Record Period, please refer to the paragraph headed "Awards and Recognitions" in this section.

The table below sets forth the number of completed projects and revenue breakdown by project types during the Track Record Period:

	For the year ended 31 December									For the five months ended 31 May					
	2015			2016			2017			2017			2018		
	Number of projects completed	Revenue (S$'000)	% of segment revenue	Number of projects completed	Revenue (S$'000)	% of segment revenue	Number of projects completed	Revenue (S$'000)	% of segment revenue	Number of projects completed	Revenue (S$'000)	% of segment revenue	Number of projects completed	Revenue (S$'000)	% of segment revenue
Residential units	48	6,646	56.2	59	7,777	68.0	75	7,403	67.5	25	2,894	77.0	14	1,493	38.3
Showflats	21	3,435	29.0	25	2,600	22.8	22	2,487	22.7	4	779	20.8	5	2,008	51.5
Others	14	1,748	14.8	23	1,049	9.2	30	1,077	9.8	7	84	2.2	11	399	10.2
Total	83	11,829	100.0	107	11,426	100.0	127	10,967	100.0	36	3,757	100.0	30	3,900	100.0

Note: "Others" primarily include projects for commercial properties.

The table below sets forth the outstanding contract sum to be recognised, recognised contract sum during the year and total contract sum of our interior design and fitting-out projects we had on hand as at 31 December 2015, 2016 and 2017 and 31 May 2018:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
Projects on hand	**(S$'000)**	**(S$'000)**	**(S$'000)**	**(S$'000)**
Outstanding contract sum to be recognised	3,098	2,770	2,184	2,899
Recognised contract sum during the year	2,556	2,295	1,422	1,838
Total contract sum *(Note)*	5,654	5,065	3,606	4,737

Note: The total contract sum of the projects on hand as at the end of each financial year refers to the aggregate of contract sum stated on the agreed quotation with the relevant customers and are stated here for illustration purposes.

The table below sets forth the details of our interior design and fitting-out projects we had on hand, including the number, average and range of projects size as at 31 December 2015, 2016 and 2017 and 31 May 2018:

	As at 31 December									As at 31 May		
	2015			2016			2017			2018		
	Number of projects	Average contract sum	Range of contract sum	Number of projects	Average contract sum	Range of contract sum	Number of projects	Average contract sum	Range of contract sum	Number of projects	Average contract sum	Range of contract sum
		S$'000	S$'000		S$'000	S$'000		S$'000	S$'000		S$'000	S$'000
Residential units	20	196	5-551	37	118	5-991	16	149	8-500	14	88	4-251
Showflats	10	171	82-291	4	143	85-200	4	180	87-333	15	230	14-617
Others	1	30	30	1	120	120	2	250	14-485	1	46	46
Total	31			42			22			30		

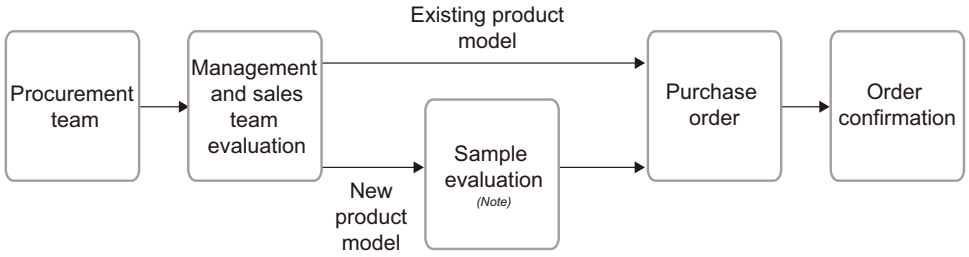
As at 31 December 2015, 2016, 2017 and 31 May 2018, there are two, two, one and one material interior design and fitting-out projects on hand with contract sum of more than S$0.5 million, respectively, of which three are residential units located in Singapore, one is a showflat located in Singapore and two are interior design consultancy projects in Malaysia.

As at the 30 September 2018, we had 34 interior design and fitting-out projects on hand of which 21 are residential flats, 11 are showflats and two are other projects, and the total outstanding contract sum to be recognised was approximately S$4.1 million.

During the Track Record Period, there was no loss making project-based on the revenue generated and the cost of sales of each completed project.

PROCUREMENT

In respect of our U.S. furniture sales and furniture sales segments, we source our products from different furniture suppliers mainly from Europe, the U.S., Malaysia and the PRC based on design of the furniture, product quality, consumer preferences, market trends and demands anticipated by our management and procurement team. In general, the procurement process of our products is as follows:



Note: We only conduct sample evaluation for new product models under our U.S. furniture sales segment.

Sourcing at international furniture exhibitions and fairs and from other sources

Our procurement team attends various international trade exhibitions and fairs on a regular basis. During these trips, our procurement team sources furniture products from existing or new suppliers, and collects information on new furniture designs, materials and market trends. They may place trial orders of smaller quantity directly from the furniture suppliers during the trade fairs.

Procurement of products

We do not have any manufacturing plants or facilities and we outsource our production to focus on our key strengths. We have not entered into any exclusive or long-term agreement (including outsourcing agreement) with any of our suppliers or manufacturers and instead, maintain flexibility by placing individual purchase orders with different suppliers and manufacturers depending on our procurement requirements, which is in line with industry practice.

To facilitate replenishment of stock on a timely basis, our procurement team regularly generates stock analysis from our ERP system while our sales executives at the points of sales would closely monitor the stock level and regularly communicate with our procurement team. Having reviewed the sales data and existing stock levels, and after taking into account factors such as product price, anticipated demand, consumer preferences, new products' availability and the budget, our procurement team would review the furniture items to be purchased on a weekly basis. The procurement team would send the procurement list to the management for approval. Upon obtaining the approval, the purchase orders would be placed with our suppliers. For procurement from new suppliers or procurement of new products from our existing suppliers, we will require sample products to be delivered to us for quality checks. We will perform quality check on the products either at suppliers' factories before delivery or at our warehouses after delivery. From procurement to delivery of products to our warehouses for our U.S. furniture

sales and furniture sales segments, the process generally takes approximately two to four months to complete, depending on factors including but not limited to source and type of products, quantity of the orders and results of sample evaluation.

In respect of our U.S. furniture sales segment, we typically place bulk orders for products and our procurement team reviews our inventory and place orders on a weekly basis. In respect of our furniture sales segment, we typically review our inventory on a weekly basis and place orders subject to the stock level. For our products offered under our furniture sales segment, orders will only be placed upon receipt of 50% of order value as deposit from our customers. It typically takes approximately one to two weeks and two to four months from order confirmation to delivery for in-stock and made-to-order products, respectively. In respect of the Special Projects under our furniture sales segment, upon confirming the product details and the quotation with customers, we will place orders with the relevant suppliers according to the specifications agreed with our customers. Delivery time is subject to project requirements and depending on the quantity of orders and whether the products require customisation.

For our U.S. furniture sales segment, our product development team will provide designs and specifications of new products and outsource production to our suppliers which are furniture manufacturers. Our supplier will first produce a sample product for our inspection. After confirming the dimension, materials and safety of the products, we will place full orders with our suppliers. We believe such arrangement to outsource production is a cost-effective strategy that allows us to focus on our areas of strength such as sales and marketing and project management.

As at the Latest Practicable Date, our Group maintained a list of over 220 approved furniture suppliers. The amount of purchase of our Group from furniture suppliers in Asia, including the PRC was approximately S$37.2 million, S$42.9 million, S$48.9 million and S$18.4 million for the financial years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, representing approximately 86.6%, 87.1%, 89.0% and 87.6%, of our total purchases for U.S. furniture sales and furniture sales segments during the corresponding periods, respectively. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the amount of our purchase was approximately S$5.7 million, S$6.2 million, S$5.9 million and S$2.5 million, respectively, from suppliers in Europe, representing approximately 13.4%, 12.6%, 10.7% and 12.1% of our total purchases during the corresponding periods, respectively.

For our interior design and fitting-out projects, we may be required to procure furniture and home accessories items depending on project requirements. Based on our customers' specification, we select the furniture and home accessories for each project and the selection criteria is cost and/or quality driven. Upon obtaining their approval on the list of sourced items and receipt of deposit of 50% of the quotation, we will place orders with our selected suppliers, after which the furniture and home accessories items will either be delivered to our warehouses or project sites, depending on the project schedule.

Transport and insurance arrangement of purchase orders

Generally, we import our products either by way of marine cargo or road cargo in containers. Most of our orders are delivered on FOB (free on board) basis. Under the FOB basis, the relevant suppliers are responsible for the transportation of products to the port of shipment and loading of products and we are responsible for the marine freight transport of products to our warehouses in Singapore and the U.S. In general, we engage shipping agents and freight forwarders to handle the shipment of products. Once the products leave the shipping docks of the suppliers, we assume ownership of the products and the risk in and title to the products are passed to us. Upon the arrival of the products in Singapore or the U.S., our shipping agents deliver the products to our warehouses or our outsourced order fulfilment centres in the U.S. Some suppliers offer the goods to us on ex-factory basis. Under the ex-factory basis, the suppliers would assist in arranging delivery of the products to our warehouses and we would pay for the costs of delivery. Our Directors confirmed that we have not entered into long-term agreements with our shipping agents. Our Directors consider this allows flexibility in choosing the most suitable shipping agents for deliveries from different locations.

Criteria for selection of suppliers and manufacturers

When choosing appropriate suppliers and manufacturers for sourcing and producing our products, we consider a combination of factors, including but not limited to their product quality, design, pricing production scale, production facilities, pace in delivery, relationship with us and after-sale services offered. For suppliers for our interior design and fitting-out projects, our major selection criteria include product quality and pricing and such other criteria as may be required depending on each individual project.

We have not entered into any long-term agreement (including outsourcing agreement) with any of our suppliers or manufacturers and instead, maintain flexibility by placing individual purchase orders with different suppliers and manufacturers depending on our procurement requirements, which is in line with industry practice. To the best knowledge of our Directors, our existing suppliers and manufacturers are Independent Third Parties.

We maintain a list of over 220 furniture suppliers. In event that certain suppliers are unable to supply the products, we will be able to source similar products for our U.S. furniture sales segment at similar terms and quality from our other approved suppliers.

Currencies in which our purchases were paid

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, approximately 69.3%, 72.5%, 77.3% and 77.7% were invoiced in US dollars, approximately 14.0%, 12.4%, 10.6% and 12.1% were invoiced in Euro, approximately 0.7%, 0.5%, 0.01% and 0.2% were invoiced in Ringgit Malaysia and approximately 0.3%, 0.4%, 0.3% and 0.2% were invoiced in RMB, respectively.

SUBCONTRACTING ARRANGEMENTS

In respect of our interior design segment, while our own design teams are responsible for finalising the design concept and liaising with our customers, we primarily engage subcontractors in performing fitting-out works including construction work for electricity, plumbing and other necessary utilities as well as carpentry and other mechanical work. Depending on the location of the projects, we will engage local subcontractors based in different countries such as Singapore, Malaysia and Brunei. As at 31 May 2018, we maintained a list of over 100 approved subcontractors (who are the Independent Third Parties) from which we select for our interior design projects, among which most of our five largest subcontractors have a business relationship with us for over five years. Our management will review and update the list on an ongoing basis based on the quality, pricing and schedule of the services provided. Our Directors believe we have substantial resources to undertake multiple design and fitting-out projects without placing undue reliance on any of our subcontractors. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, we recorded subcontracting cost of approximately S$3.5 million, S$3.6 million, S$3.6 million and S$1.3 million, representing approximately 6.6%, 6.1%, 5.2% and 4.2% of our cost of sales, respectively.

During the Track Record Period, we did not experience any situation where our subcontractors breached the terms of our agreement or failed to fulfil our requirements that caused material impact on our project and us. To the best knowledge and belief of our Directors and after making all reasonable enquiries, none of our Directors or their respective close associates or any shareholder who owned more than 5% of our Company's issued share capital as at the Latest Practicable Date had any interest in any of the five largest subcontractors of our Group during the Track Record Period.

OUR MAJOR SUPPLIERS

During the Track Record Period, in relation to our U.S. furniture sales and furniture sales segment, our major suppliers included companies which principally engage in manufacturing, trading and export of furniture. In relation to our interior design segment, our major suppliers are subcontractors providing fitting-out services and material suppliers. We purchase our products from suppliers located in different regions such as Europe, Asia (including the PRC) and the U.S. Generally, we do not enter into long-term agreements with our suppliers. Our purchase orders with them typically specify the major terms of our purchase including price and payment terms.

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, purchases from our largest supplier were approximately S$4.1 million, S$4.4 million, S$6.0 million and S$2.4 million, which accounted for approximately 9.6%, 8.8%, 11.0% and 11.6% of our total amount of purchase, respectively. For the same periods, purchases from our five largest suppliers were approximately S$14.0 million, S$15.6 million, S$17.2 million and S$7.0 million, which accounted for approximately 32.5%, 31.7%, 31.3% and 33.4% of our total purchases, respectively. Our five largest suppliers during the Track Record Period have been in a business relationship with us for between 5 to 12 years. Our five largest suppliers do not grant us credit terms and the invoice are settled upon presentation of bill of lading by way of telegraphic transfer. We have not experienced any material disruption or dispute in the supply of products during the Track Record Period. Our purchases are usually quoted at ex-factory or FOB prices.

For a sensitivity analysis of the impact of the hypothetical fluctuations of our cost of inventories on our profit before tax during the Track Record Period, please refer to "Financial Information — Key Factors Affecting our Results of Operations — Costs of inventories" in this document.

To the best knowledge of our Directors, none of our Directors, their respective associates or any shareholder (which to the knowledge of our Directors owns 5% or more of our Company's issued share capital) held any interest in any of our five largest suppliers during the Track Record Period.

The table below sets forth certain information with respect to our five largest suppliers during the Track Record Period:

Year ended 31 December 2015

Rank	Five largest suppliers	Supplier type/ Business scope	Total purchase amount (S$'000)	Approximate percentage to our total amount of purchase	Credit terms	Length of relationship with our Group as at 31 December 2015
1.	Supplier A	Furniture manufacturer in Malaysia	4,117	9.6%	Payment upon presentation of bill of lading	2 years
2.	Supplier I[(note)]	Furniture exporter in the PRC	3,750	8.7%	Payment upon presentation of bill of lading	3 years
3.	Supplier C	Furniture exporter in the PRC	2,152	5.0%	Payment upon presentation of bill of lading	7 years
4.	Supplier D	Furniture manufacturer in Malaysia	2,108	4.9%	Payment upon presentation of bill of lading	9 years
5.	Supplier E	Furniture manufacturer in the PRC	1,863	4.3%	Payment upon presentation of bill of lading	6 years

Note: Supplier I is a third party exporting company for Supplier B, which is the underlying furniture manufacturer.

Year ended 31 December 2016

Rank	Five largest suppliers	Supplier type/ Business scope	Total purchase amount (S$'000)	Approximate percentage to our total amount of purchase	Credit terms	Length of relationship with our Group as at 31 December 2016
1.	Supplier A	Furniture manufacturer in Malaysia	4,355	8.8%	Payment upon presentation of bill of lading	3 years
2.	Supplier B	Furniture manufacturer in the PRC	3,935	8.0%	Payment upon presentation of bill of lading	5 years
3.	Supplier D	Furniture manufacturer in Malaysia	2,726	5.5%	Payment upon presentation of bill of lading	10 years
4.	Supplier C	Furniture exporter in the PRC	2,355	4.8%	Payment upon presentation of bill of lading	8 years

Rank	Five largest suppliers	Supplier type/ Business scope	Total purchase amount (S$'000)	Approximate percentage to our total amount of purchase	Credit terms	Length of relationship with our Group as at 31 December 2016
5.	Supplier F	Furniture manufacturer in the PRC	2,244	4.6%	Payment upon presentation of bill of lading	11 years

Year ended 31 December 2017

Rank	Five largest suppliers	Supplier type/ Business scope	Total purchase amount (S$'000)	Approximate percentage to our total amount of purchase	Credit terms	Length of relationship with our Group as at 31 December 2017
1.	Supplier B	Furniture manufacturer in the PRC	6,044	11.0%	Payment upon presentation of bill of lading	6 years
2.	Supplier D	Furniture manufacturer in Malaysia	3,166	5.8%	Payment upon presentation of bill of lading	11 years
3.	Supplier C	Furniture exporter in the PRC	2,830	5.1%	Payment upon presentation of bill of lading	9 years
4.	Supplier F	Furniture manufacturer in the PRC	2,697	4.9%	Payment upon presentation of bill of lading	12 years
5.	Supplier G	Furniture manufacturer in Malaysia	2,450	4.5%	Payment upon presentation of bill of lading	10 years

Five months ended 31 May 2018

Rank	Five largest suppliers	Supplier type/ Business scope	Total purchase amount (S$'000)	Approximate percentage to our total amount of purchase	Credit terms	Length of relationship with our Group as at 31 May 2018
1.	Supplier B	Furniture manufacturer in the PRC	2,424	11.6%	Payment upon presentation of bill of lading	7 years
2.	Supplier D	Furniture manufacturer in Malaysia	1,368	6.5%	Payment upon presentation of bill of lading	11 years
3.	Supplier C	Furniture exporter in the PRC	1,287	6.1%	Payment upon presentation of bill of lading	9 years
4.	Supplier H	Furniture manufacturer in Malaysia	973	4.6%	Payment upon presentation of bill of lading	5 years
5.	Supplier F	Furniture manufacturer in the PRC	955	4.6%	Payment upon presentation of bill of lading	12 years

SALES AND DISTRIBUTION NETWORK

Sales channel

During the Track Record Period, we mainly sold our products to (i) furniture e-commerce sales platforms in the U.S. and (ii) our customers at our points of sales in Singapore for our furniture sales segment. As at the Latest Practicable Date, we marketed our products under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" in the U.S., and operate two, two and two points of sales in Singapore under the "Marquis", "Lifestorey" and "OM" brands, respectively. For our furniture sales segment in Singapore, certain points of sales are located adjacent to each other with distinct signage, entrance and sales and display area. For details of our site-selection strategy, please refer to the paragraph headed "Selection of sites for points of sales" in this section. As at the Latest Practicable Date, we conduct domestic online sales under our furniture sales segment through our two websites of lifestorey.com and om-home.com under the "Lifestorey" and "OM" brands, respectively. The total revenue generated from the sales in these two online sales websites were nil, nil, approximately S$13,000 and approximately S$5,000 for the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. For risks relating to the increasing competition from online furniture retailers, please refer to "Risk Factors — Risks Relating to the Industries which We Operate in — ii. Furniture sales segment — We operate in a competitive market and in order to remain competitive we may be required to alter our business strategies, which could affect our revenue and profitability" in this document.

For our interior design segment, we have a marketing team which is responsible for presenting design concepts and proposals to clients, an interior design and drafting team which is responsible for generating designs, and a project management team which is responsible for managing costing, profitability, management and coordination and handover and delivery of projects.

The table below sets out the breakdown of our revenue by geographical locations of our operations during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of revenue	S$'000	% of revenue	S$'000	% of revenue	S$'000	% of revenue	S$'000	% of revenue
The U.S.	47,850	58.1	56,333	62.2	67,288	66.7	25,167	67.8	30,725	71.0
Singapore	31,910	38.8	32,832	36.3	32,303	32.0	11,918	32.1	12,105	28.0
Malaysia and Brunei	2,568	3.1	1,370	1.5	1,338	1.3	43	0.1	438	1.0
Total	82,328	100.0	90,535	100.0	100,929	100.0	37,128	100.0	43,268	100.0

Sales of our U.S. furniture sales segment in the U.S.

Our sales process

During the Track Record Period, we mainly sold our products under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" to furniture e-commerce platform

customers in the U.S. These products were primarily sourced from our approved suppliers in Malaysia and the PRC. From time to time, our sales team introduces new products to furniture e-commerce platform customers based on our evaluation of the market trend and historical sales performance, who then select a list of our products from our product catalogues to be sold on their websites. We typically introduce our products to our customers through our sales representatives and our participation as a seller at the Las Vegas Market, a furniture trade fair which is held in Las Vegas, the U.S., biannually. The product specifications of those selected products will be approved by our customers before they are displayed on our customers' websites for onward sale to end-consumers. After the end-consumers place the orders and

complete the payment on our customers' websites, the order information will be transmitted to our ERP system and processed either in our warehouse in Carol Stream, Illinois, the U.S. or the outsourced order fulfilment centres, where the relevant products would be delivered to the end-consumers by third party logistics services providers. The delivery costs will be borne by our customers.

With respect to our major customers under our U.S. furniture sales segment, we enter into framework agreements in accordance with the standard terms and conditions to govern the general terms for sale of our products. Our customers separately place purchase orders to us for each sale under those standard terms and conditions.

Set forth below are the salient terms of the terms and conditions of the agreements with our major customers under our U.S. furniture sales segment:

Duration:	Except for an agreement with one of our major customers which is for a period of one year (subject to renewal or extension by mutual agreement), the duration is generally not specified in the agreements.
Pricing:	Price of each sale is separately specified in the purchase order and shall include all tax, customs and duties. We do not have control on the final selling price charged by our customers to the end-consumers.
Price adjustment provisions:	There is generally no such clause in the agreements.
Delivery:	The freight term is generally freight collect where our customers shall be responsible for the freight costs.
Payment terms:	Our customers are required to make the full amount within 30 to 60 days of the invoice date.
Minimum purchase amount:	No minimum purchase amount is specified in the agreements. Purchase commitment of each sale only arises upon the acceptance by the Group of the purchase order issued by the customers.
Penalty for non-compliance with the minimum purchase amount commitment:	There is no such clause in the sales agreements with our major customers under the U.S. furniture sales segment.

Returns:	We provide most of our customers either based on the actual amount of returned products by end-consumers or a monthly return allowance of 2% to 6% of the sales value to be deducted from our invoices in respect of products which are returned by end-consumers pursuant to the applicable return policy adopted by our customers. Most of our customers are not required to return the returned such products received from end-consumer to us.
Renewal of the agreements:	There is generally no renewal clause in the agreements with our major customers, except for the agreement with one of our major customers which provides that the term is subject to renewal or extension by mutual agreement. Some of the sales agreements specify that the agreements can be terminated with prior written notice.

During the Track Record Period, we had not experienced nor were we aware of any circumstances leading to discontinuance of our business relationship with these customers or contractual claims by these customers, and the Directors are not aware of any material breach of any terms in conditions in our agreements with them, actual or alledged.

Our sales representatives

During the Track Record Period, we engaged sales representatives to assist us in soliciting sales and maintaining client relationships with a number of customers in the U.S. We entered into service agreements with our sales representatives for engaging them as our sales agents. Our sales representatives act as our relationship managers who liaise with our existing and potential customers to market our products, line up potential customers, and liaise selling terms with our existing customers. In return, we pay them a commission fee based on the amount of sales made to the relevant customers through the sales representatives. During the Track Record Period, the commission fee payable to our sales representatives amounted to approximately 2.9%, 1.9%, 1.6% and 1.8% of the revenue generated under our U.S. furniture sales segment, respectively. Our Directors consider that engaging sales representatives is common in the retail business in the U.S. and it provides a cost-effective means to leverage on the extensive network of experienced market players to promote our products and extend our business reach to existing and potential customers to which we have limited access.

Direct sales under our furniture sales segment in Singapore

For our furniture sales segment, we mainly sell our products at our points of sales in Singapore under the brands "Marquis", "Lifestorey" and "OM", each of which carry a product mix in different styles to cater for customer of different market segments.

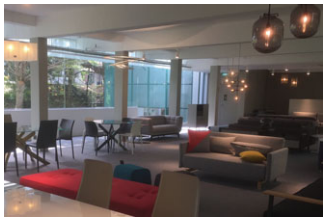
The map below sets forth the locations of our points of sales in Singapore as at the Latest Practicable Date:

Set out below are the pictures of each of our points of sales in Singapore as at the Latest Practicable Date:

Marquis – Qsquare at 16 Tai Seng Street

Marquis Studio at 8D Dempsey Road

The Design Store by Lifestorey at 16 Tai Seng Street



Lifestorey at 8D Dempsey Road

OM Galleria at 315 Outram Road

OM at 15 Tai Seng Drive

The table below sets forth a list of our points of sales in operation during the Track Record Period and up to the Latest Practicable Date:

Points of sales in operation as at Latest Practicable Date:

Name	Location in Singapore	Approximate GFA (sq.ft.)	Date of commencement of operation	Approximate number of brands sold as at the Latest Practicable Date [(1)]	Existing term
Marquis					
Marquis - Qsquare	16 Tai Seng Street	15,000	March 2009	74	May 2018 to May 2020
Marquis Studio	8D Dempsey Road	6,500	April 2018	30	March 2018 to March 2020
Lifestorey					
The Design Store by Lifestorey	16 Tai Seng Street	3,500	June 2013	88	May 2018 to May 2020
Lifestorey	8D Dempsey Road	6,500	April 2018	14	March 2018 to March 2020
OM					
OM	15 Tai Seng Drive	3,000	March 2018[(2)]	6	June 2018 to May 2021
OM Galleria	315 Outram Road	1,780	August 2018	6	August 2018 to July 2020
Total:		40,030			

Notes:

(1) We carried over 70, 90 and five third party brands in our points of sales branded under "Marquis", "Lifestorey" and "OM", respectively. Some of these brands were sold in more than one point of sales branded under each of "Marquis" and "Lifestorey". The total number of brands carried under our points of sales remained stable during the Track Record Period and as at the Latest Practicable Date.

(2) OM at 15 Tai Seng Drive had not commenced any sales until June 2018 since the point of sales was under renovation from March 2018 to June 2018.

Points of sales which ceased operation during Track Record Period and prior to the Latest Practicable Date:

Name	Location in Singapore	Approximate GFA (sq.ft.)	Date of commencement of operation	Date of cessation of operation	Expired term
Marquis Studio[(1)]	1 Kim Seng Promenade	4,740	June 2008	June 2017	June 2014 to June 2017
Lifestorey[(2)]	1 Kim Seng Promenade	4,740	June 2008	June 2017	June 2014 to June 2017
Lifestorey[(3)]	3 Temasek Boulevard	1,040	September 2016	September 2017	March 2017 to September 2017
OM [(4)]	177 River Valley Road	7,090	July 2008	February 2017	January 2017 to February 2017
OM[(5)]	16 Tai Seng Street	3,000	June 2013	May 2018	June 2013 to May 2018
The Design Studio by Lifestorey[(6)]	315 Outram Road	1,780	August 2017	August 2018	August 2017 to August 2018
Marquis Interiors[(7)]	30 Hill Street	3,750	October 2006	September 2018	October 2015 to September 2018

Notes:

(1) It ceased operation in June 2017 due to low customer traffic.

(2) It ceased operation in June 2017 due to low customer traffic.

(3) We entered into an one-year lease to operate "Lifestorey" as a temporary point of sales with the relevant lessor. It ceased operation in September 2017 due to the expiry of such short-term lease agreement.

(4) It ceased operation in February 2017 due to low customer traffic.

(5) It ceased operation in May 2018 because we replaced it with our point of sales under the brand "OM" at 15 Tai Seng Drive, which is located on the ground floor with higher customer traffic.

(6) It ceased operation in August 2018 because the premises was rebranded to be "OM Galleria" to achieve a more balanced portfolio of points of sales under each brand.

(7) It ceased operation in September 2018 because the relevant landlord wanted to use the premise for its own purpose. As at the Latest Practicable Date, we are looking for alternative location to reopen the point of sales under the brand "Marquis".

The table below sets forth the movement in the number of our points of sales during the Track Record Period and as at the Latest Practicable Date:

	For the year ended 31 December						From 1 January 2018 to the Latest Practicable Date	
	2015		2016		2017			
Total number of points of sales at the beginning of the year	7		7		8		5	
	Opened	Closed	Opened	Closed	Opened	Closed	Opened	Closed
Number of points of sales by brand								
Marquis	—	—	—	—	—	1	1	1
Lifestorey	—	—	1	—	1	2	1	1
OM	—	—	—	—	—	1	2	1
Total number at the end of the year/ as at Latest Practicable Date	7		8		5		6	

Selection of sites for points of sales

Our Directors and senior management will consider various factors in selecting a potential location for our new point of sales in Singapore and will constantly evaluate our points of sales portfolio based on these criteria, including the following:

- *location* – we will consider the customer traffic, accessibility for customers and transportation amenities, proximity to residential areas, number of newly completed residential properties, growth potentials including upcoming property development projects, and risk of cannibalisation with our existing points of sales;

- *visibility* – we will consider whether the proposed location can bring visibility and awareness to our brand and products;

- *demographics* – we will consider the demographics of the residents in the proposed location such as their age groups, income level, education levels and purchasing powers;

- *cost* – we will consider the rental expenses are in line with the expected revenue and the other locations within the same vicinity and the additional expenses required to refurbish the premises; and

- *competition and complementary business* – we will consider the existing and potential furniture stores in the proposed location which may either complement or compete with us in terms of number, type and size and whether there are other complementary business such as consumer electronic appliance stores.

To better leverage the synergies among our brands and to increase our market presence at prime locations, we usually place more than one points of sales next to each other with distinct signage and sales and display area for each point of sales, and we consider such location as one physical location for the purpose of assessing the density of our retail network. We believe that this strategy not only maximises the exposure of our brands at prime locations, but also helps to minimise the effect of cannibalisation as those points of sales are operated under different brands which differentiated themselves in terms of the target segment, products and price positioning. In addition, as mentioned in the paragraph headed "Further expand our sales and marketing network" in this section, for new points of sales, we plan to introduce new products or new brands in the future and to reorganise the product offerings in each point of sales under the same brand when the new points of sales are in operation such that each point of sales will carry different product mix to differentiate themselves. As such our Directors believe that there will be no cannibalisation between the existing points of sales and the new points of sales.

Set out below is a breakdown of the financial performance of each of our points of sales during the Track Record Period:

	For the year ended 31 December																For the five months ended 31 May											
	2015						2016						2017				2017						2018					
Point of sales	Revenue	% of revenue of the furniture retail segment	Gross profit	Gross profit margin	Expenses (other than warehouse expenses)[1]	Profit/ (loss) before warehouse expenses[1]	Revenue	% of revenue of the furniture retail segment	Gross profit	Gross profit margin	Expenses (other than warehouse expenses)[1]	Profit/ (loss) before warehouse expenses[1]	Revenue	% of revenue of the furniture retail segment	Gross profit	Gross profit margin	Expenses (other than warehouse expenses)[1]	Profit/ (loss) before warehouse expenses[1]	Revenue	% of revenue of the furniture retail segment	Gross profit	Gross profit margin	Expenses (other than warehouse expenses)[1]	Profit/(loss) Before warehouse expenses[1]
	(S$'000)		(S$'000)		(S$'000)	(S$'000)	(S$'000)		(S$'000)		(S$'000)	(S$'000)	(S$'000)		(S$'000)		(S$'000)	(S$'000)	(S$'000)		(S$'000)		(S$'000)	(S$'000)
Point of sales in operation as at the Latest Practicable Date:																								
Marquis																								
Marquis - Q-quare (16 Tai Seng Street)	5,042	29%	2,734	54%	1,713	1,021	4,350	27%	2,453	56%	1,495	938	5,046	31%	2,457	49%	1,464	993	1,931	29%	942	49%	635	307
Marquis Studio (8D Dempsey Road)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lifestorey[9]																								
The Design Store by Lifestorey (16 Tai Seng Street)	1,267	7%	665	52%	662	3	1,215	8%	572	47%	554	18	1,304	8%	366	45%	532	34	366	6%	165	45%	194	(9)
Lifestorey (8D Dempsey Road)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OM[9]																								
OM (15 Tai Seng Drive)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OM Gallera (315 Outram Road)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Point of sales which ceased operation as at the Latest Practicable Date:																								
Marquis Studio[2] (1 Kim Seng Promenade)	1,064	6%	560	53%	482	78	980	4%	253	44%	420	(167)	267	2%	117	44%	165	(49)	209	3%	92	44%	149	(57)
Lifestorey[3] (1 Kim Seng Promenade)	1,829	10%	930	51%	830	100	1,572	10%	790	50%	789	1	1,028	6%	496	48%	318	178	848	10%	394	46%	344	50
Lifestorey[4] (3 Temasek Boulevard)	—	—	—	—	—	—	35	—	16	46%	29	(13)	139	1%	64	46%	46	18	92	1%	42	46%	25	17
The Design Studio by Lifestorey[5] (315 Outram Road)	—	—	—	—	—	—	—	—	—	—	—	—	260	2%	142	51%	156	(14)	—	—	—	—	—	—
OM[6] (177 River Valley Road)	1,844	11%	1,088	59%	881	207	1,624	10%	917	56%	774	143	747	5%	380	51%	132	248	686	10%	355	51%	131	224
OM[7] (16 Tai Seng Street)	4,499	26%	3,065	67%	1,318	1,687	4,563	28%	2,800	61%	1,190	1,610	4,840	30%	3,062	63%	1,340	1,712	1,547	23%	914	59%	584	330
Marquis Interiors[8] (30 Hill Street)	1,966	11%	1,134	57%	546	588	2,040	13%	1,072	53%	556	516	2,469	15%	1,365	55%	609	756	975	15%	556	57%	258	298
Total	17,531	100.0	10,116	58%	6,432	3,684	15,979	100.0	8,853	55%	5,807	3,046	16,140	100.0	8,659	54%	4,782	3,877	6,684	100.0%	3,480	52%	2,320	1,160

	For the five months ended 31 May				
	2018				
Point of sales	Revenue	% of revenue of the furniture retail segment	Gross profit	Gross profit margin	Expenses (other than warehouse expenses)[1]	Profit/(loss) Before warehouse expenses[1]
	(S$'000)		(S$'000)		(S$'000)	(S$'000)
Point of sales in operation as at the Latest Practicable Date:						
Marquis						
Marquis - Q-quare (16 Tai Seng Street)	1,727	30%	941	54%	539	402
Marquis Studio (8D Dempsey Road)	43	1%	22	51%	55	(33)
Lifestorey[9]						
The Design Store by Lifestorey (16 Tai Seng Street)	502	9%	247	49%	225	22
Lifestorey (8D Dempsey Road)	26	0%	14	54%	35	(21)
OM[9]						
OM (15 Tai Seng Drive)	—	—	—	—	—	—
OM Gallera (315 Outram Road)	—	—	—	—	—	—
Point of sales which ceased operation as at the Latest Practicable Date:						
Marquis Studio[2] (1 Kim Seng Promenade)	—	—	—	—	—	—
Lifestorey[3] (1 Kim Seng Promenade)	—	—	—	—	—	—
Lifestorey[4] (3 Temasek Boulevard)	—	—	—	—	—	—
The Design Studio by Lifestorey[5] (315 Outram Road)	478	8%	245	51%	156	89
OM[6] (177 River Valley Road)	—	—	—	—	—	—
OM[7] (16 Tai Seng Street)	2,002	34%	1,188	59%	560	628
Marquis Interiors[8] (30 Hill Street)	1,055	18%	571	54%	249	322
Total	5,833	100.0%	3,228	55%	1,819	1,409

Notes:

(1) Profits before warehouse expenses has taken into account all expenses including sales staff remuneration, rental expenses, advertising expenses, utility expenses, maintenance costs and telephone charges relevant to each point of sale. Warehouse expenses included delivery and administrative expenses which were shared among all points of sales. Each of our warehouses at 16 Tai Seng Street, 15 Tai Seng Drive and 315 Outram Road are shared among all our points of sales for storing all the products which were eventually sold at different points of sales under our furniture sales segment. Since our Group did not designate a particular warehouse to store products for a particular point of sales and their respective customers and the products were delivered from the warehouses to all the points of sales and to the customers in bulk depending on the delivery schedules and destination routing, such that it is practically impossible for our Group to apportion the warehouse expenses including delivery costs and administrative expenses such as the staff cost of the warehousing team to each point of sales for computing their net profit during the Track Record Period.

(2) It ceased operation in June 2017 due to low customer traffic.

(3) It ceased operation in June 2017 due to low customer traffic.

(4) We entered into an one-year lease to operate "Lifestorey" as a temporary point of sales with the relevant lessor. It ceased operation in September 2017 due to the expiry of such short-term lease agreement.

(5) It ceased operation in August 2018 because the premises was rebranded to be "OM Galleria" to achieve a more balanced portfolio of points of sales under each brand.

(6) It ceased operation in February 2017 due to low customer traffic.

(7) It ceased operation in May 2018 because we replaced it with our point of sales under the brand "OM" at 15 Tai Seng Drive, which is located on the ground floor with higher customer traffic.

(8) It ceased operation in September 2018 because the relevant landlord wanted to use the premises for its own purpose. As at the Latest Practicable Date, we are looking for alternative location to reopen the point of sales under the brand "Marquis".

(9) We have two online sales websites for our furniture sales segment under "OM" and "Lifestorey". The total revenue generated from the sales in these two online sales websites were nil, nil, approximately S$13,000 and S$5,000 for the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, and are recorded under the relevant brands "OM" and "Lifestorey". For risks relating to the increasing competition from online furniture retailers, please refer to "Risk Factors — Risks Relating to the Industries which We Operate in — ii. Furniture sales segment — We operate in a competitive market and in order to remain competitive we may be required to alter our business strategies, which could affect our revenue and profitability" in this document.

During the Track Record Period, our revenue generated from Marquis-Qsquare (16 Tai Seng Street) decreased for the year ended 31 December 2016. Our Directors consider the decrease was mainly due to the slowdown in Singapore real estate market. As the market has regained momentum in 2017 that there was an increase in the number of newly completed residential projects from approximately 21,000 units in 2016 to more than 28,000 units in Singapore in 2017 and we focused our sales and marketing efforts on the existing points of sales after the closure of four points of sales in 2017, the revenue and profit of our points of sales, namely Marquis-Qsquare (16 Tai Seng Street), Marquis Interiors (30 Hill Street), The Design Store by Lifestorey (16 Tai Seng Street) and OM (16 Tai Seng Street) increased from the year ended 31 December 2017.

During the Track Record Period, we incurred losses at Marquis Studio (1 Kim Seng Promenade), Lifestorey (3 Temasek Boulevard) and The Design Studio by Lifestorey (315

Outram Road). We incurred a loss at Marquis Studio (1 Kim Seng Promenade) for the years ended 31 December 2016 and 2017 due to a drop in revenue. The Directors believe that this is primarily due to the decrease of sales generated by this point of sales, which was located at an older shopping mall with lower volume of customer traffic than the newer shopping malls which had been opened in recent years. To minimise further loss and to better allocate our resources, we did not renew the lease upon its expiry and ceased our operations at that location.

For our Lifestorey (3 Temasek Boulevard) and The Design Studio by Lifestorey (315 Outram Road) which incurred losses for the two years ended 31 December 2016 and 2017, respectively, they were only opened in September 2016 and August 2017, respectively. We also incurred losses at Marquis Studio (8D Dempsey Road) and Lifestorey (8D Dempsey Road) for the five months ended 31 May 2018, which were opened in April 2018. These points of sales incurred losses in their first year of operation, primarily because the usual time required for our newly opened points of sales to reach a breakeven is approximately nine to 12 months with reference to the historical financial performance of our other existing points of sales.

The gross profit from our point of sales decreased slightly by approximately 2.2% in 2017 when compared with 2016, primarily because we offered promotion and discounts as clearance sales before the closure of the three points of sales in February and June 2017, respectively. The gross profit from our points of sales decreased slightly by approximately 7.2% for the five months ended 31 May 2018 when compared to the corresponding period in 2017, primarily because there was a decrease in the number of points of sales in operation for the first fourth months of 2018 given that the new points of sales under the brand "Marquis Studio" and "Lifestorey" only commenced operation in April 2018 and the point of sales under the brand "OM" had not commenced any sales until June 2018. The gross profit margin increased from 52% for the five months ended 31 May 2017 to 55% for the five months ended 31 May 2018 due to the abovementioned promotion and discount offered in clearance sales in early 2017. Our Directors consider that the slight decrease in gross profit for the year 31 December 2017 and the five months ended 31 May 2018 was merely a short term decrease resulting from the Company's strategy in optimising the points of sales portfolio for better business development and does not reflect the overall performance of the points of sales of the Group or the future prospect of the furniture retail sales in Singapore in the long run.

As customer traffic is key to our revenue, we promote our newly opened points of sales by organising sales and placing advertisements to increase customer traffic. It is also part of our strategy to review the location of our points of sales and constantly consider relocation to other sites with better potential to mitigate any further losses our points of sale may suffer and to improve the efficiency and profitability of our operations. Therefore, we generally enter into leases with short to mid term for our points of sales which allow us greater flexibility to implement the strategy. We constantly monitor the sales performance, customer traffic and customer preferences at our points of sales. We strategically close down points of sale with unsatisfactory performance in order to allocate our resources on other points of sale and plan for new points of sale located in areas with better potential. In particular, we closed down certain points of sales, namely, Lifestorey (1 Kim Seng Promenade) and OM (177 River Valley Road), which experienced a continuous decrease in revenue during the Track Record Period as these points of sales were also located at aged shopping malls with lower volume of customer traffic. We also relocated our point of sale under the brand "OM" from 16 Tai Seng Street to 15 Tai Seng Drive as the new point of sales is located on the ground floor which generally has a higher volume of customer traffic.

Given that the slight decrease in gross profit from points of sales was of short term effect during the Track Record Period, in line with our above strategic policy to constantly review the location of our points of sale to maximise our profitability, we plan to open two new points of sales under the brand "OM" and "Lifestorey" which are strategically located within the proximity or at the central business district of Singapore. We believe that the opening of these two new points of sales will allow us to extend our reach to our target customers in the mid-to-high end market with new products, increase our revenue base and improve our profitability in the long run. For details, please refer to the paragraph headed "Business — Business Strategies — Further expand our sales and marketing network" in the document.

Our interior design projects

In respect of our interior design segment, the majority of our customers are individual homeowners in Singapore. During the Track Record Period, we completed a total of 83, 107, 127 and 30 projects, respectively, most of which were in Singapore, and some in Malaysia and Brunei. As the nature of business of our interior design segment is project-based, no long-term contracts are entered into with our customers. For our interior design and fitting-out projects, the time required from commencement of work to completion is subject to the requirements of customers and depends on the nature and complexity of the project. Generally, we are invited by our customers and property developers to submit design and fitting-out proposals. We will present our design concept to our customers for approval, and once the concept is approved, we will prepare detailed design plans and quotations. Once these are accepted by our customers, they will sign on our quotation to indicate acceptance. We will then source suitable furniture according to our customers' specifications and engage subcontractors to carry out the fitting-out work. In relation to projects located in Malaysia and Brunei, we would engage local subcontractors to provide the fitting-out work. For each of our interior design projects, we assign a project manager to conduct onsite inspection from time to time to ensure the quality of fitting-out work and that the projects are progressing on schedule and in accordance with our design and specifications. Prior to handing over the completed project to our customers, we conduct a final inspection of the site. As a common industry practice, a portion of fees of up to 10% of the project sum may be withheld by our clients as retention money which will be released after the expiry of any maintenance period, which generally is until the demolition of the showflats in the case of showflat projects.

OUR MAJOR CUSTOMERS

Our customers primarily include furniture e-commerce sales platforms in the U.S., retail customers who purchase our products at our points of sales for our furniture sales segment in Singapore, and property developers and individual homeowners for our interior design segment. We do not enter into long term contracts with our customers. In the case of our furniture e-commerce platform customers in the U.S., our key terms of sale are set out in the standard agreements prepared by these customers. In the case of customers of our interior design segment, the terms and conditions are set out in our quotations. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, sales to our largest customer were approximately S$17.0 million, S$19.7 million, S$25.0 million and S$11.8 million, which accounted for approximately 20.6%, 21.8%, 24.8% and 27.3% of our total revenue, respectively. For the same periods, sales to our five largest customers were approximately S$45.8 million, S$53.8 million, S$65.1 million and S$29.6 million, which accounted for approximately 55.7%, 59.3%, 64.5% and 68.4% of our total revenue, respectively. All of our five largest customers are our customers under our U.S. furniture sales segment. During the Track Record Period, we give a credit period of 30 to 60 days for our five largest customers, who settled by way of bank transfer or cheque. Taking into account the industry nature of the online sales industry, our Directors consider that we are not unduly reliant on any particular customer.

None of our Directors, their respective associates or any shareholder (which to the best knowledge of our Directors owns 5% or more of our Company's issued share capital) held any interest in any of our five largest customers during the Track Record Period. To the best knowledge of our Directors, none of our five largest customers during the Track Record Period are our suppliers.

The following table sets forth certain information with respect to our five largest customers during the Track Record Period:

Rank	Five largest customers	Customer profile	Length of relationship with our Group as at 31 May 2018	Total sales amount for the year ended 31 December ($S'000)			Total sales amount for the five months ended 31 May ($'000)	Approximate percentage to our total revenue for the year ended 31 December			Approximate percentage to our total revenue for the five months ended 31 May	Credit terms
				2015	2016	2017	2018	2015	2016	2017	2018	
2015: 1st 2016: 1st 2017: 1st Five months ended 31 May 2018: 1st	Customer A	An e-commerce retailer and discount store based in the U.S., which sells wide-ranged products including home decor, furniture and bedding. The shares of its parent company are listed on the NASDAQ.	6 years	16,956	19,748	25,013	11,829	20.6%	21.8%	24.8%	27.3%	30 days
2015: 2nd 2016: 2nd 2017: 3rd Five months ended 31 May 2018: 3rd	Customer B	A multinational retail chain based in the U.S., which operates hypermarkets, discount retail stores and department stores. The shares of its parent company are listed on the New York Stock Exchange.	6 years	14,226	14,730	13,873	4,960	17.3%	16.3%	13.7%	11.5%	30 days
2015: 3rd 2016: 3rd 2017: 2nd Five months ended 31 May 2018: 2nd	Customer C	An e-commerce retailer, based in the U.S., which mainly sells furniture, home furnishings and decor products. The shares of its parent company are listed on the New York Stock Exchange.	6 years	9,599	14,598	20,236	10,518	11.7%	16.1%	20.1%	24.3%	30 days
2015: 4th 2016: 4th 2017: 4th Five months ended 31 May 2018: 4th	Customer D	A large retailer based in the U.S., which operates discount stores and hypermarkets in the U.S. as of 2017. The shares of its parent company are listed on the New York Stock Exchange.	6 years	3,698	2,656	3,628	1,309	4.5%	2.9%	3.6%	3.0%	30 days

Rank	Five largest customers	Customer profile	Length of relationship with our Group as at 31 May 2018	Total sales amount for the year ended 31 December ($S'000)			Total sales amount for the five months ended 31 May ($'000)	Approximate percentage to our total revenue for the year ended 31 December			Approximate percentage to our total revenue for the five months ended 31 May	Credit terms
				2015	2016	2017	2018	2015	2016	2017	2018	
2015: 5th 2016: 5th 2017: 5th Five months ended 31 May 2018: 5th	Customer E	One of the largest e-commerce retailers in the world based in the U.S., which sells wide-ranged products including books, software, video games, electronics, apparel, furniture, food, toys, and jewelry. The shares of its parent company are listed on the NASDAQ.	6 years	1,330	2,026	2,336	983	1.6%	2.2%	2.3%	2.3%	30 to 60 days

PRICING, CREDIT AND DISCOUNT POLICIES

Pricing and discount policies

We adopt a cost-plus pricing model for our three business segments. In respect of sales of furniture under our U.S. furniture sales and furniture sales segments, we set our selling price with reference to various factors, including the reference selling price set by the suppliers for imported brand products, market demand and general economic outlook, prevailing market price of similar products, our operational costs, popularity of the brands and the products. The price of our products may include the costs of delivery depending on the requirements of our customers. In the event that the cost of our purchases increases, we pass on the increase of the cost of our products to our customers. To maintain our price competitiveness, we review our price lists from time to time, with reference to market price, seasonality and popularity of our brands and products.

We also schedule periodic or promotional sales for our points of sales in Singapore and our products offered in the U.S., such as summer sales, Christmas sales, annual sales and stock-take clearance sales to boost sales and enhance stock turnover. The amount of discount offered and other details of our promotional sales campaigns are determined after taking into account factors such as market condition, our inventory level, type, condition, and aging of the products. We adopt internal pricing and discount guidelines to govern the discounts which may be offered and any extra discounts granted have to be subject to the management's prior approval. Apart from these sales events, we also offer discounts to employees of our Group based in Singapore.

In respect of our interior design segment, we determine the appropriate pricing and mark-up amount by taking into account the service fees we changed historically and other factors such as the scale, complexity and specification of the project including, expected manpower required, project duration, material and furniture costs, and subcontracting costs. We seek to price our service at a competitive fee point whilst maintaining our profitability by managing our costs prudently.

Settlement terms and credit policies

Prior to providing credit terms to new customers, our Group will perform a credit assessment to ascertain the credit worthiness of customers for our U.S. furniture sales.

In addition, the Group will also monitor the payment patterns of our customers and review the credit terms given to customers annually. For customers that are listed companies, we also rely on their published financial information as part of our credit assessment.

For our U.S. furniture sales segment, our Group provides a credit term of between 30 to 60 days.

For our furniture sales segment, we do not provide credit terms to customers of our furniture retail segment, we will also require a minimum deposit of 50% of the purchase value prior to processing the order with the remaining balance will have to be settled on or before delivery. For our Special Projects, we will only process orders upon the receipt of a letter of award or a signed quotation for the customer. We invoice the customer upon delivery and issue progress invoice for each batch of delivery and these invoices are due upon presentation.

For our interior design segment, we typically collect a 50% deposit of the contract sum upon confirmation of our quotation or on receipt of a letter of award and we will invoice our customers as the project progresses based on the agreed schedule with approximately 10% of the contract sum may be retained by our customers as retention fund.

As at 31 December 2015, 2016 and 2017 and 31 May 2018, our Group's trade receivables amounted to approximately, S$8.7 million, S$9.7 million, S$9.3 million and S$9.0 million, respectively.

Cash management

In respect of our furniture sales segment, notwithstanding that most of the payment at our points of sales are transacted by credit card and some of it are paid by cash by our customers, our Group recognises the need to manage cash prudently to minimise the risk of loss to our business operations. The cash will be handed to our accounts department for safekeeping prior to the responsible employee depositing it in the bank within the next working day. The Group also has authorised persons within each operating division to hold a sum of cash of no more than S$1,000 to serve as petty cash. The authorised person will pay for business expenses incurred in cash and seek reimbursement from the company as and when the need arises.

DELIVERY LOGISTICS AND INVENTORY MANAGEMENT

Delivery arrangement

Delivery of our products to end-consumers in the U.S. is made through third party logistics service providers by land, depending on the delivery destination. We use the logistics service providers designated by our customers for most of our sales orders and the delivery cost will be borne by our customers. During the Track Record Period, we processed our sales orders at our warehouse and part of our sales orders are processed by order fulfilment centres operated by third parties in the U.S. Upon receiving orders from our customers, our logistics department or the outsourced order fulfilment centre is responsible for retrieving the ordered products from our warehouse, affixing the shipping labels and arranging pick up by third party logistics service provider to deliver the products to the end-consumers. Our streamlined logistics process coupled with our stringent selection on quality order fulfilment service providers enable us to deliver products to our customers in a timely and cost-efficient manner. We do not provide any assembling services for the end-consumers in our U.S. furniture sales segment.

Delivery of our products to customers in Singapore is made through road transit. During the Track Record Period, our logistics department was responsible for arranging the delivery of our products to our customers in Singapore at the designated location through the vehicles owned by our Group. As at the Latest Practicable Date, our logistics department for our furniture sales segment consisted of 26 full time staff members in Singapore. For products offered under our interior design projects, they are either delivered to the customers by our delivery team or we may arrange delivery from our suppliers to our customers directly. The delivery costs are generally borne by our supplier or our customers.

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the total delivery costs borne by our Group amounted to approximately S$3.9 million, S$4.6 million, S$5.7 million and S$3.1 million, representing approximately 4.8%, 5.1%, 5.6% and 7.1% of our total revenue, respectively.

Inventory management

We currently implement an ERP system to manage our sale orders and inventory movement for each of our U.S. furniture sales and furniture sales segments. Our management is able to manage and review various aspects of our business including pricing of our products, discount policy, inventory and sales performance through the ERP system, which tracks all of our Group's inventory movement, from inventory ordering, stocking, delivery to customers. We have adopted an inventory control policy which aims at maintaining sufficient level of inventory at each of our points of sales and warehouses after taking into account factors such as the general market condition, consumer demand, promotion and pricing. Under this policy, we generally maintain a stock level sufficient for three to six months of supply of products for our U.S. furniture sales and furniture sales segments and such stock level is arrived based on a combination of factors including annual sales target, market trend, consumer demand and pricing. Our procurement team will closely monitor the volume of our inventory through the ERP system.

Our ERP system is updated with sales information on a daily basis and our inventory level is reviewed by our management on a monthly basis in conjunction with the monthly stock report and upcoming shipment of products. Our management proactively manages inventories by setting budgets for procurement of new stocks based on periodic analysis on sales forecast, sales performance of products sold, the stock report and incoming shipment. In addition, our management will also review inventories of our Group in monthly meetings with other department heads. Our ERP system also generate stock analysis for the procurement team to review on a regular basis so that purchase orders can be placed to replenish stock on a timely basis. We will conduct clearance sales and other promotional activities to clear slow-moving and aging inventories.

Inventory Provision

During the Track Record Period, our management performs regular review of the carrying amounts of inventories with reference to, among other things, aging analyses and other specific assessments of our Group's inventories, projections of expected future saleability of goods based on historical sales pattern and other specific attributes (for example, whether they are damaged or defective), and our management experience and judgement. Based on such review, write-down of inventories will be made when the net realisable value of inventories decline below their carrying values.

Stocktaking

Our Group performs physical stock taking at least once a year. For every stocktaking, our warehouse/ retail store staff will perform the preliminary detailed checking and counting in accordance with the stocktaking guidelines and procedures. Any discrepancies will be investigated and reconciled. The stock records will be updated accordingly. These stocktaking results will be subject to the random checking by our management. During the Track Record Period, our Group did not encounter any material discrepancies between the physical stock counts and the stock records.

MARKETING

We believe that business marketing is a fundamental strategy to maintain our market position. In order to promote our products and services offered, we have make use of various marketing means. As mentioned in the paragraph headed "Pricing, credit and discount policies" above, we schedule various promotional sales campaigns such as summer sales, Christmas sales, annual sales and stock-take clearance sales to boost sales and enhance stock turnover of our products. We also have implemented various advertising and promotional activities to strengthen our brand portfolio and enhance our market recognition, including participating in trade fairs including Las Vegas Market held in the U.S. and Salone del Mobile Milano held in Europe and our customers' promotional campaigns by sponsoring their marketing events. We also increase our publicity by advertising our products through newspapers, magazines, digital media, social media and media coverage for new products launched and completed interior design projects and organizing product launch events at our points of sales from time to time. Our websites for each of our furniture sales brands and our interior design segment also serves as a promotional platform for our products, and conveys latest information about our products, enabling our customers to have a better understanding of our product profiles. For the years

ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our marketing expenses were approximately S$1.2 million, S$1.0 million, S$1.2 million and S$0.5 million, accounting for approximately 1.4%, 1.1%, 1.2% and 1.1% of our total revenue, respectively.

Our sales team of each of the business segments has extensive experience in the furniture industry understanding on the market trends and built up solid relationship with our existing customers and our sales representatives.

By using various marketing means, we are able to reach out to industry influencers such as interior design magazines, designers and property developers as well as potential customers and understand the latest market trends of furniture products.

AFTER-SALES SERVICES, PRODUCT RETURN AND REFUND POLICIES

We emphasise quality and efficient after-sales services to our customers as an essential element for maintaining our business reputation.

For our U.S. furniture sales segment, we generally provide a returns allowance based on the actual amount of products returned by end-consumers or a range from 2% to 6% of our sales value to be deducted under our invoice to cater for any goods returned or exchanged by the end-consumers to our customers in accordance with the return policy of adopted by our relevant customers. Most of our customers under the U.S. furniture sales segment are not required to return to us the returned goods received from end-consumers. As such, we made provision for returned products during the Track Record Period. For the years ended 31 December 2015, 2016, 2017 and the five months ended 31 May 2018, we paid return allowance of S$3.2 million, S$3.6 million, S$4.0 million and S$2.2 million, respectively.

In respect of our furniture sales segment, depending on the type and brand of the products, we generally offer a 12-month warranty period for our products. After the applicable warranty period, we also provide repair services to our customers on special request subject to payment of our prevailing service charge.

Our Directors confirm that, save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns or make any large-scale product recalls due to any quality defects or unsafe products, and we did not receive any material claims in relation to our products, which would have a material and adverse effect on our business and results of operations.

In respect of our interior design segment, some of the projects are provided with a maintenance period up to the date of demolition of the showflats. During the maintenance period, we are required to carry out maintenance work including any repair or rectification work or make good any defect. For some of the interior design projects, 10% of project sum will be withheld by our customers as the retention fund which will only be settled by our customers upon completion of the work and expiry of the maintenance period.

CUSTOMERS COMPLAINTS

We have a complaint handling mechanism and policy. In general, customers can make feedback or complaints by way of emails, telephone calls, in person or through our websites. Under our policy, our sales executives and call centres normally resolve the complaints or refer them to our store manager or head of sales for further handling. In resolving complaints, we may consider offering product repairs, exchanges, credit notes, gift vouchers, cash refunds or replacement parts to the complaining customers if we see fit on a case-by-case basis and depending on the specific facts of each complaint. We have kept a complaint log with details of each complaint.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have received customer complaints and customer feedback in respect of our products from time to time which our Directors considered is not uncommon in the retail sector. Our Directors further confirm that none of the complaints or customer feedback we received had a material adverse effect on our business and operations. During the Track Record Period, we did not experience any product liability claim or product return that had a material impact on our business.

QUALITY CONTROL

Our Group considers quality is crucial to the success of our business. To ensure the quality of our products and services, we have adopted stringent measures in quality control for each of our business segments.

In respect of our U.S. furniture sales and furniture sales segments, we or our suppliers will perform inspection on the products prior to shipment. After the products have arrived at our warehouse or third party order fulfilment service centres (for our U.S. furniture sales segment), we perform sample or full inspection. If any major defect are found in a sample inspection, we will perform a full inspection on the same batch of products, and may consider requesting for spare parts or replacement of products from our suppliers to rectify the defects.

In relation to fitting-out services carried out by our subcontractors for our interior design projects, each of our projects has a designated project manager, who inspects work sites to ensure the construction carried out is consistent with design drawings and monitor the quality of fitting-out works. If any defect is found, we would require the subcontractors to rectify such part. The project manager will perform an overall site inspection prior to handover of the completed project.

SEASONALITY

Our Directors consider that our Group's sales is affected by seasonality. Our Group experiences higher sales before Christmas and before the Chinese New Year for the U.S. and Singapore, respectively, due to festive and seasonal promotions.

COMPETITION

According to the CIC Report: (i) the U.S. furniture online sales industry, which is highly fragmented, had total sales of approximately US$18.9 billion, of which the Company accounted for approximately 0.3% in 2017 based on our revenue generated from the U.S. furniture sales segment; (ii) the mid-to-high end furniture sales to individual and corporate customers in Singapore, which is a well-developed and fragmented market, had total sales value of approximately S$1,215.8 million, of which the Company accounted for approximately 1.9% based on our revenue generated from the furniture sales segment in Singapore; and (iii) the interior design and fitting-out industry in Singapore, which is highly fragmented, has a market size of S$845.9 million, with the five largest leading players accounted for approximately 6.0% in 2017. Please refer to the section headed "Industry Overview" in this document for further information about the competitive landscape of the furniture online sales, furniture sales and interior design industry.

Our Directors believe that our longstanding operation history with strong brand recognition and in-depth market knowledge in the U.S. and Singapore markets, the ability to maintain and establish strong business relationship with our major suppliers, a team of dedicated and professional staff, and our ability to provide bespoke design solutions are key to our success and competitiveness.

AWARDS AND RECOGNITIONS

Up to the Latest Practicable Date, we have received the following awards and recognitions:

Year of awards	Awards/recognition	Awarding body/organiser
2017–2018 ..	Interior Design Private Residence Singapore (Award Winner): Cardiff Grove by SuMisura Asia	Asia Pacific Property Awards
2017–2018 ...	Best Interior Design Show Home Singapore: Gramercy Park II by SuMisura Asia	Asia Pacific Property Awards
2015–2016 ...	Interior Design Private Residence Singapore (Highly Commended): One Shenton Sky Suite by SuMisura	Asia Pacific Property Awards
2013–2014 ...	Interior Design Show Home Singapore (Highly Commended): Stellar RV by Numero Uno Creative Pte Ltd by Sumisura	Asia Pacific Property Awards
2013	Top Luxury Residential Design Silver Medal Award	HDF Luxurious Projects Asia Summit & Awards 2013
2012–2013 ...	Interior Design Private Residence Singapore (High Commended): The Esta by Numero Uno Creative Group Pte Ltd — Sumisura	International Property Awards

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, our Group did not engage in any research and development activity nor incurred any research and development expenses.

WORK SAFETY AND ENVIRONMENTAL MATTERS

We believe that it is essential for us to be as environmentally responsible as possible in the execution of our interior design projects. The fitting-out services provided by our subcontractors in Singapore, Malaysia and Brunei are subject to certain laws and regulations related to environmental protection. For details, please refer to the section headed "Regulatory Overview" in this document.

We have in place a system to record work-related accidents and we implemented work safety policies and procedures to ensure our operations are in compliance with applicable laws and regulations. We require our subcontractors to abide by all safety laws, rules, regulations, measures and procedures as well as all safety requirements under all laws and regulations relating to their works. To the best knowledge of our Directors, during the Track Record Period, we complied with relevant workplace safety regulatory requirements in all material respects and there was no material injury or fatal accident, claims or complaints relating to work safety which had materially and adversely affected our operations.

EMPLOYEES AND STAFF TRAINING

As at the Latest Practicable Date, we had 140 full-time employees, of whom 107 are based in Singapore, 20 are based in the U.S., eight are based in Malaysia and five are based in Brunei. The following table shows the breakdown of employees by main categories of function as at the Latest Practicable Date:

Functions	Number of employees
Business strategy and management	4
Procurement and sourcing	15
Sales and marketing	49
Interior design	20
Logistics and quality control	32
Human resources management	1
Finance	11
General administration	7
Information technology	1
Total	140

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any significant labour disputes and consider our relationship with our employees to be good. Our employees are not covered by any collective bargaining agreement.

As we continue to expand our business, we believe it is critical to hire and retain top talent. We believe we have the ability to attract and retain high quality personnel based on our brand recognition in the industries, competitive salaries, allowances and performance-based bonus. We recruit our employees through the means including but not limited to our website, recruitment websites, advertisements, referrals and recommendation by the academic institutions.

We also provide internal training program to our employees from time to time. The training program 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 our Group and enhance our effectiveness in operation. We will continue to offer training on industry knowledge and provide updated market information to our employees.

INSURANCE

We maintain a number of general insurance policies which include industrial all risks insurance on the assets in our office, warehouse and points of sales against robbery, fire and water damage. We also maintain other insurances to protect ourselves from unexpected operation risks, for example, money insurance, consequential loss insurance, public liability insurance, product liability insurance and employees' work injury compensation insurance. During the Track Record Period, no material claim has been made by our Group under any of the insurance policies taken out by our Group. For risks related to product liability, please refer to the section headed "Risk factors — We are exposed to product liability claims and litigation risks for defective or unsafe products" in this document. Our Directors believe that our Group's insurance policies are adequate to cover our business operations. Our Directors will review our insurance policies and insurance coverage from time to time to ensure our insurance coverage remains adequate in light of our business growth.

INFORMATION TECHNOLOGY SYSTEMS

We currently manage an ERP system for our U.S. furniture sales segment to manage sales orders. Sales orders are transmitted electronically via EDI software daily to our ERP system, which are then retrieved by our staff for fulfillment. Upon receiving the sales orders, our integrated IT system generates delivery information and tracking numbers for the orders and transmits the shipping information to our third party logistics service providers and a tracking number is returned. After our ERP system receives the tracking numbers, it generates invoices for our customers which are then sent to them.

For our furniture sales segment, we manage a different ERP system to manage sale orders and inventory movement of our retail sales and utilise a separate accounting system purchased from the same system developer for book keeping purpose. Our management is able to manage and review various aspects of our business including pricing of our products, inventory and sales performance through the ERP system. During the Track Record Period, we did not suffer any major information technology system failures or related losses.

PROPERTIES

As at the Latest Practicable Date, we have entered into leases in relation to nine properties in Singapore, Malaysia, the U.S. and Brunei for the operation of our business.

Set out below is a summary of our leased properties as at the Latest Practicable Date:

No.	Location	Existing term	Usage	Approximate GFA (sq. ft.)	Rent (per annum)
The U.S.					
1.	146 and 154 Alexandra Way, Carol Stream, Illinois, U.S.	1 October 2016 to 30 June 2020	Warehouse and office	95,070	US$428,026.44
2.	Space No. B-0854, 8th Floor, 475 S. Grand Central Pkwy, Las Vegas, Nevada, U.S.	1 May 2016 to 30 April 2021	Exhibition space	5,500	US$148,611.84
Singapore					
3.	16 Tai Seng Street, Singapore 534138 (1)	29 May 2018 to 28 May 2020	Office, points of sales for "Marquis", "Lifestorey" and warehouse	80,080(1)	S$1,537,555.20
		29 May 2018 to 31 July 2019	Warehouse	2,110	S$40,512
4.	15 Tai Seng Drive, #01-02, Singapore 535220	1 June 2018 to 31 May 2021	Point of sales for "OM", warehouse	19,490(2)	S$292,279.80
5.	8D Dempsey Road, #02-01, Singapore 249672	15 March 2018 to 14 March 2020	Point of sales for "Marquis Studio" and "Lifestorey"	13,000(3)	S$546,000

No.	Location	Existing term	Usage	Approximate GFA (sq. ft.)	Rent (per annum)
6.	315 Outram Road, #05-08 Tan Boon Liat Building, Singapore 169074	1 August 2018 to 31 July 2020	Point of sales for "OM" and warehouse	4,450[4]	S$149,352
7.	122 Euros Avenue 7, 03-10, Richfield Industrial Centre, Singapore 409575	9 March 2017 to 8 March 2019	Workshop for repair and maintenance	1,640	S$33,600
Malaysia					
8.	No. 5-3, 1st Floor, Jalan Haji Jaib, 84000 Muar, Johor, Malaysia	1 May 2018 to 30 April 2020	Office	1,540	RM10,800
Brunei					
9.	2 Jalan Gadong, First Floor Gadong Properties centre	1 April 2018 to 31 March 2021	Office	1,440	B$24,000

Notes:

(1) Our points of sales under the names of "Marquis-Qsquare" and "The Design Store by Lifestorey" have an approximate GFA of 15,000 and 3,500 sq. ft., respectively.

(2) Our point of sales under the brand "OM" has an approximate GFA of 3,000 sq. ft.

(3) Each of our points of sales under the names of "Marquis Studio" and "Lifestorey" has an approximate GFA of 6,500 sq. ft.

(4) Our point of sales under the name of "OM Galleria" has an approximate GFA of 1,780 sq. ft.

Our operating lease expenses were approximately S$5.9 million, S$6.1 million, S$6.0 million and S$2.3 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Other than furniture, fixtures, office equipment and motor vehicles, we did not possess any other major fixed assets and equipment as at the Latest Practicable Date. Our Group expects to renew the leases before their respective expiry dates on the basis that our Group had been able to renew such leases during the Track Record Period.

INTELLECTUAL PROPERTY

We rely on a combination of trademarks to protect our intellectual property. For further information relating to the intellectual property rights of our Group, please refer to the section headed "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group" set out in Appendix IV to this document.

During the Track Record Period, we were not involved in any dispute or litigation relating to infringement of trademarks and patents nor to the best of our knowledge did we infringe any trademarks and patents belonging to other parties.

LICENCES AND PERMITS

Our Group has obtained all approvals, permits, consents, licenses and registrations required for our business and operations and all of them are in full force and effect and we have not experienced any failure in applying for the renewal of our respective operation licenses during the Track Record Period and up to the Latest Practicable Date.

LEGAL NON-COMPLIANCE AND PROCEEDINGS

As at the Latest Practicable Date, our Group and our Directors were not involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim was known to our Directors to be pending or threatened by or against us or our Directors, that would have a material adverse effect on our business, financial conditions or results of operations. We may from time to time become a party to various litigation, arbitration or claims arising in the ordinary course of our business.

INTERNAL CONTROL MEASURES

Our Directors are responsible for monitoring our internal control system and for reviewing its adequacy and effectiveness. In order to continuously enhance our corporate governance:

- each of our Directors had attended a training session conducted by our Hong Kong legal advisers on directors' responsibilities and duties;

- we have appointed Southwest Securities (HK) Capital Limited to act as our compliance adviser upon Listing to advise our Company on compliance matters in accordance with Rule 3A.19 of the Listing Rules; and

- we have established an audit committee with written terms of reference in compliance with Code C.3 of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The audit committee will supervise our internal control measures in order to better monitor our daily operations from the perspective of compliance with applicable rules and regulations.

Internal control review by independent internal control consultant

In preparation for the [**REDACTED**], we have engaged an internal control consultant (the "**Internal Control Consultant**") in February 2018 to review our internal control systems and procedures to assist the Sole Sponsor in assessing the adequacy of the internal controls of our Group. In the course of its reviews, the internal control consultant conducted interviews with the designated responsible personnel and examined relevant documents to identify the deficiencies our Group's internal control procedures and develop recommendations for the improvement. Our Group implemented the measures to improve our internal control systems with reference to those recommendations. According to the results of the follow-up review performed by the Internal Control Consultant in April 2018, the internal control measures for the key deficiencies have been adopted and implemented in accordance with the corresponding recommendations of the Internal Control Consultant.

To the best knowledge of our Directors, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations.

Our Controlling Shareholders have undertaken to indemnify our Group against, among others, any penalty that may be imposed on our Group as a result of the non-compliance with the applicable laws and regulations. Please refer to the paragraph headed "Statutory and General Information — E. Other Information — 1. Estate duty, tax and other indemnities" set out in Appendix IV to this document for details of the indemnity.

RISK MANAGEMENT

Our audit committee is responsible for formulating and implementing risk management policies to address various potential risks we may face in relation to our operations, including operational risks, credit risks and market risks. For the qualifications and experience of the audit committee members, please refer to the section headed "Directors and Senior Management" in this document. Key risks relating to our business are set out in the section headed "Risk Factors" in this document. The following sets out our risk management measures for some of the more particular risks:

Market risks

As we are in the retail business, we are exposed to market risks relating to changes in the economic, policy and social conditions in countries where we have business presence including the U.S., Singapore, Malaysia and Brunei. Any downturn to the economy locally or globally can adversely affect the demand for our products. Our Directors regularly monitor the market conditions and adjust our pricing and promotion strategies.

Operational risks

As our products are mostly sourced from other countries, we are under the risk of delay in delivery of products or supply of defective products which may affect our sales. We adopted a stringent quality control policy under which our quality control team will perform inspection for products upon delivery to our warehouses or third party order fulfilment centres. We will visit our suppliers' factories from time to time conduct surprise checks on the quality and manufacture process of our products. In view of this, we maintain regular communication with our suppliers in order to keep us updated as to any possibility of delay in delivery and we also monitor the performance of the shipping agents we engage. We also regularly monitor our sales data and inventory level and in general, we maintain an inventory level which our Directors expect to be sufficient for our operation for at least three months and we will adjust the inventory level if necessary.

Credit risks

Our credit risks during the Track Record Period mainly originated from trade receivables from our U.S. customers. Our Directors recognise the importance in improving our credit policy under which we have established credit terms and procedures in recovering trade receivables.

CONTROLLING SHAREHOLDERS

Immediately after completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**]), our Company will be owned as to 45.0% by Nobel Design (BVI) which is owned as to 67% by Mr. Goon and 33% by Ms. Wee, respectively. As Mr. Goon and Ms. Wee are able to exercise direct control over our Company by holding their interests through a common investment holding company, namely Nobel Design (BVI), and Nobel Design (BVI) is entitled to exercise 30% or more of the voting power at the general meeting of our Company. Nobel Design (BVI), Mr. Goon and Ms. Wee will be regarded as a group of Controlling Shareholders under the Listing Rules.

Nobel Design (BVI) was incorporated in the BVI on 28 March 2018 and is an investment holding company, whose only asset is the Shares of our Company. For Mr. Goon and Ms. Wee's background, please refer to the section headed "Directors and Senior Management — Directors" in this document.

OUR CONTROLLING SHAREHOLDERS, MR. KHO, SOUTHERN CROSS AND OUR GROUP

There has not been any material change in the influence on the management of our Group during the Track Record Period and up to the date of this document. Mr. Goon and Ms. Wee have been on the board of Nobel Design Singapore together since 1995. Throughout the years, they have established long term business relationships and have jointly invested in and managed Nobel Design Singapore, its subsidiaries and associated companies for more than 20 years. In making decisions at board meetings and general meetings, Mr. Goon and Ms. Wee have had a high level of mutual trust and bonding and they have had discussions to build their consensus for those decisions. As of 1 January 2017, Mr. Goon and Ms. Wee collectively was also the single largest group of shareholders of the Nobel Design Singapore and since 1 May 2017 (and following the Acquisition (defined above)), they further became the single largest group of controlling shareholders of Nobel Design Singapore. Following this and pursuant to the Reorganisation, as more particularly described on pages 97 to 99 of this document, Mr. Goon, Ms. Wee and Nobel Design (BVI) became our Controlling Shareholders.

Mr. Kho and Southern Cross were interested in approximately 0.64% and 4.43% shareholding interest in Nobel Design Singapore as at 25 March 2009 and 22 March 2011, respectively. Solely out of financial consideration, Mr. Kho and Southern Cross, together with Mr. Goon and Ms. Wee decided to establish Grand Slam for the sole purpose of administrating the Acquisition. Despite the fact that Mr. Kho and Southern Cross held their interest in Nobel Design Singapore through Grand Slam with Mr. Goon and Ms. Wee prior to the Reorganisation, it was never the intention of these shareholders to establish Grand Slam to consolidate control of Nobel Design Singapore and restrict their ability to exercise direct control over Nobel Design Singapore by holding their interests through Grand Slam. There has also been no agreements, arrangements, understandings nor any "consensus building process" that requires Mr. Kho and Southern Cross to cast the same voting decision as Mr. Goon and Ms. Wee on matters at Board level after having been appointed as a Director.

Further, Mr. Kho and Southern Cross confirmed that, they (a) consider their investments in Nobel Design Singapore as passive investments; (b) have no intention to consolidate control and restrict their voting rights upon the [**REDACTED**] through Grand Slam; (c) never intended to

participate in the management of our Company, therefore, Mr. Kho is appointed as a non-executive Director; and (d) was unable to exert substantial influence on the board and the management of the Nobel Design Singapore group during the Track Record Period (whereas Mr. Goon and Ms. Wee were able to do so). In addition, after the Reorganisation, Mr. Kho and Southern Cross will each hold their respective interests in the Company separately which further demonstrate that they are able to exercise their shareholders' rights independently. Accordingly, Mr. Kho and Southern Cross are not a group of controlling shareholders together with Mr. Goon and Ms. Wee. It has also been agreed by Mr. Kho that he would not be re-designated as an executive Director after the [**REDACTED**].

Accordingly, our Directors believe that without the involvement of Mr. Kho and Southern Cross, Mr. Goon and Ms. Wee were collectively able to (a) exercise effective control over our Group through their shareholdings; and (b) exert substantial influence on the board and management of our Group during the Track Record Period.

DELINEATION OF OUR BUSINESS

Our Group principally engages in furniture online sales in the U.S., furniture sales in Singapore and interior design in Singapore, Malaysia and Brunei.

Mr. Goon and Ms. Wee, our Controlling Shareholders, also hold 60% indirect interests in Nobel Design Singapore, where certain of its subsidiaries and/or associate companies engaged in the business of property development in Singapore and the United Kingdom and property investments in the U.S. that are not included in our Group for the purpose of the [**REDACTED**] (that is, the "**Excluded Business(es)**").

Given the differences in nature between our Group's business and the Excluded Business, and our operational independence and separation from the Excluded Business, our Directors are of the view that there is a clear delineation between the Excluded Business and our business. As a result, our Directors do not expect there to be any overlap or competition, directly or indirectly, between the Excluded Business and our Group. In order to streamline our business and corporate structure, the Excluded Business is not injected into our Group as our Directors are of the view that such business, neither form part of our business nor are they in line with our strategy to strengthen our market position in the furniture sales and interior design industry.

Mr. Tan Thiam Siew ("**Mr. Tan**"), Ms. Wee's spouse, is engaged in the retail of furniture business in Singapore ("**Mr. Tan's Business**"). As at the Latest Practicable Date, Mr. Tan is interested in approximately 16.67% of Mr. Tan's Business and the remaining interest is held by three individuals, who are independent third parties. Mr. Tan is one of the three members of the board of the directors of the controlling entity of Mr. Tan's Business.

Notwithstanding that both our Group and Mr. Tan's Business operate in the furniture retail industry in Singapore and having considered the factors as set out in the paragraphs below, our Directors are of the view that between Mr. Tan's Business and our business (i) there are substantial differences in terms of business scale, scope, geographical reach and business model; (ii) there is a clear distinction in business focus; (iii) there is no competition given the nature and segmentation of the Singapore furniture sales and retail market and the clear distinction between the focus of our furniture sales segment and that of Mr. Tan's Business; (iv) there is no overlap in management, business or financial operations; and (v) there is no conflict of interest between Mr. Tan and Ms. Wee given the clear distinction between our furniture sales business and Mr. Tan's Business and there is no overlap between the role of each of Mr. Tan and Ms. Wee in Mr. Tan's Business and our business, respectively. As such, Mr. Tan's interest in Mr. Tan's Business does not have any impact upon the Company's capability to carry on its business independently of Mr. Tan's Business.

i. Substantial differences between Mr. Tan's Business and our entire business in scale, scope, geographical reach and business model

The scale, scope, geographical reach and business model of our entire business are wholly different and substantially broader than that of Mr. Tan's Business. Set out below is a summary of the substantial differences between our business and Mr. Tan's Business by business segments:

(a) US furniture sales, a business segment with high entry barriers according to the CIC Report, contributes a significant proportion of our revenue during the Track Record Period and Mr. Tan's Business does not operate in this segment;

(b) Mr. Tan's Business also does not offer any service similar to our interior design services which we are able to offer given our 35 years of experience in interior design and well developed sense of aesthetics; and

(c) Our furniture sales segment in Singapore comprises retail sales of furniture at our points of sales and Special Projects. We provide sourcing and sale of furniture projects, consultation service and proposals for custom-made furniture upon request to mainly corporate customers including commercial or residential property developers or managers, interior designers and some high-net worth individual customers in connection with our Special Projects, this is another aspect of our business which Mr. Tan's Business is not involved in.

ii. Business focus delineation

In connection with our furniture sales in Singapore under our "Marquis", "OM" and "Lifestorey" brands at our points of sales, each of our brands carries furniture products catering for specific customer preferences and with each of different branded points of sale having its own design.

Our furniture brand "Marquis" offers a selection of luxury designer and made-to-order furniture under various imported third party brands which are mainly sourced from Europe targeting high-end market customer with strong personal taste. Our Directors believe that "Marquis" has no overlap with Mr. Tan's Business as the latter only focuses on furniture sales in mass-market in Singapore under its single self-owned brand, details of Mr. Tan's Business are set out below.

Our funiture sales under "OM" and "Lifestorey" brands, which recorded a revenue of approximately S$8.3 million for the year ended 31 December 2017 (representing approximately 8.3% of our total revenue for the year ended 31 December 2017), focuses on the sale of mid-to-high end furniture products. In contrast, Mr. Tan's Business is engaged solely in furniture retail targeting the mass market in Singapore and their products are sold at lower prices than our comparable products. Hence, there is a clear price difference between the products offered by our Group and of Mr. Tan's Business. It is further confirmed by Mr. Tan that Mr. Tan's Business recorded a revenue of approximately S$30 million in 2017.

In addition to the price differentiation between the products of Mr. Tan's Business and ours described above, our funiture sales under "OM" and "Lifestorey" brands and Mr. Tan's Business can be further distinguished and delineated based on the following factors:

(a) Target customer: Our furniture brands "OM" targets younger and mid-income customers who prefer a lively and colourful aesthetic style of home funishings and "Lifestorey" targets customer of mid-income group. In contrast, Mr. Tan's Business targets mass market customers who are price conscious and typically looking for more affordable and practical furniture products with less consideration for aesthetics and design. Our customers include customers referred by interior designers whereas those of Mr. Tan's Business do not.

(b) Branding: We promote European designers of our third-party brands furniture by displaying their photos and profiles in our points of sales and advertising media and enhance European brand awareness by using "Made in Italy" tag lines in our points of sales and advertising media. Mr. Tan's Business promotes their products by offering discount on selling prices.

(c) Product specification: We import furniture from Europe and the U.S. whereas Mr. Tan's Business do not (i.e. all furniture products are imported from China and Malaysia).

(d) Presentation of products at points of sales: While our products are displayed by themes and mock-up interiors, allowing customers to visualise products in particular settings and our third-party brands furniture are displayed by designer collection, Mr. Tan's Business displayed their furniture according to product category.

(e) Online shopping website: The websites of "OM" and "Lifestorey" offer online shopping which is not available in Mr. Tan's Business.

In view of the above and the fact that our Group currently does not intend to enter into the mass-market in Singapore, our Directors are of the view that there are substantial differences and clear distinction between Mr. Tan's Business and our business. Furthermore, resulting from the continuing and robust development in our US furniture sales segment, the proportion of revenue contribution from Singapore funiture sales under "OM" and "Lifestorey" brands decreased steadily from approximately 11.5% for the year ended 31 December 2015 to 8.3% for the year ended 31 December 2017 and then to 7.0% for the five months ended 31 May 2018 from our funiture sales under "OM" and "Lifestorey" brands.

In addition, our Directors are of the view that the furniture market is a consumer-oriented market. We believe that, the furniture consumers have their own preference as to the price, style, design and specification, and will select furniture among the retailers that can satisfy their needs, depending on their taste and purchasing power. In view of the aforesaid differences in target customers, price, aesthetic style, brand image etc., CIC are of the view and our Directors believe that our Group targets mid-to-high-end furniture market (i.e. being a mid-to-high-end furniture retailer) while Mr. Tan's Business targets low-end furniture market (i.e. being a low-end furniture retailer) and there is complete distinction between our Group's furniture sales business and Mr. Tan's Business.

iii. Nature of the Singapore furniture sales and retail market

According to the CIC Report, the overall furniture retail market in Singapore comprises of mass, mid-end and high-end furniture retailers, based on the selling price of the products. The market size of Singapore furniture retail to individual and corporate customers, in terms of total receipts, was approximately S$1,780.6 million with approximately 1,498 market players in aggregate in 2017. The sales revenue of our furniture sales under "OM" and "Lifestorey" brands which targets the mid to high-end of the market reached S$8.3 million in 2017. On the other hand, the sales revenue of Mr. Tan's Business, which focused on the mass market, reached approximately S$30 million in 2017. Mr. Tan's Business and our Group are two of the many furniture retailers targeting completely different markets in the highly fragmented furniture retail industry in Singapore and both have limited market shares in this industry. It is further confirmed by CIC that each of the segments (as described under the paragraph headed "Classification of the furniture retailers in Singapore" in the section headed "Industry Overview" in this document) of the furniture retail industry in Singapore are clearly distinct from each other.

In view of (a) the highly fragmented characteristics of Singapore furniture retailing market; (b) limited market shares of our funiture sales business under "OM" and "Lifestorey" brands and Mr. Tan's Business and the fact that Mr. Tan's Business and our business are not competing against each other market and are just two of the many furniture retailers targeting completely different in the highly fragmented furniture retail industry in Singapore; and (c) the substantial differences and clear distinction between Mr. Tan's Business and our furniture sales business under "OM" and "Lifestorey" brands described above, our Directors further believe that there is no competition between our furniture sales business under "OM" and "Lifestorey" brands and Mr. Tan's Business.

iv. No overlap in management, business or financial operation

Since the commencement of Mr. Tan's Business in 2003, Ms. Wee did not have any involvement in Mr. Tan's Business nor did Mr. Tan have any involvement in our Group's

Business. The two businesses have co-existed for over 15 years and our Directors confirmed that our Group has a completely segregated internal control, financial, accounting, treasury management, procurement, sales and marketing, administration, information technology, legal and compliance functions that are entirely independent of those of Mr. Tan's Business. Throughout the years, our Group has carried on our business independently of Mr. Tan and from Mr. Tan's Business without any overlap in the management, business or financial operation. In terms of supply base, according to CIC, in 2017, there are over 6,000 furniture manufacturers in China and 2,000 furniture plants in Malaysia. Hence, the Directors are of view that there are an abundant number of suppliers available. Further, our Directors confirmed that we have independent access to suppliers and our negotiation process is independent of Mr. Tan and Mr. Tan's Business. During the Track Record Period, we further did not have any connected transactions with Mr. Tan and/or Mr. Tan's Business. In view of the above, our Directors believe that the existence of Mr. Tan's Business did not and will not have any effect upon our ability to operate independently of Mr. Tan and Mr. Tan's Business.

v. No conflict of interest

Mr. Tan is a minority shareholder in Mr. Tan's Business (interested in approximately 16.67%) and is one of the three directors of the controlling entity of Mr. Tan's Business. Accordingly, he has no control at both the shareholders and board level. Further, Mr. Tan's principal role in Mr. Tan's Business is to oversee the purchase and logistics functions. Accordingly, our Directors believe that there is no overlap between the role of each of Mr. Tan and Ms. Wee in Mr. Tan's Business and our business, respectively. Our Directors further confirmed that each of our Group and Ms. Wee has never encountered any conflict of interest with Mr. Tan nor Mr. Tan's Business over the years. In view of the above, and the Deed of Non-Competition [given] by Ms. Wee as one of our Controlling Shareholders to safeguard the Company's interest, our Directors consider that (a) the non-competition undertaking [given] by Ms. Wee and our corporate governance measures described below is sufficient to safeguard the interest of our Group and our shareholders; and (b) there is no conflict of interest between Mr. Tan and Ms. Wee.

Save as disclosed above in this section, our Directors confirm that as at the Latest Practicable Date, none of our Controlling Shareholders, our Substantial Shareholders, our Directors and their respective associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our Group's business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration of the following factors, our Directors are satisfied that our Group is capable to carry on the business independently from the Controlling Shareholders or their respective associates after the [**REDACTED**]:

Management independence

Our Group's management and operational decisions are made by our Board and a team of senior management. Our Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Goon and Ms. Wee hold directorships in certain members of the Excluded Business but they are not involved in the day-to-day operation of the Excluded Business. As there are well-established management teams responsible for the day-to-day operation of these companies, Mr. Goon and Ms. Wee do not expect to devote substantial time in the management of the Excluded Business going forward save for attending the board meetings of the members of the Excluded Business from time to time. It is expected that both of them will spend substantially all of their working time in the operations of our Group after the [**REDACTED**].

In the event that either Mr. Goon or Ms. Wee is required to absent himself or herself from any board meeting on any matter which may give rise to a potential conflict of interest with the Excluded Business, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the directorship of Mr. Goon and Ms. Wee in certain members of the Excluded Business, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business on a full time basis.

Each of our Directors is aware of his/her fiduciary duties as a Director which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Our Directors also consider that our Board as a whole is able to devote sufficient time to manage the business of our Group. Further, the independent non-executive Directors will bring independent judgement and provide impartial opinions in the decision making process of our Board to protect the interests of our Shareholders.

In addition, our Board is supported by a team of senior management who are independent from our Controlling Shareholders and their associates, and has served our Group for a long time with relevant management skills and industry knowledge to take charge of the daily operations. They have substantial experience in the industry in which our Group is engaged and will be able to make business decisions that are in the best interests of our Group. Please refer to the section headed "Directors and Senior Management" in this document for details of their management experience.

In this regard, our Directors are of the view that our Group can be managed independently notwithstanding that (a) Mr. Goon, being one of our Controlling Shareholders, is also our executive Director and chief executive officer; and (b) Ms. Wee, being one of our Controlling Shareholders, is also our executive Director and chief operation officer.

Operational independence

Our Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities in the operation. For details, please refer to "Business — Employees and staff training" in this document. Our Group has also established a set of internal control measures to facilitate the effective operation of our business. Despite the controlling interest held by our Controlling Shareholders, our Company has full rights to make all decisions on, and to carry out its own business operations independently.

Financial independence

We have our own financial management and internal control system and the ability to operate independently from our Controlling Shareholders from a financial perspective. We have made and will make financial decisions according to our own business needs. We have our own bank account, make our own tax registrations and have employed a sufficient number of financial accounting personnel. Upon completion of the [**REDACTED**], (a) all amounts due to or from; and (b) all guarantees provided to or from, our Controlling Shareholders to our Company, will be fully settled or released.

Taking into account of our Group's internal resources, banking facilities, net cash generated from operating activities, and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors believe that our Group will have sufficient working capital for its requirements for at least the next 12 months from the date of publication of this document, and will be capable of obtaining finance from external sources without reliance on our Controlling Shareholders or their respective associates. We are confident that after [**REDACTED**], our Group will be able to obtain credit facilities from financial institutions on a stand-alone basis. During the Track Record Period, Nobel Design Singapore and certain subsidiaries of our Group were jointly and severally liable for all amounts utilised under shared banking facilities of S$5,068,000 in total granted to Nobel Design Singapore and our Group. The shared banking facilities were not utilised by Nobel Design Singapore during the Track Record Period. As at the Latest Practicable Date, our Group [has obtained] written consents in principle from the lending bank(s) that such banking facilities will be transferred to our Group upon the [**REDACTED**].

Save as disclosed above, our Directors confirm that our Group does not have any financial assistance, including amounts due to, loans or guarantees provided by our Controlling Shareholders and its associates to our Group after [**REDACTED**].

Based on the above, our Directors are satisfied that our Group is able to operate independently from our Controlling Shareholders and their respective associates.

CORPORATE GOVERNANCE MEASURES TO AVOID ANY POTENTIAL CONFLICT OF INTEREST WITH Mr. TAN'S BUSINESS

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing actual or potential conflict of interests between our Group and Mr. Tan's Business have been adopted by our Company and will be taken:

a) our independent non-executive Directors will be responsible for deciding and has been given authority to decide, without attendance by any Directors with beneficial or conflict interest, upon any matters that have actual or potential conflict of interest with Mr. Tan's Business;

b) in the event that there is a conflict of interest in the operations of our Group and Mr. Tan's Business, any Director, who is considered to be interested in a particular matter or the subject matter, shall disclose his/her interests to the Board. Pursuant to the Articles of Association, should a Director have any material interests in the matter, he/she shall not attend any meeting to consider or decide on such matter, he/she shall not vote on the resolutions of the Board approving the same and shall not be counted in the quorum of the relevant Board meeting;

c) our Directors shall ensure that any material conflict or potential conflict involving Mr. Tan's Business will be reported to our independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered and a board meeting (excluding Ms. Wee) will be held to review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities;

d) each of our Directors have undergone a director's training, which has set out and explained to them the fiduciary duty they owe to our Group as a Director (including without limitation to, the obligation imposed on a Director to disclose any potential conflict of interest to the Board as soon as he/she can); and

e) our independent non-executive Directors will also conduct an annual review on the effectiveness of such internal control measures implemented to avoid any actual or potential conflict of interest with Mr. Tan's Business and will be entitled to seek independent professional advice from external parties at our Company's cost when they consider necessary. The basis and result of annual review will be disclosed in the annual report of our Company.

NON-COMPETITION UNDERTAKING

To ensure that potential competition does not develop between us and the activities of our Controlling Shareholders, each of Nobel Design (BVI), Mr. Goon and Ms. Wee has entered into the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries from time to time) on [●], pursuant to which each of the Controlling Shareholders has jointly and severally, irrevocably and unconditionally, undertaken and covenanted with us that each of the Controlling Shareholders will not, and will procure that none of its/his/her respective associates will:

(a) directly or indirectly carry on, participate or be interested or engage in or acquire or hold any right or interest in or otherwise be involved in any business in competition with or likely to be in competition with our existing business activity or any principal business activity of any member of our Group or be in competition with us in any business activities which we may undertake in the future (the "**Restricted Business**") save for (i) the holding of not more than 5% of the issued shares in any company engaging any Restricted Business which is listed in Hong Kong; or (ii) not controlling 10% or more of the board of directors of such company; and

(b) take any direct or indirect action which constitutes an interference with or a disruption to our business activities of any member of our Group including, but not limited to, solicitation of our customers, suppliers, directors or staff of any member of our Group.

In addition, each of the Controlling Shareholders has jointly and severally, irrevocably and unconditionally, undertaken and covenanted that if any new business opportunity, which is, or is likely to be in, direct or indirect, competition with the Restricted Business (the "**Business Opportunity**") is made available to any of the Controlling Shareholders or their respective associates, it/he/she will direct the Restricted Business to us with such required information to enable us to evaluate the merits of the Business Opportunity.

Any decision of our Company as to whether or not to engage in the Restricted Business will have to be approved by our independent non-executive Directors. Where our independent non-executive Directors have reviewed the opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business and has declined such opportunity, the Controlling Shareholders and/or its/his/her associate(s) may subsequently invest, participate, engage in or operate the Restricted Business as long as the principal terms by which the Controlling Shareholders subsequently invest are not more favourable that those disclosed to our Company.

Where our Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with any of the Controlling Shareholders and/or its/his/her associates, such Controlling Shareholder and/or its/his/her associates can invest, participate, be engaged in and/or operate such Restricted Business with our Company. Our Company will comply with the requirements of the Listing Rules in case of such cooperation with the Controlling Shareholders and/or its/his/her associates.

Each of the Controlling Shareholders has further undertaken and covenanted that it/he/she will provide to us all information necessary for the enforcement of the above non-competition undertakings.

Each of the Controlling Shareholders has also represented and warranted that apart from the disclosures made in this document, neither it/he/she nor any of its/his/her associates is currently interested or engaging, directly or indirectly, in the Restricted Business otherwise than through our Group.

The Controlling Shareholders' non-competition undertaking will cease to have any effect on (a) the date on which the [**REDACTED**] is withdrawn; or (b) the date on which that Controlling Shareholder ceases to be a controlling shareholder (as defined from time to time under the Listing Rules) of our Company.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that it/he/she will fully comprehend its/his/her obligations to act as our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) the Controlling Shareholders will promptly provide to us such information as we may from time to time reasonably request to ascertain the compliance/enforcement by the Controlling Shareholders with their obligations under the Deed of Non-Competition;

(b) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by the Controlling Shareholders;

(c) the Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;

(d) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition either through our annual reports or by way of announcements to the public;

(e) the Controlling Shareholders undertake to abstain from voting and not to be counted towards the quorum at any general meeting of our Company if there is any actual or potential conflict of interests;

(f) the Controlling Shareholders will make an annual declaration as to compliance with their undertaking under the Deed of Non-Competition for inclusion in our annual report in accordance with the principle of voluntary disclosure in the corporate governance report;

(g) the Controlling Shareholders will fully and effectually indemnity us against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of the Controlling Shareholders of any statement, warranty or undertaking made under the Deed of Non-Competition; and

(h) we have appointed Southwest Securities (HK) Capital Limited as our compliance adviser which shall provide us with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**]), have an interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholder	Nature of Interests	Shares held immediately prior to completion of the [REDACTED] and the [REDACTED] *(Note 1)*		Shares held immediately following the [REDACTED] and the [REDACTED] *(Note 1)*	
		Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Nobel Design (BVI) *(Note 2)*	Beneficial interest	2,280(L)	60%	[**REDACTED**]	[**REDACTED**]
Mr. Goon *(Note 2)*	Interest in a controlled corporation	2,280(L)	60%	[**REDACTED**]	[**REDACTED**]
Ms. Wee *(Note 2)*	Interest in a controlled corporation	2,280(L)	60%	[**REDACTED**]	[**REDACTED**]
Mr. Kho *(Notes 3 and 4)*	Beneficial interest and interest in a controlled corporation	1,520(L)	40%	[**REDACTED**]	[**REDACTED**]
Southern Cross *(Note 4)*	Beneficial interest	760(L)	20%	[**REDACTED**]	[**REDACTED**]
Lian Huat Group Pte. Ltd. *(Note 4)*	Interest in a controlled corporation	760(L)	20%	[**REDACTED**]	[**REDACTED**]
Lian Keng Enterprises Pte. Ltd. *(Note 4)*	Interest in a controlled corporation	760(L)	20%	[**REDACTED**]	[**REDACTED**]
Mr. Kho Choon Keng *(Note 4)*	Interest in a controlled corporation	760(L)	20%	[**REDACTED**]	[**REDACTED**]

Notes:

1. The letter "L" denotes long position in the Shares.

2. Nobel Design (BVI) is an investment holding company incorporated in BVI and is held as to 67% by Mr. Goon and 33% by Ms. Wee. By virtue of the SFO, both Mr. Goon and Ms. Wee are deemed to be interested in the Shares held by Nobel Design (BVI).

3. Mr. Kho, our non-executive Director, directly holds 20% of our Company.

4. Southern Cross is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., Lian Huat Group Pte. Ltd. is held as to 100% by Lian Keng Enterprises Pte. Ltd., which is held as to 49% by Mr. Kho and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Lian Huat Group Pte. Ltd., Lian Keng Enterprises Pte. Ltd, Mr. Kho and Mr. Kho Choon Keng are deemed to be interest in the Shares held by Southern Cross.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**]), have an interest or short positions in any of the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company. Further, our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the [**REDACTED**] and the [**REDACTED**]:

As at the date of this document

		HK$
Authorised share capital:		
38,000,000	Shares of HK$0.01 each	380,000
Issued share capital:		
3,800	Shares of HK$0.01 each	38

Immediately after the completion of the [**REDACTED**] and the [**REDACTED**]

Authorised share capital:		
10,000,000,000	Shares	100,000,000

Issued and to be issued, fully paid or credited as fully paid, upon completion of the [**REDACTED**] *and the* [**REDACTED**]*:*

3,800	Shares of HK$0.01 each in issue as at the date of this document	38
[**REDACTED**]	Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Total	[**REDACTED**]

Assumptions

The above table assumes that the [**REDACTED**] and the [**REDACTED**] has become unconditional and our Shares are issued pursuant thereto. It does not take into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the [**REDACTED**] or which may be allotted and issued or [**REDACTED**] by our Company under the [**REDACTED**] for the allotment and issue or [**REDACTED**] of Shares granted to our Directors as referred to below or otherwise.

Ranking

The [**REDACTED**] will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this document, and will qualify for all dividends or other distributions declared, paid or made on our Shares after the date of this document except for the entitlement under the [**REDACTED**].

Minimum public float

Pursuant to Rule 8.08 of the Listing Rules, at the time of [**REDACTED**] and at all times thereafter, our Company must maintain the minimum level of 25% of the issued share capital of our Company in the hands of the public.

[**REDACTED**]

We have conditionally adopted the [**REDACTED**] on [●]. The principal terms of the [**REDACTED**] are summarised in "Statutory and General Information — D. [**REDACTED**]" in Appendix IV to this document.

GENERAL MANDATE GIVEN TO OUR DIRECTORS TO ISSUE NEW SHARES

Subject to the [**REDACTED**] becoming unconditional, a general unconditional mandate has been granted to our Directors to allot, issue and deal with unissued Shares with an aggregate number of Shares not exceeding:

- 20% of the total number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (excluding any shares which may be allotted and issued pursuant to the exercise of the options that may be granted under the [**REDACTED**]); and

- the aggregate number of Shares repurchased by our Company under the authority referred to in "— General mandate given to our Directors to repurchase Shares" in this section.

The aggregate number of our Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of Shares under a rights issue, script dividend scheme or similar arrangement in accordance with our Articles, or pursuant to the exercise of options which may be granted under the [**REDACTED**] or under the [**REDACTED**] or the [**REDACTED**].

This general mandate will expire:

- at the conclusion of our Company's next annual general meeting; or

- upon the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or its Articles to hold our next annual general meeting; or

- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set forth under "Statutory and General Information — A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on [●]]" in Appendix IV to this document.

GENERAL MANDATE GIVEN TO OUR DIRECTORS TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, a general unconditional mandate has been granted to our Directors to exercise all the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the aggregate number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (excluding any shares which may be allotted and issued pursuant to the exercise of the options that may be granted under the [**REDACTED**]).

This repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules. Further information required by the Stock Exchange to be included in this document regarding the repurchase of Shares is set out in "Statutory and General Information — A. Further information about our Group — 6. Repurchase by our Company of its own securities" in Appendix IV to this document.

This repurchase mandate will expire:

- at the conclusion of our Company's next annual general meeting; or

- upon the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or its Articles to hold our next annual general meeting; or

- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set forth in "Statutory and General Information — A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on [●]" in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company.

The circumstances under which general meeting and class meeting are required are provided in the Articles. For further details, please refer to "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association" in Appendix III to this document.

OVERVIEW

Our Board currently consists of eight Directors comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include convening shareholders' meetings, reporting on our Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our Group's annual budget and final accounts, and formulating our Group's proposals for profit distributions and for the increase or reduction of registered capital. In addition, our Board is responsible for exercising other powers, functions and duties in accordance with the Articles.

DIRECTORS

The following table sets out the information regarding the members of our Board:

Name	Age	Position	Date of joining our Group	Date of appointment as our Director	Roles and responsibilities in our Group	Relationship with the other Directors and our Group's senior management
Mr. Goon Eu Jin Terence (阮友仁先生)	53	Executive Director, chairman and chief executive officer	September 1994	29 March 2018	Responsible for managing the overall corporate strategy, business development and operation of our Group, including our operation in the U.S.	None
Ms. Wee Ai Quey	61	Executive Director and chief operation officer	December 1982	29 March 2018	Responsible for managing the overall marketing and operation of our Group	None
Ms. Ong Ciu Hwa (王秋華女士)	47	Executive Director and finance director	July 2004	29 March 2018	Responsible for managing the financial reporting and accounting function, taxation, banking and administration of our Group	None
Mr. Kho Chuan Thye Patrick (高泉泰先生)	51	Non-executive Director	August 2017	29 March 2018	Responsible for supervising the corporate development and strategic planning of our Group	None
Mr. Lim Sooi Kheng Patrick (林瑞慶先生)	52	Non-executive Director	October 2017	29 March 2018	Responsible for supervising the corporate development and strategic planning of our Group	None
Mr. Lim Boon Cheng (林文正先生)	62	Independent non-executive Director	[●] 2018	[●] 2018	Responsible for overseeing the management of our Group independently	None
Mr. Ng Chee Kwong, Colin (吳志光先生)	52	Independent non-executive Director	[●] 2018	[●] 2018	Responsible for overseeing the management of our Group independently	None
Mr. Wee Kang Keng	53	Independent non-executive Director	[●] 2018	[●] 2018	Responsible for overseeing the management of our Group independently	None

Executive Director

Mr. Goon Eu Jin Terence (阮友仁先生**)**, aged 53, was appointed as our Director, chairman and chief executive officer on 29 March 2018 and re-designated as our executive Director on 13 April 2018. Mr. Goon is primarily in charge of our Group's overall corporate strategy, business development and operation of our Group, including our operation in the U.S.. Mr. Goon has over 20 years of experience in the interior design and furniture industry. Mr. Goon joined our Group in September 1994 as a general manager (directorate level) and became a director in May 1995. He assumed the role of Nobel Design Singapore (the former holding company of the operating subsidiaries of the Group) group's chief executive officer and managing director from March 2010 to August 2017.

Mr. Goon was awarded the degree of bachelor of accountancy from the National University of Singapore in June 1989.

Mr. Goon was also an executive director of Nobel Design Singapore (then SGX: 547) a lifestyle furnishing company, from its listing on the SESDAQ (now known as Catalist) of the SGX-ST on 25 November 1996 until its delisting from the Main Board of SGX-ST on 29 August 2017. Mr. Goon remains as a director of Nobel Design Singapore after its delisting from the SGX-ST.

Mr. Goon was previously a director of the following companies at the point of their respective dissolution or striking off.

Name of company	Place of incorporation/ establishment	Principal business activities immediately before dissolution/struck off/termination	Position	Status	Date of Dissolution/struck off
Belno Design & Contracts Pte Ltd	Singapore	Manufacture of furniture and wood fixtures	Director from August 1996	Struck off	6 June 2007
Nobel Design & Contracts (China) Pte Ltd	Singapore	Manufacture of furniture and wood fixtures, renovation contractors	Director from January 1999	Struck off	3 November 2007
Home Improvement and Renovations Pte Ltd	Singapore	Renovation contractors, interior design	Director from March 1997	Struck off	11 August 2010
Surrey Homes Pte Ltd	Singapore	Real estate development	Director from November 2010	Struck off	16 April 2014
LVND Management Services Pte Ltd	Singapore	Hotel management consultancy services	Director from March 2015	Struck off	5 September 2016
Nobel Projects Pte Ltd	Singapore	Manufacture of furniture and wood fixtures, renovation contractors	Director from January 1999	Struck off	8 May 2017
Alliance Land Pte Ltd	Singapore	Real estate development	Director from July 2011	Struck off	4 December 2017

To the best knowledge of Mr. Goon after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above companies were solvent when they were struck off, that their striking off were not initiated by external creditor(s) and that there was no wrongful act on Mr. Goon's part leading to the above dissolution. Mr. Goon is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution by way of striking off.

Save as disclosed above, Mr. Goon has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Under code provision A.2.1 of the Corporate Governance Code and Corporate Governance Report (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 our Group's operations, Mr. Goon's extensive experience in the industry, familiarity with the operations of our Group, that all major decisions are made in consultation with members of our Board and relevant Board committees, and that there are three independent non-executive Directors on our Board offering independent perspectives, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between our Board and the management of our Company and that it is in the best interest of our Group to have Mr. Goon taking up both roles. As such, the roles of the chairman and chief executive officer of our Group are not being separated pursuant to the requirement under code provision A.2.1 of the CG Code.

Except as disclosed above, our Directors consider that, as of the Latest Practicable Date, our Company has fully complied with the applicable code provisions as set forth in the CG Code as contained in Appendix 14 to the Listing Rules.

Ms. Wee Ai Quey, aged 61, was appointed as our Director and chief operation officer on 29 March 2018, and re-designated as our executive Director on 13 April 2018. Ms. Wee is primarily in charge of our Group's marketing and operation. Ms. Wee has over 35 years of experience in the interior design and furniture industry. She joined our Group since December 1982 as a director of Nobel Design Singapore (the former holding company of the operating subsidiaries of the Group).

Ms. Wee graduated with an Industrial Technician Certificate in Furniture Design & Production from the Baharuddin Vocational Institute in Singapore in 1976, and subsequently obtained a Technician Certificate in Architectural Draughtsmanship from Singapore Polytechnic in 1980.

Ms. Wee was also an executive director of Nobel Design Singapore (then SGX: 547) a lifestyle furnishing company, from its listing on the SESDAQ (now known as Catalist) of the SGX-ST on 25 November 1996 until its delisting from the Main Board of SGX-ST on 29 August 2017. Ms. Wee remains as a director of Nobel Design Singapore after its delisting from the SGX-ST.

Save as disclosed above, Ms. Wee has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Ms. Wee was previously a director or owner of the following companies and sole proprietorships at the point of their respective dissolution, striking off or termination.

Name of company/ sole proprietorship	Place of incorporation/ establishment	Principal business activities immediately before dissolution/struck off/termination	Position	Status	Date of Dissolution/struck off/termination
Nobel Design House	Singapore	Retail sale of furniture	Partner from May 1993	Terminated	2 May 1996
Belno Design & Contracts Pte Ltd	Singapore	Manufacture of furniture and wood fixtures	Director from August 1996	Struck off	6 June 2007
Nobel Projects Pte Ltd	Singapore	Manufacture of furniture and wood fixtures	Director from January 1999	Struck off	8 May 2017
Boss Design International Pte Ltd	Singapore	Wholesale of agricultural raw materials and live animals, manufacture of furniture	Director from November 1993	Struck off	8 January 2018

To the best knowledge of Ms. Wee after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above companies/sole proprietorship were solvent when they were struck off or terminated, that their striking off or termination were not initiated by external creditor(s) and that there was no wrongful act on Ms. Wee's part leading to the above dissolution or termination. Ms. Wee is not aware of any actual or potential claim that has been or will be made against her as a result of such dissolution by way of striking off or termination.

Ms. Ong Ciu Hwa (王秋華女士), aged 47, was appointed as our Director on 29 March 2018 and re-designated as our executive Director on 13 April 2018. Ms. Ong is also our finance director. Ms. Ong is primarily in charge of our Group's financial reporting and accounting functions, and taxation, banking, and administration matters. Ms. Ong has over 10 years of experience in accounting and finance. Ms. Ong joined our Group in July 2004 as finance manager.

Ms. Ong assumed the role of an executive director of Nobel Design Singapore (the former holding company of the operating subsidiaries of the Group, then SGX: 547), a lifestyle furnishing company, from July 2011 until its delisting from the Main Board of SGX-ST on 29 August 2017. Ms. Ong ceased to be a director of Nobel Design Singapore on 31 August 2017. Ms. Ong has been re-designated as group finance director of Nobel Design Singapore since September 2017.

Ms. Ong was awarded a national vocational qualification in accounting Level IV by the Association of Accounting Technicians in June 1993 and was admitted as a graduate of the Association of Chartered Certified Accountants ("**ACCA**") by ACCA and the Institute of Certified Public Accountants of Singapore (now known as the Institute of Singapore Chartered Accountants) in January 1997. Ms. Ong was admitted as a member of ACCA in June 1997 and was admitted as a fellow of ACCA in June 2002. She was qualified as a chartered accountant of Singapore and was admitted as a member of the Institute of Singapore Chartered Accountants in July 2013.

Save as disclosed above, Ms. Ong has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Ms. Ong was previously the owner of a sole proprietorship as shown in the following table before it ceased registration.

Name of sole proprietorship	Place of incorporation/ establishment	Principal business activities immediately before dissolution/struck off/termination	Position	Status	Date of cessation
Fastserve Management Services.	Singapore	Business and management consultancy services	Sole-proprietor from November 1998	Ceased registration	14 November 2003

To the best knowledge of Ms. Ong after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above sole proprietorship was solvent when it ceased registration, that its cessation was not initiated by external creditor(s) and that there was no wrongful act on Ms. Ong's part leading to the above cessation. Ms. Ong is not aware of any actual or potential claim that has been or will be made against her as a result of the cessation of the above sole proprietorship.

Non-Executive Directors

Mr. Kho Chuan Thye Patrick (高泉泰先生) ("**Mr. Kho**"), aged 51, was appointed as a Director on 29 March 2018 and re-designated as a non-executive Director of our Company on 13 April 2018. Mr. Kho is responsible for supervising the corporate development and strategic planning of our Group. Mr. Kho has over 22 years of experience in the property and hospitality industries.

Mr. Kho joined Lian Keng Enterprises Pte. Ltd as a director since March 1996. Lian Keng Enterprises Pte. Ltd and its group of companies principally engage in property development and investment. Before then, he served in the Air Force of the Republic of Singapore from September 1984 to April 1996, where the highest rank he attained was that of a Major.

Mr. Kho was admitted as a chartered financial analyst in April 1999. He obtained the degree of bachelor of arts and master of arts from the University of Cambridge in the United Kingdom in June 1988 and March 1992, respectively.

Mr. Kho was a director of Nobel Design Singapore (the former holding company of the operating subsidiaries of the Group, then SGX: 547), a lifestyle furnishing company, from 1 April 2012 to 21 June 2012. He was again appointed as a director of Nobel Design Singapore on 31 August 2017 after its delisting from the Main Board of the SGX-ST on 29 August 2017.

Mr. Kho has been a non-executive director of Lionhub Group Limited (ASX: LHB), a real estate development and investment company from September 2014 and a non-executive director of Land & Homes Group Limited (ASX: LHM), an Australian focused property investment and development company from January 2016. Both companies are listed on the Australian Stock Exchange.

Save as disclosed above, Mr. Kho has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Mr. Kho was previously a director of the following companies at the point of their respective dissolution or striking off.

Name of company	Place of incorporation/ establishment	Principal business activities immediately before dissolution/struck off	Position	Status	Date of dissolution/struck off
SSI Education Group Pte Ltd	Singapore	Student recruitment agencies, corporate training services and motivational course providers	Director from November 2001	Struck off	9 February 2006
Kengfu Assets Pte. Ltd. . .	Singapore	Real estate activities with own or leased property, security dealings and commodity contracts brokerage activities	Director from January 2003	Struck off	8 March 2006
Kengfu Realty Pte. Ltd. . .	Singapore	Real estate activities with own or leased property, advertising activities	Director from January 2003	Struck off	23 March 2006
Lian Keng Construction Pte Ltd	Singapore	Building construction	Director from March 1996	Struck off	9 June 2011
Surrey Homes Pte. Ltd. . .	Singapore	Real estate development	Director from November 2010	Struck off	16 April 2014
Lvnd Management Services Pte. Ltd. . . .	Singapore	Hotel management consultancy services	Director from March 2015	Struck off	5 September 2016
Kengfu (Xuancheng) Pte. Ltd..	Singapore	Other holding companies	Director from September 2013	Struck off	6 November 2017
Lion Huat Pte. Ltd..	Singapore	Other holding companies	Director from November 2013	Struck off	8 January 2018

To the best knowledge of Mr. Kho after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above companies were solvent when they were struck off, that their striking off were not initiated by external creditor(s) and that there was no wrongful act on Mr. Kho's part leading to the above dissolution. Mr. Kho is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution by way of striking off.

Mr. Lim Sooi Kheng Patrick (林瑞慶先生) ("**Mr. Patrick Lim**"), aged 52, was appointed as a Director on 29 March 2018 and re-designated as a non-executive Director of our Company on 13 April 2018. Mr. Patrick Lim is responsible for supervising the corporate development and strategic planning of our Group. Mr. Patrick Lim has over 20 years of experience in auditing, accounting and finance management.

Mr. Patrick Lim joined Lian Huat Management Services Pte Ltd as a group financial controller for Lian Keng Enterprises Pte Ltd and its subsidiaries ("**Lian Huat Group**") since September 2014. Lian Huat Group principally engages in property development and investment. Between February 2001 and May 2014, Mr. Patrick Lim was a senior manager at Boardroom Business Solutions Pte. Ltd., a company that principally engages in accounting, finance and payroll services. Mr. Patrick Lim began his career at Ernst & Young Singapore, an international accounting firm from October 1992 to October 1997 where his last position was assistant manager.

Mr. Patrick Lim was appointed as a director of Nobel Design Singapore (the former holding company of the operating subsidiaries of the Group) on 3 October 2017 after its delisting from the Main Board of the SGX-ST on 29 August 2017.

Mr. Patrick Lim graduated from Curtin University of Technology in Australia in August 1992 with the degree of bachelor of business, majoring in accounting. He was admitted as a certified practicing accountant of the Australian Society of Certified Practising Accountants in October 1998.

Mr. Patrick Lim has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Independent Non-Executive Directors

Mr. Lim Boon Cheng (林文正先生) ("**Mr. BC Lim**"), aged 62, was appointed as an independent non-executive director of our Company on [●]. He is the chairman of our Audit Committee and a member of each of our Remuneration Committee and Nomination Committee. Mr. BC Lim is responsible for overseeing the management of our Group independently. Mr. BC has over 20 years of experience in accounting and management.

Mr. BC Lim has been the owner of Fitzroy Corporate Advisory, a sole-proprietorship registered since April 2017 offering business and management consultancy services. Since April 2013, he has also held the position of independent director of Advanced Holdings Ltd (SGX: BLZ), a company listed on the Main Board of the SGX-ST that provides engineering services and equipment.

Further, he has served as a director on the board of AIB MT Fund Asia Pte Ltd, a company offering structuring and management of investment services, since January 2008. Mr. BC Lim was the partner of LTC & Associates (converted to LLP in June 2008 and later changed its name to RT LLP) between December 2000 and March 2012. He worked as an audit manager at Deloitte & Touche in Singapore, from April 1990 to September 1991.

In addition to the above, Mr. BC Lim has also served on the boards of various other companies, such as a director of One Consulting Group Pte Ltd, a company providing business and management consultancy services, from February 2001 to October 2014, and as a director of One E-Risk Services Pte Ltd, a company providing corporate governance risk management and internal audit services, from June 2007 to October 2014.

Mr. BC Lim obtained a master of business administration degree from the University of Ulster in Northern Ireland in July 1988. He was certified as a chartered accountant by the Institute of Chartered Accountants in Ireland in March 1982. He was certified as a member and was admitted as a fellow by the Institute of Certified Public Accountants of Singapore in July 1992 and July 2004, respectively.

Save as disclosed above, Mr. BC Lim has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Mr. BC Lim was previously a director of the following companies at the point of their respective dissolution or striking off.

Name of company	Place of incorporation/ establishment	Principal business activities immediately before dissolution/struck off	Position	Status	Date of dissolution/struck off
Shamid Sathya Surya Pte. Ltd.	Singapore	Wholesale of crude petroleum	Director from April 2003	Struck off	11 February 2004
SWP Consulting Pte Ltd. .	Singapore	Business and management consultancy services	Director from December 1998	Struck off	8 October 2009

To the best knowledge of Mr. BC Lim after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above companies were solvent when they were struck off, that their striking off were not initiated by external creditor(s) and that there was no wrongful act on Mr. BC Lim's part leading to the above dissolution. Mr. BC Lim is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution by way of striking off.

Mr. Ng Chee Kwong, Colin (吳志光) ("**Mr. Ng**"), aged 52, was appointed as an independent non-executive Director of our Company on [●]. He is a chairman of our Remuneration Committee and a member of each of our Audit Committee and Nomination Committee. Mr. Ng is responsible for overseeing the management of our Group independently. Mr. Ng has over 23 years of experience in finance and fund management.

Prior to joining our Group. Mr. Ng worked at the United Overseas Bank ("**UOB**") between May 1994 and January 2009, where his last position was senior director. Mr. Ng was the senior portfolio manager at the Manulife Asset Management (HK) Limited in January 2009 to November 2009 and was head of asian equities at Baring Asset Management (Asia) Limited between December 2009 and August 2012. He has been the executive director of UOB Asset Management Ltd since August 2012.

Mr. Ng obtained the degree of bachelor of accountancy from the National University of Singapore in July 1990 and the degree of master of applied finance from the Macquarie University in Australia in June 2000.

Mr. Ng has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

Mr. Ng was previously a director of the following partnership at the point of its termination.

Name of partnership	Place of establishment	Principal business activities immediately before termination	Position	Status	Date of termination
Pacific Giant Ventures. . .	Singapore	Wholesale of livestock, meat, poultry, eggs and seafood, wholesale of industrial, construction and related machinery and equipment	Partner from December 1994	Terminated	3 December 1995

To the best knowledge of Mr. Ng after making reasonable enquiries, as at the Latest Practicable Date, it is confirmed that the above partnership was solvent when it was terminated, that its termination was not initiated by external creditor(s) and that there was no wrongful act on Mr. Ng's part leading to the above termination. Mr. Ng is not aware of any actual or potential claim that has been or will be made against him as a result of such termination.

Mr. Wee Kang Keng ("**Mr. Wee**"), aged 53, was appointed as an independent non-executive director of our Company on [●]. He is a member of each of our Audit Committee, Remuneration Committee and Nomination Committee. Mr. Wee is responsible for overseeing the management of our Group independently.

Mr. Wee is a director and chief executive officer of GW Financial Advisory Services Limited, a company specialising in mergers and acquisitions, valuation and financial advisory works, since October 2015. Mr. Wee joined Deloitte & Touche Financial Advisory Services Limited in March 2008 and was admitted as a partner of Deloitte China from June 2010 until May 2015. Mr. Wee started his career in finance in April 1990 with UBS AG until April 1998.

Professionally, Mr. Wee is a full member of the Treasury Markets Association. In terms of public service, Mr. Wee was awarded the long service and good conduct medal for his over 20 years of national service with the Singapore Armed Forces. Mr. Wee graduated from the National University of Singapore in July 1990 with a Bachelor's degree in Mechanical Engineering.

Mr. Wee has not been a director of any public companies the securities of which are listed on a securities market in Hong Kong or overseas for the three years immediately preceding the date of this document.

DIRECTORS' INTERESTS

Save as disclosed in this document, each of our Directors (i) has no interests in the Shares within the meaning of Part XV of the SFO; (ii) is independent from, and is not related to, any other Directors, members of the senior management, Substantial Shareholders or Controlling Shareholders; and (iii) is not interested in any business apart from our Group's business, which competes or is likely to compete, either directly or indirectly, with our business.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect of the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our Board is supported by our Group's senior management in the day-to-day management of its business. The following table sets forth the information regarding our Group's senior management:

Name	Age	Current Position/title	Date of joining our Group	Date of appointment of current position	Roles and responsibilities in our Group	Relationship with our Directors and our Group's senior management
Ms. Sharon Wu Pui See (吳佩詩女士)	49	Director of Marquis HQO	March 2001	January 2008	Responsible for overseeing project sales and management, and implementing marketing strategies for the Special Projects division	None
Ms. Lim Chieh Yin (林潔瑩女士)	38	Director of Numero Uno Creative Group	April 2009	April 2009	Responsible for the business development and interior design	None
Ms. Foo Kim Soon (符金春女士)	53	Director of Marquis HNC	March 2011	April 2016	Responsible for managing the business development and new product sourcing for the Special Projects division	None

Ms. Sharon Wu Pui See (吳佩詩女士) ("**Ms. Wu**"), aged 49, is an executive director and general manager of Marquis HQO and is primarily responsible for overseeing project sales and management and implementing marketing strategies for the Special Projects division. She has over 15 years of experience in sales and marketing. Ms. Wu joined our Group in March 2001 as a marketing manager of Marquis Furniture Gallery. She was later promoted to general manager and executive director of Marquis HQO in January 2008.

Ms. Wu obtained the degree of bachelor of commerce and management from Lincoln University, New Zealand in April 1995.

Ms. Lim Chieh Yin (林潔瑩女士) ("**Ms. Lim**"), aged 38, is a director of Numero Uno Creative Group and is primarily responsible for business development and interior design.

She has over 12 years of experience in interior design and property development. Ms. Lim joined our Group in April 2009 as a design director in Numero Uno Creative Group. Prior to joining our Group, she served as a director in The I.D. Dept Pte Ltd from March 2006 to March 2009, a company principally engages in interior design consultancy services.

Ms. Lim obtained the degree of bachelor of arts from National University of Singapore in August 2002.

Ms. Foo Kim Soon (符金春女士) ("**Ms. Foo**"), aged 53, is a director of Marquis HNC and is primarily responsible for business development and new product sourcing for the Special Projects division, a position she has held since April 2016. She has over 20 years of experience in sales, marketing and business development in the furniture industry. Ms. Foo first joined our Group in March 1999 as a senior marketing manager of Marquis Furniture Gallery. Ms. Foo re-joined our Group in March 2011 as a director of Marquis HQO, and she subsequently was transferred from Marquis HQO to Marquis HNC where she was a director since April 2016.

Prior to joining our Group, Ms. Foo was a property executive at Riverview Development Pte Ltd from February 1986 to April 1987. She worked with Varimerx S.E. Asia Pte. Ltd. for over 11 years from April 1987 to February 1999, where her last position was assistant general manager of furniture and lightings division.

Ms. Foo was awarded the technician diploma in building maintenance and management from Ngee Ann Polytechnic of Singapore in August 1985. In May 1993, she obtained a graduate diploma in marketing management from the Singapore Institute of Management.

None of our senior management is related to any other Directors, members of senior management, Substantial Shareholders or Controlling Shareholders, nor have any of our senior management members been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

Ms. Mak Tze Fan (麥子芬女士), ("**Ms. Mak**"), was appointed as the company secretary of our Company on 13 April 2018. Ms. Mak is also one of our authorised representatives.

Ms. Mak has over 20 years of experience in the company secretarial field. She is currently a senior manager of the corporate services division of Tricor Services Limited ("**Tricor**"), a global professional service provider specialising in integrated business, corporate and investor services. She worked in Tricor between January 2004 and August 2008 and rejoined Tricor in October 2013. Prior to rejoining Tricor, she worked as a senior executive of the corporate services division of Baker & McKenzie, a law firm in Hong Kong, between August 2008 and October 2013. Between January 2003 and December 2003, she was a senior associate of the corporate services division of Strath Corporate Services Limited. Between November 2000 and January 2003, she worked in the company secretarial section of PricewaterhouseCoopers, where her last position was senior associate. From July 1996 to October 2000, she worked at Secretaries Limited, where her last position was semi-senior company secretarial assistant.

Ms. Mak graduated from Lingnan University in Hong Kong (formerly known as Lingnan College) in November 1998 with a degree of bachelor of business administration. She obtained a degree of bachelor of laws from the University of London in August 2005. She was admitted as an associate of both The Hong Kong Institute of Chartered Secretaries (formerly known as The Hong Kong Institute of Company Secretaries) and The Institute of Chartered Secretaries and Administrators in the United Kingdom in November 1999.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, the Company is required to have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors are ordinarily resident in Hong Kong. However, given that our business and operations are primarily located, managed and conducted in Singapore and the U.S., and none of our executive Directors ordinarily reside in Hong Kong, we do not, and for the foreseeable future will not, have two executive Directors ordinarily residing in Hong Kong. As a result, we have applied to the Stock Exchange for, [and the Stock Exchange has agreed to grant,] a waiver from strict compliance with Rule 8.12 of the Listing Rules. For further details, please refer to the section headed "Waiver from strict compliance with the Listing Rules" in this document.

BOARD COMMITTEES

Our Board has established an audit committee, a remuneration committee and a nomination committee. These committees assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We established an Audit Committee pursuant to a resolution of our Directors passed on [●]. Our Audit Committee has written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board. The Audit Committee consists of five members, namely Mr. Patrick Lim, Mr. Kho, Mr. BC Lim, Mr. Ng and Mr. Wee, all being independent non-executive Directors. Mr. BC Lim is the chairman of the Audit Committee.

Remuneration Committee

We established a Remuneration Committee pursuant to a resolution of our Directors passed on [●]. Our Company has written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code. The primary duties of the Remuneration Committee are to make recommendations to our Board on the remuneration policies relating to our Directors and senior managers, review performance based remuneration, and ensure that none of our Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of five members, namely Mr. Goon, Mr. Patrick Lim, Mr. BC Lim, Mr. Ng and Mr. Wee. Mr. Ng serves as the chairman of the Remuneration Committee.

Nomination Committee

We established a Nomination Committee pursuant to a resolution of our Directors passed on [●]. Our Company has written terms of reference in compliance with paragraph A.5 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of our Board annually, make recommendations to our Board of any changes that may better complement our Group's corporate strategy, identify individuals suitably qualified as potential board members, make recommendations to our Board on the appointment or reappointment of Directors and succession planning of Directors. The Nomination Committee consists of five members, namely Mr. Goon, Mr. Kho, Mr. BC Lim, Mr. Ng and Mr. Wee. Mr. Goon serves as the chairman of the Nomination Committee.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration including salaries, allowances, fixed bonus, director fees and benefits in kind which were paid to our Directors for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 were approximately S$192,000, S$195,000, S$193,000 and S$88,000, respectively.

The aggregate amount of remuneration including salaries, allowances, fixed bonus, sales commission and benefits in kind which were paid to the five highest paid individuals (excluding our Directors amongst the five highest paid individuals) for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 were approximately S$1,516,000, S$1,480,000, S$1,026,000 and S$390,000, respectively.

[During the Track Record Period, no remuneration was paid by our Group to, or received by, our Directors or senior management or the five highest-paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the same period.]

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 by any member of our Group to any of our Directors. Under the arrangements currently in force, our Group estimates the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 31 December 2018 to be approximately HK$3,363,000.

For additional information on Directors' remunerations during the Track Record Period as well as information on the highest paid individuals, please refer to notes 10 and 11 in the Accountants' Report as set out in Appendix I to this document.

[**REDACTED**]

We have adopted the [**REDACTED**]. Please refer to "[**REDACTED**]" in Appendix IV to this document for details of the [**REDACTED**].

COMPLIANCE ADVISER

We have appointed Southwest Securities (HK) Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Under said rule, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including but not limited to share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results of our Company deviate from any forecast, estimate, or other information in this document;

(iv) where the Stock Exchange makes inquiries of our Company regarding unusual movements in the price or trading volume of Shares, the possible development of a false market in its securities, or any other matters as mentioned under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance adviser will commence on the [**REDACTED**] and will end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may subject to extension by mutual agreement.

You should read this section in conjunction with our consolidated financial information as at and for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, including the notes thereto, as set out in the Accountants' Report in Appendix I to this document. The consolidated financial information has been prepared in accordance with IFRSs. You should read the whole of the Accountants' Report included as Appendix I to this document and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed "Risk Factors" in this document.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

Founded in 1981 and headquartered in Singapore, we principally operate three business segments including (i) furniture sales in the U.S.; (ii) furniture sales in Singapore targeting customers of mid to high income group; and (iii) provision of interior design services in Singapore, Malaysia and Brunei.

The U.S. furniture sales was the major source of revenue of our Group and accounted for approximately 58.1%, 62.2%, 66.7% and 71.0% of the total revenue of our Group for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. During the Track Record Period, we sold our furniture marketed under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey" to more than 20 customers, all of which are e-commerce sales platforms in the U.S.

Revenue from furniture sales constituted approximately 27.5%, 25.2%, 22.5% and 20.0% of our total revenue during the Track Record Period. As at the Latest Practicable Date, we operate six points of sales branded under "Marquis", "Lifestorey" and "OM" in Singapore.

The remaining part of our revenue was derived from provision of interior design and fitting-out services, which represented approximately 14.4%, 12.6%, 10.8% and 9.0% of our total revenue for during the Track Record Period. We currently market under the brand "SuMisura" to provide mainly interior design, fitting-out and design consultancy services for showflats, residential units and commercial properties.

For details of our business and operation, please refer to the section headed "Business" in this document.

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our total revenue was approximately S$82.3 million, S$90.5 million, S$100.9 million and S$43.3 million, respectively, while our profit for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 were approximately S$5.8 million, S$6.0 million, S$8.5 million and S$1.6 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 29 March 2018. Our Group principally engages in (i) U.S. furniture sales; (ii) furniture sales; and (iii) provision of interior design services (the "[**REDACTED**] Business"). In preparation of the [**REDACTED**], we underwent the Reorganisation, as detailed in the section headed "History, Development and Reorganisation" in this document. As a result of the Reorganisation, our Company became the holding company of the subsidiaries comprising our Group on 16 April 2018. The companies now comprising our Group were under the common control of Nobel Design Singapore. Therefore, the financial information of our Group has been prepared on a consolidated basis by applying the principles of merger accounting.

The financial information relating to our Group has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the financial information contained in this document throughout the Track Record Period. All intra-group transactions and balances have been eliminated on consolidation.

For more information on the basis of presentation and preparation of the financial information included herein, please see Notes 2.1 and 2.2 of Section I in the Accountants' Report for details.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group's financial results will be affected by a number of factors, most of which may not be within our Group's control. Our Directors believe that major factors affecting our Group's revenue and ability to continue to generate profits include the following:

Economic conditions in the U.S. and Singapore

Our Group principally engages in furniture sales in the U.S., furniture sales in Singapore and interior design in Singapore, Malaysia and Brunei. During the Track Record Period, all of our five largest customers are located in the U.S. and the aggregate revenue from the U.S. and Singapore accounted for approximately 96.9%, 98.5%, 98.7% and 99.0% of our revenue for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Therefore, our Directors are of the view that the financial performance of our Group was and will be highly correlated with the economic conditions and their impact on the purchasing power of the consumers in these regions, in particular, the macroeconomic conditions in the U.S. and Singapore, including GDP level, inflation, conditions in the housing markets, financial market volatility, recession and other factors affecting consumer spending behaviour may affect the demand for our product and eventually affect our Group's revenue and future profits.

Change of consumers' preferences

We believe that one of the factors for our success is our ability to source stylish design of furniture products that suit customers' preferences and the prompt reaction to changes in the market. The demand for our products is subject to various factors including the tastes and preferences of customers for furniture, which can be affected by market trends, recommendations and marketing and advertising campaigns. Our business performance has been and will continuously depend on the changes in customers' spending patterns and our ability to meet these changes in a timely manner.

Rental expenses

During the Track Record Period and up to the Latest Practicable Date, all of our points of sales and warehouses had been operated in leased properties in Singapore and the U.S. and thus our Group is significantly exposed to the rental market of properties in Singapore and the U.S. For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our Group's rental expenses for our Group's point of sales and warehouses amounted to approximately S$4.9 million, S$5.1 million, S$5.0 million and S$1.9 million, respectively, representing approximately 34.5%, 38.3%, 37.6% and 35.3%, respectively, of our Group's selling and distribution expenses or approximately 6.0%, 5.7%, 4.9% and 4.4%, respectively of our Group's total revenue. Such rental expenses represented a large portion of our selling and distribution expenses during the Track Record Period. As a result, our profitability and financial results may be affected by changes in the rental market in the U.S. and Singapore.

Cost of inventories

Our cost of inventories is a major component of our cost of sales. It amounted to approximately S$42.9 million, S$48.4 million, S$55.4 million and S$24.0 million, representing approximately 80.0%, 80.5%, 80.6% and 80.2% of our total costs of sales for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

We source our products and merchandise by way of procurement of products from our suppliers. The price and availability of products may vary from time to time due to factors such as raw material costs, quality, brand, design and labour cost. Although we have maintained long term relationships with our suppliers, we cannot completely avoid price fluctuation. As a result, we are exposed to the market risk of price fluctuation, which may increase our cost of sales. Although we were generally able to shift the increased cost to our customers, any increase in the cost of inventories would negatively impact our gross profit margin if we are unable to transfer the increase in cost to our customers in the future.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of inventories on our profit before tax during the Track Record Period, holding all other variables constant. Our cost of inventories was approximately S$42.9 million, S$48.4 million, S$55.4 million, S$20.6 million and S$24.0 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2017 and 2018, respectively. The hypothetical fluctuation rates for cost of inventories are set at 10% and 20% during the Track Record Period, which are determined by reference to the historical year-on-year fluctuation of our costs of inventories in the same period.

Changes in cost of inventories	+20% S$'000	+10% S$'000	–10% S$'000	–20% S$'000
(Decrease)/ increase in profit before tax for the year ended 31 December 2015	(8,572)	(4,286)	4,286	8,572
(Decrease)/ increase in profit before tax for the year ended 31 December 2016	(9,672)	(4,836)	4,836	9,672
(Decrease)/ increase in profit before tax for the year ended 31 December 2017	(11,083)	(5,542)	5,542	11,083
(Decrease)/increase in profit before tax for the five months ended 31 May 2017	(4,115)	(2,057)	2,057	4,115
(Decrease)/increase in profit before tax for the five months ended 31 May 2018	(4,794)	(2,397)	2,397	4,794

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our gross profit amounted to approximately S$28.8 million, S$30.5 million, S$32.2 million and S$13.4 million, respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if the cost of sales increased by approximately 53.7%, 50.7%, 46.8% and 44.8%, respectively, for the corresponding years.

Foreign exchange rate

During the Track Record Period, our reporting currency is Singapore dollars. Our sales are mainly in U.S. dollars and Singapore dollars. However, most of our purchases are settled in U.S. dollars. We are therefore susceptible to currency exchange rate fluctuation of U.S. dollars against Singapore dollars.

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

Taxation

Our profitability and financial performance are affected by applicable tax rates. Pursuant to the rules and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI. During the Track Record Period, our operations in Singapore are subject to a corporate income tax rate of 17% on the chargeable income arising in Singapore. Our operations in the U.S. are subject to a federal corporate income tax rate at 34% of taxable income state business income tax rate of 5.25% from year 2015 to 30 June 2017

and 7% from 1 July 2017. Our operations in Malaysia are subject to a corporate income tax rate of 25%, 24%, 24% and 24% on the estimated taxable profits arising in Malaysia for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018. Our operations in Brunei are subject to a corporate income tax rate of 18.5% on the chargeable income arising in Brunei.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

In the process of applying our Group's accounting policies, we have to make estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. Uncertainties about these estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and bases.

Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 3 and 4 to our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

IMPACT OF THE ADOPTION OF IFRS 16

We plan to apply IFRS 16 from the accounting year beginning 1 January 2019 when IFRS 16 becomes effective.

As at 31 May 2018, our Group's future aggregate minimum lease payments under non-cancellable operating leases contracted for but not recognised as liabilities amounted to approximately S$7.3 million, which were not recognised in the consolidated statements of financial position. We expect the implementation of IFRS 16 will require the recognition of such leases in the form of right-to-use asset and lease liabilities, initially at discounted present value of the future operating lease commitments which will have an impact to our consolidated statements of financial position. The expected impact on our consolidated statements of profit or loss will primarily be the recognition of depreciation for the right-to-use asset and interest expense on the lease liability instead of rental expenses which, on a lease-by-lease basis, will result in higher total expense being recognised in the initial years of the lease and even out throughout the remaining term of the lease. Nevertheless, it is expected that there will be no material impact on the total expenses to be recognised by us over the entire lease period and our total net profit over the lease period is not expected to be materially affected. The adoption of IFRS 16 would not affect our total cash flows in respect of the leases. We will continue to assess the specific magnitude of the adoption of IFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of 1 January 2019.

Please refer to the paragraph headed "Risk Factors — Risks Relating to Our Business — IV. Risks relating to our overall business — The application of IFRS 16 on our operating lease commitments may materially affect our financial performance" in this document for relevant risk as a result of the adoption of IFRS 16.

RESULTS OF OPERATIONS

The table below set forth the consolidated statement of profit or loss and other comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this document.

	For the year ended 31 December			For the five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	82,328	90,535	100,929	37,128	43,268
Cost of sales	(53,549)	(60,063)	(68,732)	(25,477)	(29,885)
Gross profit	28,779	30,472	32,197	11,651	13,383
Other income and gain, net	509	514	637	241	179
Expenses					
— Selling and distribution	(14,217)	(13,371)	(13,203)	(5,739)	(5,424)
— Administrative	(8,938)	(10,114)	(9,378)	(3,041)	(5,660)
— Finance costs	(69)	(29)	(38)	(9)	(1)
Profit before tax	6,064	7,472	10,215	3,103	2,477
Income tax	(266)	(1,442)	(1,671)	(600)	(924)
Profit for the year/ period *(Note)*	5,798	6,030	8,544	2,503	1,553
Other comprehensive income/(loss) for the year/period					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange difference on translation of foreign operations	1,246	698	(1,542)	(1,095)	97
Other comprehensive income/(loss) for the year/period, net of tax	1,246	698	(1,542)	(1,095)	97
Total comprehensive income for the year/period	7,044	6,728	7,002	1,408	1,650

Note:

Mr. Goon and Ms. Ong were appointed by Nobel Design Singapore and their emoluments were paid and fully absorbed by Nobel Design Singapore, and no allocation of their emoluments for their services to the Group has been made during the Track Record Period. If the service agreements of Mr. Goon and Ms. Ong had been in place during the Track Record Period, the hypothetical total amount of salary and performance bonus shall be approximately S$0.7 million, S$0.9 million, S$1.2 million and S$0.7 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived our revenue from (i) furniture sales in the U.S., (ii) furniture sales in Singapore and (iii) provision of interior design services in Singapore, Malaysia and Brunei.

The table below sets forth the breakdown of our revenue by business segments during the Track Record Period:

Total revenue by business segments

	For the year ended 31 December															For the five months ended 31 May									
	2015					2016					2017					2017					2018				
	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)	S$'000	% of total revenue	Sales volume (unit)	Average selling price[2] (S$)	Price range/ Range of contract sum (S$)
U.S. furniture sales	47,850	58.1	461,667	103.6	65.8-736.8	56,333	62.2	529,760	106.3	65.8–736.8	67,288	66.7	591,176	113.8	65.8–736.8	25,167	67.8	267,745	94.0	65.8–736.8	30,725	71.0	407,469	75.4	65.8–736.8
Furniture sales[1]	22,649	27.5	22,566	776.8	120–30,000	22,776	25.2	23,283	686.2	120–30,000	22,674	22.5	20,424	790.2	120–30,000	8,204	22.1	9,525	701.8	120–30,000	8,643	20.0	6,450	904.3	120–30,000
Interior design	11,829	14.4	N/A	N/A	5,000-551,000	11,426	12.6	N/A	N/A	5,000-991,000	10,967	10.8	N/A	N/A	8,000-500,000	3,757	10.1	N/A	N/A	5,000-223,750	3,900	9.0	N/A	N/A	4,000-510,000
Total	82,328	100.0	N/A	N/A	N/A	90,535	100.0	N/A	N/A	N/A	100,929	100.0	N/A	N/A	N/A	37,128	100.0	N/A	N/A	N/A	43,268	100.0	N/A	N/A	N/A

Notes:

(1) For calculation of the sales volume, average selling price and price range, we did not include Special Projects.

(2) Average selling price is derived by the revenue of the respective segment divided by the sales volume. In the case of furniture sales segment, the revenue excluding Special Projects, which amounts to approximately S$17.5 million, S$16.0 million, S$16.1 million and S$5.8 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, is taken for calculation of the average selling price.

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the majority of our revenue was derived from our U.S. furniture sales segment which accounted for approximately 58.1%, 62.2%, 66.7% and 71.0% of our total revenue, respectively. The rapid growth of our U.S. furniture sales business has resulted in the steady increase of the revenue contribution by this segment during the Track Record Period. Our furniture sales segment accounted for approximately 27.5%, 25.2%, 22.5% and 20.0% of our total revenue, respectively; while interior design segment accounted for approximately 14.4%, 12.6%, 10.8% and 9.0% of our total revenue, respectively.

As set out in the table above, our revenue increased from approximately S$82.3 million for the year ended 31 December 2015 to approximately S$90.5 million for the year ended 31 December 2016; and eventually to approximately S$100.9 million for the year ended 31 December 2017. Our revenue increased from approximately S$37.1 million for the five months ended 31 May 2017 to approximately S$43.3 million for the five months ended 31 May 2018. The increase of our revenue of approximately S$8.2 million or 10.0% for the year ended 31 December 2016, approximately S$10.4 million or 11.5% for the year ended 31 December 2017 and approximately S$6.1 million or 16.5% for the five months ended 31 May 2018 was mainly attributable to the increase in revenue generated from the U.S. furniture sales of approximately S$8.5 million, S$11.0 million and S$5.6 million in the respective years or periods, details of which are set out below.

(i) U.S. furniture sales

During the Track Record Period, we derived substantial portion of our revenue from furniture sales in the U.S. under the brands "Target Marketing Systems", "TMS", "Simple Living" and "Lifestorey". The table below sets forth the details of our major products sold under this segment, including the sales amount, volume and average selling price during the Track Record Period.

	For the year ended 31 December												For the five months ended 31 May							
	2015				2016				2017				2017				2018			
	Revenue (S$'000)	% of segment revenue	Sales volume (unit)	Average selling price (Note) (S$)	Revenue (S$'000)	% of segment revenue	Sales volume (unit)	Average selling price (Note) (S$)	Revenue (S$'000)	% of segment revenue	Sales volume (unit)	Average selling price (Note) (S$)	Revenue (S'000)	% of segment revenue	Sales volume (unit)	Average selling price (Note) (S$)	Revenue (S'000)	% of segment revenue	Sales volume (unit)	Average selling price (Note) (S$)
Dining room furniture	24,760	51.7	168,774	146.7	29,739	52.8	194,300	153.1	35,274	52.4	217,494	162.2	14,014	55.7	118,985	117.8	16,789	54.6	143,603	116.9
Kitchen furniture	9,403	19.7	62,645	150.1	11,715	20.8	79,599	147.2	14,832	22.1	97,824	151.6	5,288	21.0	39,141	135.1	6,862	22.3	51,267	133.8
Home office furniture	4,343	9.1	55,663	78.0	4,618	8.2	56,464	81.8	4,518	6.7	54,818	82.4	1,696	6.7	20,624	82.2	1,484	4.8	18,032	82.3
Others	9,344	19.5	174,585	53.5	10,261	18.2	199,397	51.5	12,664	18.8	221,040	57.3	4,169	16.6	88,995	46.8	5,590	18.3	194,567	28.7
Total	47,850	100.0	461,667	103.6	56,333	100.0	529,760	106.3	67,288	100.0	591,176	113.8	25,167	100.0	267,745	94.0	30,725	100.0	407,469	75.4

During the Track Record Period, sales of dining room furniture comprised more than 50% of our revenue of U.S. furniture sales segment; sales of kitchen furniture comprised approximately 20% of our revenue of this segment; and sales of home office furniture comprised less than 10% of our revenue of this segment. The products categorised as "Others" in the table above represents furniture not included in the above categories for living room and bedroom.

During the Track Record Period, our U.S. furniture sales increased from approximately S$47.9 million for the year ended 31 December 2015 to approximately S$56.3 million and S$67.3 million for the years ended 31 December 2016 and 2017, respectively. Our U.S. furniture sales increased from approximately S$25.2 million for the five months ended 31 May 2017 to approximately S$30.7 million for the five months ended 31 May 2018. Our Directors consider that the growth of our U.S. furniture sales segment of approximately 17.7%, 19.4% and 22.1% for the two years ended 31 December 2016 and 2017 and the five months ended 31 May 2018, respectively, follows the industry trend. The growth rate for our U.S. furniture sales segment is higher than that of the overall furniture online sales industry in the U.S. of approximately 8.4% and 12.5% in 2016 and 2017 and the estimated growth rate of approximately 13.2% in 2018 according to the CIC Report, primarily due to the increase in the marketing effort for sales to our five largest customers, certain of which had recorded higher turnover growth in e-commerce sales than that of the overall market during the Track Record Period, and the launch of new products.

In order to expand our market share and enhance market awareness on our products, we had been actively launching new products which appeal to customers and increasing our advertising efforts during the Track Record Period. These factors, together with the strong growth in the furniture online sales industry in the U.S., drove purchases from the consumers. The sales volume of our products, in particular, dining room furniture and kitchen furniture increased by approximately 18.4% in aggregate for the year ended 31 December 2016. As a result, the corresponding sales amount increased by approximately S$7.3 million or 21.3%

which led to a growth of our revenue in our U.S. furniture sales of approximately S$8.5 million for the year ended 31 December 2016.

For the year ended 31 December 2017, our U.S. furniture sales increased by approximately S$11.0 million primarily due to the increase in sales of our dining room furniture and kitchen furniture by approximately S$8.7 million or 20.9% in aggregate. The corresponding sales volume of our dining room furniture and kitchen furniture increased by approximately 15.1%. The increase in sales amount and sales volume was primarily attributable to our continued marketing effort as mentioned above, the continuous growth in the furniture online sales industry and the increase in popularity of our new and existing products among our customers.

For the five months ended 31 May 2018, we continued our increased marketing effort and launched new products. There is also a continuous growth in the furniture online sales industry in the U.S. As a result, there is an increase in the sales volume of our dining room furniture and kitchen furniture by approximately 23.2% in aggregate for the five months ended 31 May 2018. The corresponding revenue increased by approximately S$4.3 million or 22.5%, which mainly led to an increase of our revenue in our U.S. furniture sales of approximately S$5.6 million for the five months ended 31 May 2018.

(ii) Furniture sales

Under the segment of furniture sales, our products are sold under the brands of "Marquis", "Lifestorey" and "OM".

The table below sets forth a breakdown of our Group's revenue from furniture sales by brands during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue	S$'000	% of segment revenue
Points of sales										
Marquis	8,092	35.7	6,970	30.6	7,802	34.4	3,115	38.0	2,825	32.7
OM	6,343	28.0	6,187	27.2	5,587	24.7	2,243	27.3	2,002	23.2
Lifestorey	3,096	13.7	2,822	12.4	2,751	12.1	1,326	16.2	1,006	11.6
Subtotal	17,531	77.4	15,979	70.2	16,140	71.2	6,684	81.5	5,833	67.5
Special Projects	5,118	22.6	6,797	29.8	6,534	28.8	1,520	18.5	2,810	32.5
Total	22,649	100.0	22,776	100.0	22,674	100.0	8,204	100.0	8,643	100.0

Note: We have two online sales websites for our furniture sales segment under "OM" and "Lifestorey". The total revenue generated from the sales in these two online sales websites were nil, nil, approximately S$13,000 and S$5,000 for the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, and are recorded under the relevant brands "OM" and "Lifestorey". For risks relating to the increasing competition from online furniture retailers, please refer to "Risk Factors — Risks Relating to the Industries which We Operate in — ii. Furniture sales segment — We operate in a competitive market and in order to remain competitive we may be required to alter our business strategies, which could affect our revenue and profitability" in this document.

During the Track Record Period, our brands "Marquis" contributed approximately 35.7%, 30.6%, 34.4% and 32.7% of our revenue under furniture sales segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Our brand "OM" contributed approximately 28.0%, 27.2%, 24.7% and 23.2% of our revenue under furniture sales segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Our brand "Lifestorey" contributed approximately 13.7%, 12.4%, 12.1% and 11.6% of our revenue under furniture sales segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

We also provide Special Projects for individual and corporate customers in relation to furnishing of residential and commercial properties. The Special Projects constituted approximately 22.6%, 29.8%, 28.8% and 32.5% of our revenue under this segment for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

The revenue derived from points of sales in Singapore decreased by approximately 8.9% from approximately S$17.5 million for the year ended 31 December 2015 to approximately S$16.0 million for the year ended 31 December 2016. The Directors believe that this is primarily due to the decrease of sales generated by three points of sales which sold the products under the brands (i) "OM", (ii) "Marquis" and (iii) "Lifestorey", respectively, which were located at older shopping malls with lower volume of customer traffic than the newer shopping malls which had been opened in recent years. The point of sales branded under "OM" eventually ceased its operation in February 2017 and the points of sales branded under "Marquis" and "Lifestorey" ceased their operation in June 2017. During the year ended 31 December 2016, the decrease in the revenue derived from points of sales under our furniture sales segment in Singapore was mostly offset by the increase in revenue generated from Special Projects under the same segment of approximately S$1.7 million. Such increase was primarily because we were awarded a contract with a value of more than S$1 million to supply furniture for a property development project.

Despite the closure of the three points of sales as mentioned above and a point of sale at 3 Temasek Boulevard in September 2017 after the expiry of the lease agreement in the year ended 31 December 2017, we were able to achieve a slight increase in our revenue derived from our points of sales. Such increase was driven by our clearance sales before closure of those points of sales and our focus on our sales and marketing efforts on the remaining points of sales branded under "Marquis" and the new point of sale which was opened in August 2017 and sold products under the brand "Lifestorey". Our Special Projects continued to contribute significantly to our revenue under furniture sales segment of approximately 28.8%, primarily because we were able to secure a contract with a value of more than S$2 million to supply furniture to a hotel and residential development project.

The revenue derived from points of sales in Singapore decreased from approximately 12.7% from S$6.7 million for the five months ended 31 May 2017 to approximately S$5.8 million for the five months ended 31 May 2018 primarily because there were clearance sales before closure of the points of sales as mentioned above during the five months ended 31 May 2017 which led to a higher revenue derived from points of sales in early 2017 while these points of sales had ceased operation in February, June and September 2017 and generated nil revenue during the five months ended 31 May 2018. During the five months ended 31 May 2018, the decrease in the revenue from the points of sales under our furniture sales segment in Singapore was offset by the increase in revenue generated from Special Projects under the same segment of approximately S$1.3 million. Such increase was primarily because we had performed larger portion of the projects which have higher contract value during the five months ended 31 May 2018.

The total revenue in furniture sales segment remained stable during the Track Record Period primarily due to our diverse brand portfolio and sales channels despite the challenges presented.

(iii) Interior design

During the Track Record Period, we provided our interior design, fitting-out and design consultancy services for showflats and sales galleries of property development projects and individual residential units.

The table below sets forth a breakdown of revenue from provision of interior design and fitting-out services, contract sum of projects completed and the respective number of projects completed by project types during the Track Record Period:

	For the year ended 31 December															For the five months ended 31 May									
	2015					2016					2017					2017					2018				
	Revenue (S$'000)	% of segment revenue	Contract sum of projects completed (S$'000)	Number of projects completed	Average project sum (Note 2) (S$'000)	Revenue (S$'000)	% of segment revenue	Contract sum of projects completed (S$'000)	Number of projects completed	Average project sum (Note 2) (S$'000)	Revenue (S$'000)	% of segment revenue	Contract sum of projects completed (S$'000)	Number of projects completed	Average project sum (Note 2) (S$'000)	Revenue (S'000)	% of segment revenue	Contract sum of projects completed (S'000)	Number of projects completed	Average project sum (Note 2) (S'000)	Revenue (S'000)	% of segment revenue	Contract sum of projects completed (S'000)	Number of projects completed	Average project sum (Note 2) (S'000)
Residential units	6,646	56.2	5,958	48	124	7,777	68.0	7,473	59	127	7,403	67.5	8,293	75	111	2,894	77.0	1,827	25	73	1,493	38.3	2,101	14	150
Showflats	3,435	29.0	4,322	21	206	2,600	22.8	3,261	25	130	2,487	22.7	2,618	22	119	779	20.8	306	4	77	2,008	51.5	735	5	147
Others	1,748	14.8	1,579	14	113	1,049	9.2	867	23	37	1,077	9.8	723	30	24	84	2.2	139	7	20	399	10.2	630	11	57
Total	11,829	100.0	11,859	83	143	11,426	100.0	11,601	107	108	10,967	100.0	11,634	127	92	3,757	100.0	2,272	36	63	3,900	100.0	3,466	30	115

Note:

(1) Others primarily include projects for commercial properties.

(2) The average project sum is calculated based on the contract sum of projects completed in the year divided by the number of completed projects.

Our revenue generated from provision of interior design and fitting-out services to residential units accounted for the majority of our revenue derived from this segment for the years ended 31 December 2015, 2016 and 2017. It contributed approximately 56.2% of the revenue under the segment for the year ended 31 December 2015, over 65% of revenue of this segment for the years ended 31 December 2016 and 2017. During the Track Record Period, our revenue generated from provision of interior design and fitting-out services decreased slightly from approximately S$11.8 million to approximately S$11.4 million and eventually to approximately S$11.0 million for the three years ended 31 December 2015, 2016 and 2017 and increased from approximately S$3.8 million for the five months ended 31 May 2017 to approximately S$3.9 million for the five months ended 31 May 2018.

For the five months ended 31 May 2018, our revenue generated from provision of interior design and fitting-out services to residential units contributed approximately 38.3% of the revenue under the segment while the provision of interior design and fitting-out services to showflats accounted for approximately 51.5% of the revenue under the segment.

During the Track Record Period, our revenue generated from the operation in Malaysia and Brunei mainly represented the revenue generated from provision of interior design and fitting-out services for showflats and residential units in Malaysia and commercial properties in Brunei, respectively. For the year ended 31 December 2016, our Group recorded a decrease in revenue from showflats and other projects of approximately S$1.5 million, which was mainly due to the decrease in revenue derived from interior design and fitting-out services for showflats in Malaysia and commercial properties in Brunei. Such decrease was primarily because the nature of interior design and fitting-out services is project based and certain projects with relatively higher project sum undertaken in the year ended 31 December 2015 was not recurring in the year ended 31 December 2016. Such decrease was partially offset by the increase in project sum of the residential projects undertaken in Singapore, resulting in a slight decrease in revenue of this segment by approximately S$0.4 million.

For the year ended 31 December 2017, the Group recorded a slight decrease in revenue from interior design and fitting-out services of approximately S$0.5 million which was primarily due to the decrease in the aggregate project sum of the residential projects undertaken in Singapore and Malaysia.

For the five months ended 31 May 2018, our revenue from interior design and fitting-out services remained relatively stable when compared to the corresponding period of the preceding year primarily because of the decrease in revenue derived from residential units projects of approximately S$1.4 million offset by the increase in revenue derived from showflats and other projects of approximately S$1.5 million. Such increase was primarily because we delivered more projects with project sum above S$0.2 million in Singapore, a showflat project with a project sum of approximately S$0.2 million in Malaysia and more projects for commercial properties in Brunei during the five months ended 31 May 2018.

Total revenue by geographical locations

During the Track Record Period, we sold our products and rendered our services in the U.S., Singapore, Malaysia and Brunei. Revenue generated from the U.S. contributed approximately 58.1%, 62.2%, 66.7% and 71.0% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. We recorded an increase in revenue derived from the operations in the U.S. during the Track Record Period, which represented our growth in revenue in the U.S. furniture sales segment as mentioned above.

The table below sets forth the breakdown of our revenue by geographical regions during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue	S$'000	% of total revenue
The U.S.	47,850	58.1	56,333	62.2	67,288	66.7	25,167	67.8	30,725	71.0
Singapore	31,910	38.8	32,832	36.3	32,303	32.0	11,918	32.1	12,105	28.0
Malaysia and Brunei	2,568	3.1	1,370	1.5	1,338	1.3	43	0.1	438	1.0
Total	82,328	100.0	90,535	100.0	100,929	100.0	37,128	100.0	43,268	100.0

For the U.S. market, in addition to the overall growth in demand in the furniture online sales market, our revenue in this geographical location was also directly affected by the increase in the marketing effort for sales to our five largest customers, which accounted for over 55% of our sales in the U.S. for the Track Record Period and the launch of new products.

Our revenue derived from Singapore increased slightly by approximately S$0.9 million from approximately S$31.9 million for the year ended 31 December 2015 to approximately S$32.8 million for the year ended 31 December 2016, primarily due to the increase in the revenue from the Special Projects in Singapore of approximately S$1.7 million during the year as mentioned above. Our revenue derived from Singapore remained relatively stable for the years ended 31 December 2016 and 2017, respectively. For the five months ended 31 May 2018, our revenue derived from Singapore remained stable at approximately S$12.1 million when compared to the corresponding period of the preceding year.

Our revenue derived from Malaysia and Brunei decreased by approximately S$1.2 million, primarily due to the aforementioned decrease in revenue from showflats and commercial properties derived from Malaysia and Brunei, respectively. Our revenue derived from Malaysia and Brunei remained relatively stable for the years ended 31 December 2016 and 2017, respectively. Our revenue derived from Malaysia and Brunei increased by approximately S$0.4 million from approximately S$43,000 for the five months ended 31 May 2017 to approximately S$0.4 million for the year ended 31 May 2018 primarily due to the aforementioned increase in revenue from showflats and commercial properties.

Cost of sales

Our cost of sales comprises mainly cost of inventories sold for our U.S. furniture sales and furniture sales segments, delivery expenses, subcontracting cost, materials and other costs for our interior design and fitting-out services segment, consumables and others. Cost of inventories sold is our main cost of sales, accounting for approximately 80.0%, 80.5%, 80.6% and 80.2% of our total cost of sales for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

The table below sets forth a breakdown of our cost of sales by nature during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales
Cost of inventories sold	42,860	80.0	48,361	80.5	55,417	80.6	20,574	80.8	23,970	80.2
Delivery expenses	3,937	7.4	4,589	7.6	5,651	8.2	2,285	9.0	3,085	10.3
Subcontracting cost	3,534	6.6	3,636	6.1	3,552	5.2	1,270	5.0	1,261	4.2
Materials and other costs for the interior design projects	2,123	4.0	2,072	3.5	2,037	3.0	708	2.8	731	2.4
Consumables	258	0.5	377	0.6	541	0.8	203	0.8	220	0.7
Others[(Note)]	837	1.5	1,028	1.7	1,534	2.2	437	1.6	618	2.2
Total	53,549	100.0	60,063	100.0	68,732	100.0	25,477	100.0	29,885	100.0

Note: Other cost of sales primarily includes write-off of stocks, packaging costs and cargo insurance.

Driven by the increase in revenue from the aggregate sales of furniture in the U.S. and Singapore by approximately 12.2% from approximately S$70.5 million for the year ended 31 December 2015 to approximately S$79.1 million for the year ended 31 December 2016, and a further increase by approximately 13.7% to approximately S$90.0 million for the year ended 31 December 2017, our cost of inventories correspondingly increased by approximately 12.8% from approximately S$42.9 million for the year ended 31 December 2015 to approximately S$48.4

million for the year ended 31 December 2016 and further increased by approximately 14.6% to S$55.4 million for the year ended 31 December 2017.

Our cost of inventories increased by approximately 16.5% from approximately S$20.6 million for the five months ended 31 May 2017 to approximately S$24.0 million for the five months ended 31 May 2018, which is in line with the increase in revenue from the aggregate sales of furniture in the U.S. and Singapore of approximately 18.0% from approximately S$33.4 million for the five months ended 31 May 2017 to approximately S$39.4 million for the five months ended 31 May 2018.

The table below sets out the breakdown of our cost of sales by business segments during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales	S$'000	% of total cost of sales
U.S. furniture sales	37,410	69.9	43,015	71.6	51,419	74.8	19,259	75.6	23,499	78.6
Furniture sales	10,482	19.6	11,340	18.9	11,724	17.1	4,239	16.6	4,394	14.7
Interior design	5,657	10.5	5,708	9.5	5,589	8.1	1,978	7.8	1,992	6.7
Total	53,549	100.0	60,063	100.0	68,732	100.0	25,477	100.0	29,885	100.0

The cost of our U.S. furniture sales and furniture sales segments is mainly represented by the cost of inventories sold during the Track Record Period. The increase in cost of sales of our U.S. furniture sales segment of approximately 15.0%, 19.5% and 22.0% for the two years ended 31 December 2016 and 2017 and the five months ended 31 May 2018, respectively, was primarily due to the corresponding increase in cost of inventories sold resulting from the increase in our U.S. furniture sales of approximately 17.7%, 19.4% and 22.1% during the corresponding period, respectively.

For the furniture sales segment, our revenue remained relatively stable at approximately S$22.6 million, S$22.8 million and S$22.7 million, respectively, during the Track Record Period while our costs of sales increased by approximately S$0.9 million for the year ended 31 December 2016. Given that the profit margin of sales of our branded products through points of sales was higher than that of Special Projects, and the proportion of segment revenue contributed by sales derived from Special Projects had increased for the year ended 31 December 2016, there was a corresponding increase in cost of sales for the same year. For the year ended 31 December 2017, our costs of sales of furniture sales segment amounted to approximately S$11.7 million, which remained stable as compared to the year ended 31 December 2016.

Our cost of sales of furniture sales segment increased by approximately 3.7% to approximately S$4.4 million for the five months ended 31 May 2018, primarily due to the corresponding increase in cost of inventories sold resulting from the increase in furniture sales in Singapore of approximately 5.4% during the corresponding period.

For the interior design segment, our subcontracting cost for the years ended 31 December 2015, 2016 and 2017 remained stable at approximately S$3.5 million, S$3.6 million and S$3.6 million, respectively.

Our subcontracting cost of interior design segment remained stable at approximately S$1.3 million for the five months ended 31 May 2017 and 2018.

Gross profit and gross profit margin

The table below sets forth a breakdown of gross profit and gross profit margin by business segments during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)
U.S. furniture sales	10,440	21.8	13,318	23.6	15,869	23.6	5,908	23.5	7,226	23.5
Furniture sales	12,167	53.7	11,436	50.2	10,950	48.3	3,965	48.3	4,249	49.2
Interior design	6,172	52.2	5,718	50.0	5,378	49.0	1,778	47.3	1,908	48.9
Overall	28,779	35.0	30,472	33.7	32,197	31.9	11,651	31.4	13,383	30.9

As a result of the changes in revenue and cost of sales, our gross profit increased by approximately S$1.7 million or 5.9% from approximately S$28.8 million for the year ended 31 December 2015 to approximately S$30.5 million for the year ended 31 December 2016. Our gross profit margin decreased from approximately 35.0% for the year ended 31 December 2015 to approximately 33.7% for the year ended 31 December 2016, which was mainly due to the increase in our U.S. furniture sales as a percentage of our overall sales. The gross profit margin of the U.S. furniture sales segment was approximately 21.8%, 23.6%, 23.6% and 23.5% for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, which was lower compared to our overall gross profit margin of 35.0%, 33.7%, 31.9% and 30.9% in the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

Our gross profit increased by approximately S$1.7 million or 5.7% from approximately S$30.5 million for the year ended 31 December 2016 to approximately S$32.2 million for the year ended 31 December 2017. Our overall gross profit margin decreased from approximately 33.7% for the year ended 31 December 2016 to approximately 31.9% for the year ended 31 December 2017, which was mainly due to decrease in gross profit margin of the furniture sales segment, and the increase in the proportion of the U.S. furniture sales segment as part of our overall revenue which has a lower gross profit margin than the other two segments.

Our gross profit increased by approximately S$1.7 million or 14.9% from approximately S$11.7 million for the five months ended 31 May 2017 to approximately S$13.4 million for the five months ended 31 May 2018. Our overall gross profit margin decreased from approximately 31.4% for the five months ended 31 May 2017 to approximately 30.9% for the five months ended 31 May 2018, which was mainly due to the further increase in proportion of the U.S. furniture sales segment as part of our overall revenue which has a lower gross profit margin than the other two segments.

For the U.S. furniture sales segment, our gross profit margin remained stable at approximately 21.8%, 23.6%, 23.6% and 23.5%, respectively, for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018.

For the furniture sales segment, our gross profit margin decreased from approximately 53.7% for the year ended 31 December 2015 to approximately 50.2% for the year ended 31 December 2016, primarily because of the increase in percentage of the revenue of Special Projects with a lower profit margin over the revenue of furniture sales segment. The Special Projects are typically larger projects in value where customers would be able to negotiate a better price. Our gross profit margin further decreased to approximately 48.3% for the year

ended 31 December 2017, primarily because we closed four points of sale in 2017 as mentioned above and offered promotion and discounts as clearance sales before the closure of these points of sale. Our gross profit margin increased from approximately 48.3% for the five months ended 31 May 2017 to approximately 49.2% for the five months ended 31 May 2018, which was mainly due to the abovementioned promotion and discount as clearance sales in early 2017, resulting in a lower gross profit margin during the five months ended 31 May 2017.

For the interior design segment, our gross profit margin slightly decreased from approximately 52.2% for the year ended 31 December 2015 to approximately 50.0% for the year ended 31 December 2016, primarily because we kept a lower profit margin to stay competitive in light of slow down of the real estate market and the decrease in the number of newly completed residential properties in 2016. Our gross profit margin remained stable at approximately 50.0% and 49.0% for these two years. Our gross profit margin increased from approximately 47.3% for the five months ended 31 May 2017 to approximately 48.9% for the five months ended 31 May 2018, which was mainly because we had completed a few projects with gross profit margin of relatively higher level which was over 55% for the five months ended 31 May 2018.

Other income and gains, net

Other net income and gains of our Group amounted to approximately S$0.5 million, S$0.5 million, S$0.6 million and S$0.2 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. It comprises commission income, interest income, miscellaneous income and net gain on disposal of items of property, plant and equipment.

The commission income mainly includes referral fee received from fitting-out material suppliers.

Selling and distribution expenses

Selling and distribution expenses primarily comprise our sales staff remuneration, rental expenses for our Group's points of sales and warehouses, sales commission to our sales representative who assisted us in soliciting sales and maintaining client relationship with customers in the U.S. and our sales staff in Singapore, advertising and promotion expenses, depreciation of points of sales and warehouses and other expenses.

The table below sets forth a breakdown of our selling and distribution expenses during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Staff remuneration	4,927	34.7	4,558	34.1	4,084	30.9	1,745	30.4	1,792	33.0
Rental expenses	4,904	34.5	5,119	38.3	4,951	37.6	2,173	37.8	1,918	35.3
Sales commission	2,531	17.8	2,027	15.2	2,337	17.7	1,033	18.0	978	18.0
Advertising and promotion expenses	1,176	8.3	970	7.2	1,189	9.0	482	8.4	475	8.8
Depreciation	235	1.7	255	1.9	243	1.8	107	1.9	106	2.0
Others[(Note)]	444	3.0	442	3.3	399	3.0	199	3.5	155	2.9
Total	14,217	100.0	13,371	100.0	13,203	100.0	5,739	100.0	5,424	100.0

Note: Other selling and distribution expenses primarily include central provident fund for employees in Singapore, transportation and travelling expenses, exhibition expenses and entertainment expenses.

Our Group's selling and distribution expenses amounted to approximately S$14.2 million, S$13.4 million, S$13.2 million and S$5.4 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. As a percentage of total revenue, our selling and distribution expenses accounted for approximately 17.3%, 14.8%, 13.1% and 12.5% during the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

Administrative expenses

Administrative expenses primarily comprise staff cost for management personnel, rental expenses for offices, management fees payable to Nobel Design Singapore, provision for bad debts, depreciation and amortisation of leasehold improvements, furniture, office equipment and motor vehicles, utility expenses, repairs and maintenance costs, bank charges, travelling expenses, provision for slow moving stock and others.

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2015		2016		2017		2017		2018	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Staff cost	3,264	36.5	4,240	41.9	3,462	36.9	1,165	38.3	1,439	25.4
Rental expenses	1,017	11.4	1,027	10.1	1,071	11.4	464	15.3	359	6.3
Management fees payable to Nobel Design Singapore	738	8.2	769	7.6	817	8.7	338	11.1	353	6.2
Provision for bad debts	524	5.9	215	2.1	374	4.0	62	2.0	(30)	(0.5)
Depreciation and amortisation	399	4.5	380	3.8	360	3.8	142	4.7	132	2.3
Utilities	293	3.3	229	2.3	230	2.5	100	3.3	94	1.7
Repairs and maintenance	215	2.4	291	2.9	268	2.9	54	1.8	145	2.6
Bank charges	188	2.1	152	1.5	160	1.7	54	1.8	64	1.1
Travelling expenses	169	1.9	245	2.4	267	2.8	64	2.1	87	1.5
Provision for slow moving stock	131	1.4	740	7.3	350	3.7	(73)	(2.4)	333	5.9
[**REDACTED**]					[**REDACTED**]					
Others[(Note)]	2,000	22.4	1,826	18.1	2,019	21.6	671	22.0	782	13.9
Total	8,938	100.0	10,114	100.0	9,378	100.0	3,041	100.0	5,660	100.0

Note: Other administrative expenses primarily include professional fees, insurance, entertainment cost, loss on disposal of property, plant and equipment, and general expenses.

Administrative expenses amounted to approximately S$8.9 million, S$10.1 million, S$9.4 million and S$5.7 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. As a percentage of total revenue, our administrative expenses accounted for approximately 10.9%, 11.2%, 9.3% and 13.1% during the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

Finance costs

Finance costs represent interest on finance lease and trust receipts loans and amounted to approximately S$69,000, S$29,000, S$38,000 and S$1,000 for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively.

Income tax expense

Income tax expense comprises current income tax and deferred income tax that we have incurred. The table below sets forth a breakdown of our income tax expense during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Current income tax					
Singapore					
— Charge for the year	409	1,210	1,166	326	463
— Overprovision in respect of prior years	(200)	(50)	(206)	27	3
U.S.					
— Charge for the year	—	217	745	247	458
— Underprovision in respect of prior years	—	—	65	—	—
Malaysia/Brunei					
— Charge for the year	8	6	2	—	—
— Underprovision in respect of prior years	—	7	—	—	—
Deferred income tax	49	52	(101)	—	—
Total	266	1,442	1,671	600	924

We are subject to income tax on income arising in or derived from the jurisdictions in which members of our Group have operations.

Singapore income tax

Our operations in Singapore are subject to a corporate income tax rate of 17% on the chargeable income arising in Singapore during the Track Record Period.

U.S. income tax

For the period from 1 January 2015 through 31 December 2017 the U.S. federal government used a progressive income tax system and our operations in the US, as a C corporation, could be subject to the maximum corporate income tax rate at 35%. From 1 January 2018 the federal corporate income tax rate is reduced to a flat rate at 21%. The Illinois state corporate income tax rate was 5.25% from 1 January 2015 through 30 June 2017, and 7% from 1 July 2017.

Malaysia income tax

Our operations in Malaysia are subject to a corporate income tax rate of 25%, 24%, 24% and 24% on the estimated taxable profits arising in Malaysia for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018.

Brunei income tax

Our operations in Brunei are subject to a corporate income tax rate of 18.5% on the chargeable income arising in Brunei during the Track Record Period.

Please see the section headed "Regulatory Overview" and Note 12 to our consolidated financial statements in the Accountants' Report in Appendix I to this document for further details of tax matters in the jurisdictions in which we operate.

Our Directors confirm that, to the best of their knowledge and belief, we have paid all relevant taxes in accordance with applicable tax laws and regulations, and do not have any disputes or unresolved tax issues which may have material impact on us with the relevant tax authorities during the Track Record Period.

Effective tax rate

Our effective tax rate increased from approximately 4.4% for the year ended 31 December 2015 to 19.3% for the year ended 31 December 2016 mainly due to (i) a decrease in tax losses available for utilisation in 2016 and (ii) adjustment in respect of current tax of previous period. Our effective tax rate decreased to 16.4% for the year ended 31 December 2017 mainly due to (i) adjustment in respect of current tax of previous period, (ii) a decrease in deferred tax assets not recognised and (iii) the effect of partial tax exemptions, reliefs and rebates to our subsidiaries in Singapore.

Our effective tax rate increased from approximately 19.3% for the five months ended 31 May 2017 to approximately 37.3% for the five months ended 31 May 2018 mainly due to (i) the incurrence of [**REDACTED**] during the five months ended 31 May 2018; (ii) an increase in deferred tax assets not recognised; (iii) the effect of partial tax exemptions, reliefs and rebates and (iv) increase in expenses which are not deductible for tax during the five months ended 31 May 2018.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Five months ended 31 May 2018 compared with five months ended 31 May 2017

Revenue

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue" in this section for the description of the changes in revenue of the Group for the five months ended 31 May 2017 and 2018.

Cost of sales

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Cost of sales" in this section for the description of the changes in cost of sales of the Group for the five months ended 31 May 2017 and 2018.

Gross profit and gross profit margin

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin" in this section for the description of the changes in gross profit and gross profit margin of the Group for the five months ended 31 May 2017 and 2018.

Other income and gain, net

Our net other income and gain remained stable at approximately S$0.2 million for the five months ended 31 May 2017 and 2018.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately S$0.3 million or 5.5% from approximately S$5.7 million for the five months ended 31 May 2017 to approximately S$5.4 million for the five months ended 31 May 2018. The decrease in our selling expenses was primarily due to decrease in our rental expenses of our points of sales as we closed three points of sales in June and September 2017 and we enjoyed a two-month free rental period for our two newly opened profits of sales at 8D Dempsey Road from March 2018 to May 2018.

Administrative expenses

Our administrative expenses increased by approximately S$2.6 million or 86.1% from approximately S$3.0 million for the five months ended 31 May 2017 to approximately S$5.7 million for the five months ended 31 May 2018. The increase in our administrative expenses was primarily due to incurrence of non-recurring [**REDACTED**] of approximately S$[**REDACTED**] for the five months ended 31 May 2018.

Finance costs

Our finance costs remained stable at approximately S$9,000 and S$1,000 for the five months ended 31 May 2017 and 2018, respectively.

Income tax expense

Our income tax expense increased by approximately S$0.3 million or 54.0% from approximately S$0.6 million for the five months ended 31 May 2017 to approximately S$0.9 million for the five months ended 31 May 2018. The increase in our income tax expense was primarily due to (i) increase in current income tax incurred in Singapore of approximately S$0.1 million driven by our growth in revenue and gross profit in our furniture sales and interior design business in Singapore and (ii) increase in current income tax incurred in the U.S. of approximately S$0.2 million, which is in line with our growth in revenue and gross profit in our U.S. furniture sales segment.

Profit for the period

As a result of the foregoing, our profit for the year decreased by approximately S$0.9 million or 38.0% from approximately S$2.5 million for the five months ended 31 May 2017 to approximately S$1.6 million for the five months ended 31 May 2018. Our net profit margin decreased from approximately 6.7% for the five months ended 31 May 2017 to approximately 3.6% for the five months ended 31 May 2018.

Year ended 31 December 2017 compared with year ended 31 December 2016

Revenue

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue" in this section for the description of changes in revenue of the Group for the years ended 31 December 2016 and 2017.

Cost of sales

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of sales" in this section for the description of changes in cost of sales of the Group for the years ended 31 December 2016 and 2017.

Gross profit and gross profit margin

Please refer to the paragraph headed "Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin" for the description of changes in gross profit and gross profit margin for the years ended 31 December 2016 and 2017.

Other income and gain, net

Our net other income and gain remained stable at approximately S$0.5 million and S$0.6 million for the years ended 31 December 2016 and 2017, respectively.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately S$0.2 million or 1.3% from approximately S$13.4 million for the year ended 31 December 2016 to approximately S$13.2 million for the year ended 31 December 2017. The decrease in our selling and distribution expenses was primarily due to the decrease in our rental expenses of our points of sales as we closed four points of sales in February, June and September 2017.

Administrative expenses

Our administrative expenses decreased by approximately S$0.7 million or 7.3% from approximately S$10.1 million for the year ended 31 December 2016 to approximately S$9.4 million for the year ended 31 December 2017. The decrease in our administrative expenses was primarily due to the decrease in our bonus paid to our management personnel in the year ended 31 December 2017 and the decrease in provision for slow moving stock for our furniture sales segment in Singapore after realising inventories during clearance sales prior to closure of the four points of sales as mentioned above.

Finance costs

Our finance costs remained stable at approximately S$29,000 and S$38,000 for the years ended 31 December 2016 and 2017, respectively.

Income tax expense

Our income tax expense increased by approximately S$0.2 million or 15.9% from approximately S$1.4 million for the year ended 31 December 2016 to approximately S$1.7 million for the year ended 31 December 2017. The increase in our income tax expense was primarily due to the increase in current income tax incurred in the U.S. of approximately S$0.5 million, which is in line with our growth in revenue and sales in our U.S. furniture sales segment.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately S$2.5 million or 41.7% from approximately S$6.0 million for the year ended 31 December 2016 to approximately S$8.5 million for the year ended 31 December 2017. Our net profit margin increased from approximately 6.7% for the year ended 31 December 2016 to approximately 8.5% for the year ended 31 December 2017.

Year ended 31 December 2016 compared with year ended 31 December 2015

Revenue

Please refer to the paragraph headed "Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue" in this section for the description of changes in revenue of the Group for the years ended 31 December 2015 and 2016.

Cost of sales

Please refer to the paragraph headed "Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of sales" in this section for the description of changes in cost of sales of the Group for the years ended 31 December 2015 and 2016.

Gross profit and gross profit margin

Please refer to the paragraph headed "Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin" for the description of changes in gross profit and gross profit margin for the years ended 31 December 2015 and 2016.

Other income and gain, net

Our net other income and gain remained stable at approximately S$0.5 million for the years ended 31 December 2015 and 2016.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately S$0.8 million or 6.0% from approximately S$14.2 million for the year ended 31 December 2015 to approximately S$13.4 million for the year ended 31 December 2016. The decrease in our selling and distribution expenses was primarily attributable to a decrease in sales commission as we ceased to engage one sales representative and liaised directly for sales of products to a major customer instead of liaising through our sales representative in the U.S. furniture sales segment.

Administrative expenses

Our administrative expenses increased by approximately S$1.2 million or 13.2% from approximately S$8.9 million for the year ended 31 December 2015 to approximately S$10.1 million for the year ended 31 December 2016. The increase in our administrative expenses was primarily attributable to an increase in staff cost of approximately S$1.0 million due to increase in the amount of bonus paid to management personnel, and the increase in the provision of slow moving stock by approximately S$0.6 million for our furniture sales in the U.S. and furniture sales in Singapore.

Finance costs

Our finance costs remained stable at approximately S$69,000 and S$29,000 for the years ended 31 December 2015 and 2016, respectively.

Income tax expense

Our income tax expense increased by approximately S$1.2 million or 442.1% from approximately S$0.3 million for the year ended 31 December 2015 to approximately S$1.4 million for the year ended 31 December 2016. The increase in our income tax expense was primarily attributable to an increase in current income tax charged for the year in Singapore of approximately S$0.8 million for the year ended 31 December 2016. Such increase in current income tax charged for the year in Singapore was primarily due to the decrease in tax loss available for utilisation in 2016 as most of tax losses from previous years had been utilised in 2015.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately S$0.2 million or 4.0% from approximately S$5.8 million for the year ended 31 December 2015 to approximately S$6.0 million for the year ended 31 December 2016. Our net profit margin decreased from approximately 7.0% for the year ended 31 December 2015 to approximately 6.7% for the year ended 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are for operating activities and capital expenditure. We have historically financed our operations primarily through a combination of cash generated from our operations and trust receipt loans. Upon completion of the [**REDACTED**], we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from [**REDACTED**] of the [**REDACTED**] for implementing our future plans as detailed under the section headed "Future Plans and [**REDACTED**]" in this document.

The table below summarises our statements of cash flows during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000
Net cash flows from operating activities	2,143	7,187	7,626	2,784	3,664
Net cash flows from/ (used in) investing activities	1,691	(3,558)	(2,588)	(4,634)	(561)
Net cash flows used in financing activities	(5,387)	(1,016)	(2,842)	(150)	(1,727)
Net increase/ (decrease) in cash and cash equivalents	(1,553)	2,613	2,196	(2,000)	1,376
Cash and cash equivalents at beginning of year	7,096	5,618	8,550	8,550	10,049
Effect of foreign exchange rate changes, net	75	319	(697)	(351)	75
Cash and cash equivalents at the end of year/period	5,618	8,550	10,049	6,199	11,500

Cash flow from operating activities

During our Track Record Period, our cash inflow from operating activities was principally derived from our sale of furniture through U.S. furniture sales and furniture sales and the fees we received from our provision of interior design service. Our cash outflow used in operating activities was principally for our costs and expenses relating to the operations of our business.

For the five months ended 31 May 2018, net cash generated from operating activities amounted to approximately S$3.7 million, which was a combined result of S$2.9 million generated from operations before changes in working capital, income tax paid of approximately S$1.7 million and positive change in working capital of approximately S$2.5 million. The change in our working capital primarily reflected (i) a decrease in inventories of approximately S$1.3 million, (ii) an increase in prepayments, deposits and other receivables of approximately S$0.9 million and (iii) an increase in other payables and accruals of approximately S$2.5 million, details of the changes on these balances are set out below.

For the year ended 31 December 2017, net cash generated from operating activities amounted to approximately S$7.6 million, which was a combined result of approximately S$11.1 million of cash generated from operations before changes in working capital, income tax paid of approximately S$0.8 million and negative change in working capital of approximately S$2.7 million. The change in our working capital primarily reflected (i) an increase in inventories of approximately S$3.0 million and (ii) an increase in other payables and accruals of approximately S$0.9 million, details of the changes on these balances are set out below.

For the year ended 31 December 2016, net cash generated from operating activities amounted to approximately S$7.2 million, which was a combined result of approximately S$8.7 million of cash generated from operations before changes in working capital, income tax paid of approximately S$0.6 million and negative change in working capital of approximately S$0.9 million. The change in our working capital primarily reflected (i) an increase in other payables and accruals of approximately S$1.1 million and (ii) a decrease in contract liabilities of approximately S$0.5 million, details of the changes on these balances are set out below.

For the year ended 31 December 2015, net cash generated from operating activities amounted to approximately S$2.1 million, which was a combined result of approximately S$6.6 million of cash generated from operations before changes in working capital, income tax paid of approximately S$0.3 million and negative change in working capital of approximately S$4.2 million. The change in our working capital primarily reflected (i) a decrease in other payables and accruals of approximately S$1.5 million, (ii) a decrease in trade payables of approximately S$1.5 million and (iii) a decrease in contract liabilities of approximately S$1.2 million.

Cash flow from investing activities

During the Track Record Period, our cash inflow or outflow from investing activities was principally derived from or used for (i) the decrease or increase in fixed deposits; and (ii) the purchase of items of property, plant and equipment.

For the five months ended 31 May 2018, our Group's net cash used in investing activities of approximately S$0.6 million was primarily attributable to placement of time deposit with maturity of more than three months of approximately S$6.7 million and partially offset by maturity of time deposit with maturity of more than three months of approximately S$6.4 million.

For the year ended 31 December 2017, our Group's net cash used in investing activities of approximately $2.6 million was primarily attributable to placement of time deposit with maturity of more than three months of approximately S$3.1 million, partially offset by maturity of time deposit with maturity of more than three months of approximately S$0.5 million.

For the year ended 31 December 2016, our Group's net cash used in investing activities of approximately S$3.6 million was primarily attributable to placement of time deposit with maturity of more than three months of approximately S$8.9 million and payment for purchases of items of property, plant and equipment of approximately S$0.4 million and partially offset by maturity of time deposit with maturity of more than three months of approximately S$5.6 million.

For the year ended 31 December 2015, our Group's net cash generated from investing activities of approximately S$1.7 million was primarily attributable to maturity of time deposit with maturity of more than three months of approximately S$4.6 million and partially offset by placement of time deposit with maturity of more than three months of approximately S$2.8 million and payment for purchases of items of property, plant and equipment of approximately S$0.2 million.

Cash flow from financing activities

During the Track Record Period, our cash inflow from financing activities was principally derived from utilisation of trust receipt loan to settle purchase in our ordinary course of business while our cash outflow used in financing activities was principally for repayment of trust receipt loans and payment of dividends.

For the five months ended 31 May 2018, our Group had net cash used in financing activities of approximately S$1.7 million primarily attributable to payment of dividends of approximately S$1.7 million and rental payment of the finance lease of approximately S$13,000.

For the year ended 31 December 2017, our Group had net cash used in financing activities of approximately S$2.8 million primarily attributable to repayment of trust receipt loans of approximately S$12.4 million and dividends paid by the subsidiaries of approximately S$3.1 million, offset by utilisation of trust receipt loans of approximately S$12.0 million.

For the year ended 31 December 2016, our Group had net cash used in financing activities of approximately S$1.0 million primarily attributable to repayment of trust receipt loans of approximately S$6.8 million and dividends paid by the subsidiaries of approximately S$1.7 million, offset by utilisation of trust receipt loans of approximately S$6.9 million.

For the year ended 31 December 2015, our Group had net cash used in financing activities of approximately S$5.4 million primarily attributable to repayment of trust receipt loan of approximately S$28.1 million and dividends paid by the subsidiaries of approximately S$1.6 million, offset by utilisation of trust receipt loan of approximately S$24.4 million.

Net Current Assets and Liabilities

We recorded net current assets of approximately S$21.2 million, S$26.7 million, S$23.7 million, S$24.6 million and S$24.1 million as at 31 December 2015, 2016 and 2017, 31 May 2018 and 30 September 2018, respectively. The table below sets forth selected information for our current assets and current liabilities during the Track Record Period and as at 30 September 2018:

	As at 31 December			As at 31 May	As at 30 September
	2015	2016	2017	2018	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Current Assets					
Inventories	19,773	19,733	21,266	19,649	23,666
Contract assets	164	316	110	117	31
Trade receivables	8,662	9,664	9,268	9,048	11,335
Prepayments, deposits and other receivables	916	1,284	1,675	1,923	2,102
Pledged deposits	1,330	734	—	—	—
Cash and cash equivalents	10,554	16,815	20,891	22,649	24,326
Total current assets	41,399	48,546	53,210	53,386	61,460
Current Liabilities					
Contract liabilities	6,074	5,571	5,327	5,014	6,461
Trade payables	5,534	5,275	5,304	4,830	7,550
Other payables and accruals	4,943	6,308	13,720	14,594	18,907
Bank borrowings	261	370	—	—	—
Obligations under finance leases	31	34	26	37	46
Provision of reinstatement costs	—	80	—	—	—
Income tax payables	3,337	4,194	5,101	4,329	4,436
Total current liabilities	20,180	21,832	29,478	28,804	37,400
Net current assets	21,219	26,714	23,732	24,582	24,060

Our Group's net current assets increased from approximately S$21.2 million as at 31 December 2015 to approximately S$26.7 million as at 31 December 2016. The increase in the amount of approximately S$5.5 million was primarily attributable to (i) an increase in cash and cash equivalents of approximately S$6.3 million; (ii) an increase in trade receivables of approximately S$1.0 million and (iii) a decrease in contract liabilities of approximately S$0.5 million, partially offset by (i) an increase in other payables and accruals of approximately S$1.4 million and (ii) an increase in income tax payables of approximately S$0.9 million. Please refer to the below for details on the changes in the aforesaid items of consolidated statements of financial position during the year.

Our Group's net current assets decreased from approximately S$26.7 million as at 31 December 2016 to approximately S$23.7 million as at 31 December 2017. The decrease in the amount of approximately S$3.0 million was primarily attributable to (i) an increase in other payables and accruals of approximately S$7.4 million and (ii) an increase in income tax payables of approximately S$0.9 million, partially offset by (i) an increase in cash and cash equivalents of approximately S$4.1 million and (ii) an increase in inventories of approximately S$1.5 million. Please refer to the below for details on the changes in the aforesaid items of consolidated statements of financial position during the year.

Our Group's net current assets increased from approximately S$23.7 million as at 31 December 2017 to approximately S$24.6 million as at 31 May 2018. The increase in the amount of approximately S$0.9 million was primarily attributable to (i) an increase in cash and cash equivalents of approximately S$1.8 million and (ii) a decrease in income tax payables of approximately S$0.8 million, partially offset by (i) a decrease in inventories of approximately S$1.6 million and (ii) an increase in other payables and accruals of approximately S$0.9 million.

Our Group's net current assets decreased from approximately S$24.6 million as at 31 May 2018 to approximately S$24.1 million as at 30 September 2018. The decrease in the amount of approximately S$0.5 million was primarily attributable to an increase in other payables and accruals of approximately S$4.3 million. Such increase was primarily due to the increase in amount due to the shareholders as a result of the capital reduction of S$4.2 million by Buylateral Singapore which was effective on 6 June 2018 and will be distributed to the shareholders of Buylateral Singapore on a pro-rata basis.

Income tax payables

The income tax payables were approximately S$3.3 million, S$4.2 million, S$5.1 million and S$4.3 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, of which approximately S$0.4 million, S$1.3 million, S$2.2 million and S$1.4 million, respectively, were pertaining to the income tax expenses of relevant entities comprising our Group for their ordinary taxable income. The differences between the income tax payables and income tax paid for the relevant financial years were due to the timing difference in the finalisation of tax payables by relevant local authorities.

The remaining income tax payables include an income tax provision of approximately S$2.9 million as at 31 December 2015, 2016 and 2017 and 31 May 2018, which represented provisions made by our Company for the purpose of preparing the historical financial information, with respect to a potential tax liability (the "**Potential Tax Liability**") of Buylateral Singapore, a subsidiary of the Company. The Potential Tax Liability relates to impairment allowance made in the financial statements of Buylateral Singapore (the "**Doubtful Debt Allowance**") on certain trade receivables from Target Marketing Systems ("**Trade Receivable**"), arising from sales of furniture by Buylateral Singapore to Target Marketing Systems, a subsidiary of our Company. The Doubtful Debt Allowance was claimed for tax deduction in tax returns submitted by Buylateral Singapore since the late 2000s (the "**Relevant Tax Returns**") where Target Marketing Systems was a wholly owned subsidiary of Buylateral Singapore. The Potential Tax Liability and the amount of tax provision of S$2.9 million corresponds to a deductible value of impairment allowance made in Trade Receivables of up to approximately S$17.0 million.

After the Group's acquisition of Target Marketing Systems in 2000, it had recorded losses, and was short in cashflow, mainly due to (i) the substantial capital and investments required at the ramp-up stage when Target Marketing Systems first started selling furniture on e-commerce platforms, and (ii) the unexpected deterioration in the business sentiment in the U.S. during the financial crisis in 2008. Resulting from the management's continuous effort, the business scale of Target Marketing Systems has then gradually enlarged. In order to strive for business growth, Target Marketing Systems had focused substantial resources on expansion of its business scale including substantial purchase of inventory. Although Target Marketing Systems had settled the purchase from Buylateral Singapore from time to time, the substantial amount of purchase as a result of the business expansion had increased the trade payables of Target Marketing Systems. In view of the then financial and liquidity position as well as the payable settlement pattern of Target Marketing Systems, impairment allowance were made by Buylateral Singapore on trade receivables due from Target Marketing Systems at the relevant time based on ongoing assessment of recoverability of these trade receivables in accordance with its trade receivable policy. Despite the aforesaid, Target Marketing Systems was able to keep the amount of trade payables due to Buylateral Singapore as at the year end at similar level in recent years and the balance of Doubtful Debt Allowance was kept at similar level during the Track Record Period.

In order to capture the increasing market demand and strengthen its market position, Target Marketing Systems had devoted substantial resources to expand its business scale in the past years. Given that Target Marketing Systems is still at an expansion stage during which a significant portion of its internal resources and cash generated from operations had been used to focus on its business expansion and there may be uncertainty on the effect of change in governmental trade policies in the U.S., as at the Latest Practicable Date, Target Marketing Systems had not settled the outstanding trade payables which are the subject of the Doubtful Debt Allowance.

Going forward, the Group aims to develop Target Marketing Systems into sizeable scale using its internal resources and [**REDACTED**] from the [**REDACTED**] in order to capture the potential upside in the market. The Directors are of the view that the financial position of Target Marketing Systems will be strengthened when the business development becomes more mature where the profit and cash flow generated from its operations become more stable. In the long run, the Directors believe that the ability of Target Marketing Systems to settle the trade payables due to Buylateral Singapore will be stronger in light of its projected growth and stronger

financial performance and position, and the Trade Receivables will gradually be settled by Target Market Systems when the liquidity position of Target Marketing Systems allows it to do so.

In order to closely assess the recoverability of the Trade Receivables on an ongoing and systematic basis, the Board will conduct regular review on the matter during the Board meetings, in particular, the meetings for discussion of the interim and annual results of Target Marketing Systems when the Directors have full picture of its business performance, financial position and payables settlement pattern during the relevant financial periods. If the management decides that any portion of the Doubtful Debt Allowance shall be reversed based on the ongoing assessment, the corresponding amount of income tax will be paid by Buylateral Singapore in accordance with the applicable tax laws and regulations in Singapore.

The relevant portion of the income tax payable in the amount of S$2.9 million would become payable when (i) the Singapore tax authority re-assesses and objects to the claim for tax deduction on the Doubtful Debt Allowance under the Relevant Tax Returns, or (ii) certain doubtful debt provision is reversed in accordance with Buylateral Singapore's accounting policy (which is in compliance with Singapore Financial Reporting Standards) after the Company continuously assesses the recoverability of the doubtful debts owed by Target Marketing Systems according to its trade receivable policy and likelihood of making reversal of the Doubtful Debt Allowance on an ongoing and systematic basis as mentioned above. Therefore, our Group has made the relevant income tax provision in the amount of the Potential Tax Liability in connection with the Doubtful Debt Allowance which claimed for tax deduction in the preparation of its historical financial information. Accordingly, the tax provision of approximately S$2.9 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 in respect of the claimed tax deduction, which in turns reflected as the Potential Tax Liability, was recognised as a tax payable of approximately S$2.9 million in the consolidated statement of financial position of our Group for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018.

In October 2018, Buylateral Singapore was informed by the Comptroller of Income Tax of Singapore ("**CIT**") that it considered that the impairment allowance made by Buylateral Singapore on certain trade receivables from Target Marketing Systems for tax deduction were not eligible on the basis that it disagreed the relevant trade receivables were bad and irrecoverable pursuant to section 14(1)(d) of the Income Tax Act of Chapter 134 of Singapore ("**ITA**"). As such, the Doubtful Debt Allowance claimed during the year of assessment from 2013 to 2017 (the "**Relevant Years**") shall be brought to tax. In light of this, despite the advice from the Tax Advisers maintained the position that the claim of tax deduction on the Doubtful Debt Allowance according to Singapore Financial Reporting Standards was correct as detailed below, the Company had commercially decided to submit the revised tax returns of Buylateral Singapore accordingly. Those claimed deductibles in the total amount of approximately S$9.9 million would then be brought back to tax for CIT's computation of the corresponding tax payables of which, having taken into account relevant tax exemption and rebate is estimated as approximately S$1.4 million. Further, Buylateral Singapore confirmed it will, subject to any further guidance from CIT, adopt the same approach in relation to any doubtful debt allowance to be claimed from the 2018 onwards and bring the remaining Doubtful Debt Allowance claimed prior to the Relevant Years back to tax in preparing its tax return for the year of assessment in 2019. Buylateral Singapore further undertakes to and the Company undertakes that it shall procure Buylateral Singapore to timely settle all relevant tax payables in relation to the above upon receipt of the notice of assessment from CIT.

On the bases that (i) the tax returns of Buylateral Singapore were filed and all tax payments were made within prescribed time limit set out under the tax laws of relevant jurisdictions; (ii) the items reported in the Relevant Tax Returns including the Doubtful Debt Allowance and the Claimed Deductibles are consistent with Buylateral Singapore's relevant audited financial statements and books and records which were in accordance with its accounting policy and in compliance with Singapore Financial Reporting Standards; (iii) the provision for impairment on credit-impaired receivables including trade receivable owed by Target Market Systems, which is a wholly owned subsidiary of Buylateral Singapore, to Buylateral Singapore made in accordance with the Singapore Financial Reporting Standards, is an expense item eligible to claim for income tax deduction according to the relevant Singapore tax laws and regulations, in particular, sections 34A and 34AA of the ITA which requires taxpayers to follow the accounting treatment prescribed by the Financial Reporting Standard which is deductible as a matter of law; (iv) there has been no delay, deliberate misstatements, false information and omission and tax-evasion acts in preparing the Relevant Tax Returns and no overdue payment of the relevant tax payables by our Group during the Track Record Period based on the submitted tax returns; (v) it is not uncommon in Singapore for CIT and taxpayers to have different views of the tax treatment of items of income or expenditure; (vi) the Doubtful Debt Allowances which would be brought back to tax in the manner set out above; and (vii) Buylateral Singapore is able to timely settle such tax payable amount, the Tax Advisers are of the view that in respect of the Doubtful Debt Allowances brought back and to be brought back to tax, (i) the approach adopted by CIT does not, in itself, make the claiming of the Doubtful Debt Allowance and the preparation and submission of the Relevant Tax Returns contravene the applicable Singapore tax rules and regulations; (ii) it is unlikely that Buylateral Singapore and its Directors will be subject to any fine or penalty under the applicable laws and regulations in Singapore and; (iii) the prospect of imprisonment for the directors of Buylateral Singapore is highly remote.

Accordingly, our Company confirmed that there was no delay in payment in respect of the Relevant Tax Returns and the tax payables amounts of approximately S$3.3 million, S$4.2 million, S$5.1 million and S$4.3 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively, such that we are of the view that it is unlikely to subject to any fine or penalty in relation to the tax payables during the Track Record Period. Further, in the unlikely event that Buylateral Singapore is subject to any fines in relation to the incident set out above, our Controlling Shareholders [have entered into] the Deed of Indemnity in favour of our Company and undertakes to indemnify and keep indemnified our Group against any taxation claim suffered by our Company or any other member of our Group arising out of or in connection with inter-companies transactions, any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) or claims deductible for taxation purpose. For further information relating to the Deed of Indemnity, please refer to the paragraph headed "Statutory and General Information — E. Other Information — 1. Estate duty, tax and other indemnities" set out in Appendix IV to this document.

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

Save as disclosed in this document, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and [**REDACTED**]" in this document.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories principally comprise merchandise we have purchased from our suppliers for U.S. furniture sales and furniture sales and goods in transit recorded as at 31 December of each financial year and as at 31 May 2018. The table below sets forth the balance of our inventories during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Merchandise	15,626	14,106	16,551	14,366
Goods in transit	4,147	5,627	4,715	5,283
Total	19,773	19,733	21,266	19,649

The table below sets forth the ageing analysis of our total inventories during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 year	16,284	16,403	18,613	17,772
1 to 2 years	2,390	2,206	1,500	1,058
2 to 3 years	1,041	1,104	1,138	789
Over 3 years	58	20	15	30
Total	19,773	19,733	21,266	19,649

Our balance of inventories remained stable at approximately S$19.8 million and S$19.7 million as at 31 December 2015 and 2016, respectively. Our balance of inventories increased by approximately S$1.5 million or 7.8% from approximately S$19.7 million as at 31 December 2016 to approximately S$21.3 million as at 31 December 2017, primarily as a result of an increase in inventory by our U.S. furniture sales segment of approximately S$2.4 million to meet our increasing demand for our products in the U.S. market, offset by a decrease of approximately S$0.9 million in the furniture sales segment which was in line with the decrease in demand for our furniture sales products in 2017. The increase in demand for our products in the U.S. market was also evidenced by the increase in inventories aged within 1 year as at 31 December 2017. A large part of our inventories for the U.S. market had been subsequently sold during the first quarter of 2018.

Our balance of inventories decreased by approximately S$1.6 million or 7.6% from S$21.3 million as at 31 December 2017 to approximately S$19.6 million as at 31 May 2018, primarily because there were sales in our U.S. furniture sales segment of approximately S$1.2 million in late May 2018, resulting in a decrease in our inventories for the U.S. market as at 31 May 2018

We adopt stringent inventory control and endeavour to maintain optimum inventory level required for our operations through effective inventory management. Our Group's product life cycle generally ranges from one to 10 years. The product life cycle refers to the length of time which a particular product is available for sale.

U.S. furniture sales

For our U.S. furniture sales segment, our management reviews the ageing analysis on a half yearly basis. Based on their historical experience and understanding of the Group's nature of products and product life cycle, the items that require more than two years to be sold are typically regarded as slow turnaround and the management reviews all of these items. Depending on the review, the management makes an allowance of up to 100% for all items which require more than two years to be sold to adjust the carrying amount of inventories to lower of cost and net realisable value.

Furniture sales

For our furniture sales segment, our management reviews the ageing analysis on a half yearly basis and adopt the provision policy based on their historical experience and the understanding of the Group's nature of products and product life cycle, the items with age of more than three and two years, respectively, for furniture retail at points of sales and Special Projects are typically regarded as slow turnaround and the management reviews all of these items. Depending on the stock review, up to 100% allowance is made for all stocks with age of more than three years and two years for furniture retail at points of sales and Special Projects, respectively, to adjust the carrying amount of inventories to lower of costs and net realisable value.

In addition, we also carry out an inventory review on a product-by-product basis at the end of each reporting period for both U.S. furniture sales and furniture sales segments and make necessary allowance to adjust the carrying amount of inventories to lower of cost and net realisable value. The management reviews and estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

Based on the above review, our Directors are of the view that sufficient allowance for inventory has been made.

As at 31 December 2015, 2016 and 2017 and 31 May 2018, approximately S$0.1 million, S$0.9 million, S$0.6 million and S$0.3 million of slow moving inventories has been written down, respectively.

The table below sets forth the turnover days of our inventories during the Track Record Period.

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
Average inventory turnover days[(Note)]	162.8	149.1	135.0	128.9

Note: Average inventory turnover days for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 are derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of inventories and multiplying by 365 days in the case of the years ended 31 December 2015, 2016 and 2017 and 151 days in the case of the five months ended 31 May 2018.

Our average inventory turnover days decreased from approximately 162.8 days for the year ended 31 December 2015 to approximately 149.1 days for the year ended 31 December 2016 and further decreased to approximately 135.0 days for the year ended 31 December 2017, primarily due to an increase in cost of inventories driven by the aggregate increase in revenue from the aggregate sales of furniture in the U.S. and Singapore.

Our average inventory turnover days decreased from approximately 135.0 days for the year ended 31 December 2017 to 128.9 days for the five months ended 31 May 2018, primarily due to the increase in our inventory movement resulting from the aggregate increase in revenue from the aggregate sales of furniture in the U.S. and Singapore.

As at 30 September 2018, approximately S$12.0 million or 61.0% of our inventories as at 31 May 2018 had been sold or utilised.

Trade receivables

The table below sets forth our trade receivables during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Trade receivables	9,463	10,156	9,801	9,526
Provision for expected credit losses	(801)	(492)	(533)	(478)
Trade receivable — net	8,662	9,664	9,268	9,048

Our net trade receivables increased by approximately S$1.0 million from approximately S$8.7 million as at 31 December 2015 to approximately S$9.7 million as at 31 December 2016, which was primarily due to a higher sales for Special Projects near the year end of 2016.

Our net trade receivables remained stable at approximately S$9.7 million, S$9.3 million and S$9.0 million as at 31 December 2016 and 2017 and as at 31 May 2018, respectively.

For the U.S. furniture sales segment, the credit period granted to the customers generally ranges from 30 to 60 days from the date of invoice. For the Special Projects and the interior design segment, invoices are payable on presentation. In respect of furniture sales and the interior design segment, the Group collects an upfront deposit before delivery of furniture or commencement of work. 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.

We always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses which are estimated by reference to past default experience of the debtor, current market conditions relating to each debtor's exposure. The expected credit losses also incorporate forward-looking information with reference to general macroeconomic conditions which may affect the ability of the debtors to settle receivables. We recognise lifetime expected credit losses for trade receivables based on individual significant customer or the ageing of customers collectively that are not individually significant. As part of our credit risk management, we use debtors' aging by due date to assess the expected credit losses of our trade receivables because these trade receivables are due from a large number of customers which share common risk characteristics which are representative of the customers' ability to pay all amounts due in accordance with the contractual terms. As at 31 December 2015, 2016 and 2017 and 31 May 2018, our provision for expected credit losses of trade receivables were approximately S$0.8 million, S$0.5 million, S$0.5 million and S$0.5 million, respectively.

The table below sets forth the ageing analysis of our trade receivables, based on the invoice date and net of provision for expected credit losses during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 month	6,574	7,062	6,873	7,150
1 to 2 months	1,638	1,988	2,173	1,344
2 to 3 months	326	483	129	313
Over 3 months	124	131	93	241
Total	8,662	9,664	9,268	9,048

The table below sets forth the ageing analysis of our trade receivables that are neither individually nor collectively considered to be impaired during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Neither due nor impaired	4,463	4,882	5,399	6,754
Less than 1 month past due	3,409	3,418	3,063	969
1 to 2 months	578	953	646	794
2 to 3 months	90	280	67	290
Over 3 months	122	131	93	241
Total	8,662	9,664	9,268	9,048

Receivables that were neither due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Our receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, our Directors are of the opinion that no provision for expected credit losses is necessary in respect of these overdue balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

As at 30 September 2018, approximately S$8.7 million or 96.3% of our trade receivables outstanding as at 31 May 2018 were settled.

The table below sets forth a summary of average turnover days of trade receivables during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
Average turnover days of trade receivables[(Note)]	37.9	36.9	34.2	32.0

Note: Average turnover days of trade receivables for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 are calculated using the average balance of trade receivables divided by revenue for the relevant period and multiplied by 365 days in the case of the years ended 31 December 2015, 2016 and 2017 and 151 days in the case of the five months ended 31 May 2018. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

During the Track Record Period, our average turnover days of trade receivables decreased from approximately 37.9 days for the year ended 31 December 2015 to approximately 36.9 days for the year ended 31 December 2016 and further decreased to approximately 34.2 days and 32.0 days for the year ended 31 December 2017 and the five months ended 31 May 2018, respectively, mainly due to increasing control imposed by our management on collection of receivables.

Prepayments, deposits and other receivables

The table below sets forth the breakdown of our prepayments, deposits and other receivables during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Prepayments	515	579	530	1,383
Deposits	663	729	486	1,153
Other receivables	91	116	184	78
Due from related parties	10	—	557	—
	1,279	1,424	1,757	2,614
Provision for expected credit losses	(26)	—	—	—
	1,253	1,424	1,757	2,614
Portion classified as current assets	(916)	(1,284)	(1,675)	(1,923)
Non-current portion	337	140	82	691

Our deposits and prepayments mainly comprise rental, utilities and securities deposits for leases of points of sales, warehouses and office spaces.

The total balance remained stable at approximately S$1.3 million and S$1.4 million as at 31 December 2015 and 2016, respectively. The total balances increased by approximately S$0.3 million to approximately S$1.8 million as at 31 December 2017, which was mainly due to an

advance made by the Group to Nobel Design Singapore in the amount of approximately S$0.6 million. The making of the advance is non-recurring and the amount had been fully repaid to the Group.

The total balances increased by approximately S$0.8 million from approximately S$1.8 million as at 31 December 2017 to approximately S$2.6 million as at 31 May 2018, which was mainly due to prepayment of [**REDACTED**] of approximately S$[**REDACTED**], increase in prepayment to our suppliers of approximately S$0.3 million, increase in rental deposit of approximately S$0.7 million and a decrease in amount due from related parties of approximately S$0.6 million.

Trade payables

Our trade payables are derived primarily from payables to our suppliers mainly for our purchase of furniture products and subcontractors for their fitting-out works.

Our trade payables remained relatively stable at approximately $5.5 million, $5.3 million and $5.3 million, respectively, as at 31 December 2015, 2016 and 2017, respectively.

Our trade payables decreased by approximately S$0.5 million from approximately S$5.3 million as at 31 December 2017 to approximately S$4.8 million as at 31 May 2018, which was mainly due to more settlement of the payables to our suppliers during the five months ended 31 May 2018 as compared to the year ended 31 December 2017. This is in line with the decrease in the 1 to 2 months and over 3 months balance of trade payables as at 31 May 2018.

Our trade payables are normally settled from 30 to 60 days. The table below sets forth the ageing analysis of our trade payables, based on the invoice date, during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 month	4,172	3,418	4,149	4,114
1 to 2 months	152	737	651	199
2 to 3 months	66	207	228	307
Over 3 months	1,144	913	276	210
Total	5,534	5,275	5,304	4,830

The table below sets forth a summary of average turnover days of trade payables during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
Average turnover days of trade payables[(Note)]	42.3	32.8	28.1	25.6

Note: Average turnover days of trade payables for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 are calculated using the average balance of trade payables divided by cost of sales for the relevant period and multiplied by 365 days in the case of the years ended 31 December 2015, 2016 and 2017 and 151 days in the case of the five months ended 31 May 2018. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

Average trade payables turnover days decreased from approximately 42.3 days for the year ended 31 December 2015 to 32.8 days for the year ended 31 December 2016 and further decreased to approximately 28.1 days and 25.6 days for the year ended 31 December 2017 and the five months ended 31 May 2018, respectively, which was mainly due to our earlier settlement of payment to our suppliers for purchase of inventories.

As at 30 September 2018, approximately S$4.1 million or 85.8% of trade payables outstanding as at 31 May 2018 had been fully settled.

Other payables and accruals

Our other payables mainly represent dividends payable to the shareholders and accruals. The table below sets forth the breakdown of our other payables and accruals during the Track Record Period:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Accruals	4,339	5,422	5,635	6,468
Other payables	279	560	759	1,182
Due to the shareholder	325	326	75	1,406
Dividends payable to the shareholders	—	—	7,251	5,538
Total	4,943	6,308	13,720	14,594

Other payables increased by approximately S$1.4 million from approximately S$4.9 million as at 31 December 2015 to approximately S$6.3 million as at 31 December 2016, which was mainly attributable to an increase in the provision made for sales return of approximately S$1.1 million in response to the increasing furniture sales in the U.S..

Other payables increased by approximately S$7.4 million from approximately S$6.3 million as at 31 December 2016 to approximately S$13.7 million as at 31 December 2017, which was mainly attributable to the increase in payables for the dividend declared by certain subsidiaries during the year.

Other payables increased by approximately S$0.9 million from approximately S$13.7 million as at 31 December 2017 to approximately S$14.6 million as at 31 May 2018, which was mainly attributable to (i) an increase in the amount due to Nobel Design Singapore of approximately S$[**REDACTED**] as a result of settlement of part of the [**REDACTED**] incurred during the five months ended 31 May 2018 by Nobel Design Singapore on behalf of the Group and (ii) an aggregate increase in accruals and other payables of approximately S$1.3 million, which was mainly attributable to the accrued expenses for the [**REDACTED**] and provisions made for bonuses payable to management.

Contract liabilities

Under our accounting policy, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as a contract asset within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as a contract liability within current liabilities. A contract liability is the obligation to transfer goods or services to customers for which the Group has received consideration from customers, including progress billings received from customers or upfront deposits collected from customers prior to commencement of work for customers. A contract liability is recognised as revenue as we perform under the contract.

The contract liabilities for contracts work vary from time to time owing to the variations in the progress billings and contract costs incurred in the projects we performed close to the end of each year. During the Track Record Period, for interior design projects, we generally collect 50% of the contract sum upon confirmation of our quotation, which results in such significant contract liabilities.

Our contract liabilities decreased by approximately S$0.5 million from approximately S$6.1 million as at 31 December 2015 to approximately S$5.6 million as at 31 December 2016, and decreased by approximately S$0.3 million to approximately S$5.3 million as at 31 December 2017. Our contract liabilities decreased by approximately S$0.3 million to approximately S$5.0 million as at 31 May 2018.

As at 30 September 2018, among our contract liabilities of S$5.0 million as at 31 May 2018, approximately S$4.0 million or 78.8% has been recognised as revenue.

CAPITAL EXPENDITURES

Historical capital expenditures

Our Group's capital expenditures have principally consisted of expenditures on leasehold improvements and purchase of equipment in our operations. The table below sets forth our historical capital expenditures during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Leasehold improvements	343	33	171	311
Furniture and office equipment	78	134	54	21
Equipment	25	44	—	25
Motor vehicles	19	267	11	88
Total	465	478	236	445

During the Track Record Period, our Group incurred capital expenditures of approximately S$0.5 million, S$0.5 million, S$0.2 million and S$0.4 million, respectively, the majority of which came from leasehold improvements, acquisition of machineries and equipment and motor vehicles primarily used for our expansion of operations. Between 31 May 2018 and the Latest Practicable Date, we did not make any material capital expenditures.

Projected capital expenditures

Save for the planned usage from the net [**REDACTED**] from the [**REDACTED**] as disclosed in the section headed "Future Plans and [**REDACTED**]" in this [**REDACTED**] and the additions of property, plant and equipment necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditure as at the Latest Practicable Date.

We expect to fund our capital expenditures principally though the net [**REDACTED**] we receive from the [**REDACTED**] and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months from the date of this document.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

As at the end of the reporting periods during the Track Record Period, our Group had commitments for future minimum lease payments in respect of warehouses, points of sales and office spaces under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 year	4,346	4,246	2,414	3,576
Between 1 to 5 years	6,004	2,977	1,842	3,737
Total	10,350	7,223	4,256	7,313

Capital commitments

As at 31 December 2015, 2016 and 2017, 31 May 2018 and as at the Latest Practicable Date, our Group did not have any material capital commitments.

INDEBTEDNESS

Trust receipt loans

The table below sets forth our trust receipt loans during the Track Record Period and as at 30 September 2018:

	As at 31 December			As at 31 May	As at 30 September
	2015	2016	2017	2018	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Trust receipt loans repayable within one year	261	370	—	—	—
Total	261	370	—	—	—

The table below sets forth the repayment schedule of our trust receipt loans (inclusive of interest) during the Track Record Period and as at 30 September 2018:

	As at 31 December			As at 31 May	As at 30 September
	2015	2016	2017	2018	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Within 1 year	264	375	—	—	—
Total	264	375	—	—	—

As at 31 December 2015 and 2016, all of our Group's trust receipt loans were denominated in Singapore dollars.

Finance lease payables

Our Group leases certain motor vehicles and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

The table below sets forth total present values of finance leases liabilities during the Track Record Period and as at 30 September 2018:

	As at 31 December			As at 31 May	As at 30 September
	2015	2016	2017	2018	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Within one year	31	34	26	37	46
In the second year	8	26	20	24	33
In the third to fifth years	—	27	7	21	36
	39	87	53	82	115

The table below sets forth the weighted average effective interest rates for our trust receipt loans and obligations under finance lease during the Track Record Period and as at 30 September 2018:

	As at 31 December			As at 31 May	As at 30 September
	2015	2016	2017	2018	2018
	(%)	(%)	(%)	(%)	(%)
Trust receipt loans	1–1.63	1–1.57	—	—	—
Obligations under finance leases	4–5	5–5.9	5.26–5.9	5.26–5.9	5.26–5.9

As at 31 December 2015 and 2016, the Group's trust receipt loans were interest-bearing at the bank's prime lending rate for interest periods of ranging from one to four months and were secured by certain bank deposits in the amount of S$1.3 million and S$0.7 million. At the close of business on 30 September 2018, being the latest practicable date for the purpose of this indebtedness statement, we had no outstanding trust receipt loans.

Our trust receipt loans increased from approximately S$0.3 million as at 31 December 2015 to approximately S$0.4 million as at 31 December 2016.

Our trust receipt loans decreased from approximately S$0.4 million as at 31 December 2016 to nil as at 31 December 2017 and 31 May 2018. This was primarily attributable to the repayment of the Group's trust receipt loans.

During the Track Record Period, Nobel Design Singapore and certain subsidiaries of our Group were jointly and severally liable for all amounts utilised under shared banking facilities of S$5,068,000 in total granted to Nobel Design Singapore and our Group. The shared banking facilities were not utilised by Nobel Design Singapore during the Track Record Period. As at the Latest Practicable Date, our Group has obtained written consents in principle from the lending bank(s) that such banking facilities will be cancelled and transferred to our Group upon the [**REDACTED**]. Subsequent to the transfer of the shared banking facilities, Nobel Design Singapore will no longer be a party to the shared banking facilities and the guarantor of the shared banking facilities will be replaced by the Company.

As at 30 September 2018, we had aggregate unutilised banking facilities of approximately 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 Buylateral Singapore and a floating charge over bank accounts and deposits of Buylateral Singapore.

Our Directors confirmed that we did not experience any default in payment of borrowings or breach of material covenants relating to outstanding debts, guarantees or other contingent obligations during the Track Record Period and up to 30 September 2018.

Our Directors confirmed that we had not experienced difficulties in meeting obligations during the Track Record Period and none of our Group's bank borrowings and facilities are subject to the fulfilment of covenants relating to financial ratio requirements or any other material covenants which would adversely affect our Group's ability to undertake additional debt or equity financings.

Our Directors confirm that there is no material change in our indebtedness position since 30 September 2018.

Contingent liabilities

As at 30 September 2018, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 30 September 2018, our Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in Note 32 to the Accountants' Report in Appendix I to this document, our Directors confirm that these transactions (save for the transactions with Nobel Design Singapore) were conducted on arm's length basis and were fair and reasonable and in the interest of our Shareholders as a whole. For the transactions of the Group with Nobel Design Singapore, they represented the transactions within the then Nobel Design Singapore group. They have no financial effect from the then overall group perspective and had been eliminated in the consolidated financial statements of the Nobel Design Singapore group. Our Directors confirm that all the transactions with Nobel Design Singapore group had been or will be terminated prior to the [**REDACTED**]. Both the amounts from and the amounts due to related parties as at 31 May 2018 will be settled before [**REDACTED**].

The related party transactions conducted between the Group and Nobel Design Singapore during the Track Record Period comprised the following:

(i) the purchase of furniture products by the Group from Nobel Design Singapore of approximately S$1.9 million and S$0.4 million for the year ended 31 December 2017 and the five months ended 31 May 2018, respectively. Under this purchase, the price of furniture products was determined based on the cost charged by third party supplier(s) to Nobel Design Singapore plus a mark-up of approximately 17.5% and 17.5%, respectively. If the Group purchased the relevant products directly from such third party supplier(s), the cost for this purchase would decrease by approximately S$0.3 million and S$0.1 million for the year ended 31 December 2017 and the five months ended 31 May 2018, respectively;

(ii) the rental and utilities expenses charged by Nobel Design Singapore to the Group of approximately S$2.3 million, S$2.4 million, S$2.5 million and S$1.1 million, respectively, for its office premises, warehouses and points of sales located in the headquarter building which was leased by Nobel Design Singapore from third party landlord during the Track Record Period. These expenses comprised (a) utilities expenses charged by Nobel Design Singapore to the Group which amounted to approximately S$0.1 million, S$0.1 million, S$0.1 million and S$27,000 for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively; and (b) rental expense charged by Nobel Design Singapore to the Group for its use of premises in the headquarter building which amounted to approximately S$2.2 million, S$2.3 million, S$2.4 million and S$1.0 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively. Based on the valuation report on the market rent issued by the independent valuer, the aforesaid rental expense charged by Nobel Design Singapore was higher than the prevailing market rent of the premises. If the rental expense was determined based on the then market rates, the expense would decrease by approximately S$0.7 million, S$0.8 million and S$0.7 million and S$0.2 million for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, respectively; and

(iii) the management fees charged by Nobel Design Singapore to the Group of approximately S$0.7 million, S$0.8 million, S$0.8 million and S$0.4 million respectively during the Track Record Period as a reimbursement of certain corporate expenses incurred by Nobel Design Singapore (at the then headquarter level) for the business of the operating subsidiaries. Please refer to note 32 with respect to the related party disclosures to the Accountants' Report in Appendix I to this document for further details. For the three years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, the management fees charged had not fully covered all the expenses incurred by Nobel Design Singapore. If all the corporate and administrative expenses (including all the expenses incurred by Nobel Design Singapore) for the business of the operating subsidiaries were to be allocated and the portion of directors remuneration estimated to be attributable to the Excluded Business had been excluded from the financial results of the Group, the Group's net profit would decrease by approximately S$0.4 million, S$0.4 million, S$1.4 million and S$0.3 million, respectively.

For illustrative purpose, if the aforesaid related party transactions were conducted on normal commercial terms and taking into consideration the financial impacts of items (i), (ii) and (iii) above, the net profit of the Group would be adjusted upward by approximately S$0.3 million and S$0.4 million for the years ended 31 December 2015 and 2016, respectively, and the net profit of the Group would be adjusted downward by approximately S$0.4 million for the year ended 31 December 2017. The net profit of the Group would remain stable for the five months ended 31 May 2018.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2015	2016	2017	2018
Net Profit Margin (%)[1]	7.0	6.7	8.5	3.6
Return on equity (%)[2]	23.4	18.6	31.2	N/A[9]
Return on total assets (%)[3]	13.4	12.1	15.8	N/A[9]
Interest coverage ratio (times)[4]	88.9	258.7	269.8	2,478
	As at 31 December			As at 31 May
	2015	2016	2017	2018
Current ratio (times)[5]	2.1	2.2	1.8	1.9
Quick ratio (times)[6]	1.1	1.3	1.1	1.2
Gearing ratio (%)[7]	1.3	1.6	0.2	0.3
Net debt to equity ratio(%) [8]	N/A	N/A	N/A	N/A

Notes:

(1) Net profit margin for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 was calculated by dividing the profit for the year/ period by revenue for the respective year/period and multiplied by 100%. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for more details on our net profit margin.

(2) Return on equity for the years ended 31 December 2015, 2016 and 2017 was calculated by dividing the profit for the year attributable to the Shareholders by the total equity attributable to the Shareholders as at the end of the respective year and multiplied by 100%.

(3) Return on total assets for the years ended 31 December 2015, 2016 and 2017 was calculated by dividing the profit for the year by the total assets as at the end of the respective year and multiplied by 100%.

(4) Interest coverage ratio for the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018 was calculated by dividing the profits before interest and tax by the finance costs for the respective year/period.

(5) Current ratio as at 31 December 2015, 2016 and 2017 and 31 May 2018 was calculated by dividing the total current assets by the total current liabilities as at the end of the respective year/period.

(6) Quick ratio as at 31 December 2015, 2016 and 2017 and 31 May 2018 was calculated by dividing the total current assets less inventories by total current liabilities as at the end of the respective year/period.

(7) Gearing ratio as at 31 December 2015, 2016 and 2017 and 31 May 2018 was calculated by dividing the total debt (being sum of bank borrowings and obligations under finance leases) by total equity as at the end of the respective year/period and multiplied by 100%.

(8) Net debt to equity ratio as at 31 December 2015, 2016 and 2017 and 31 May 2018 was calculated by dividing net debts (being total debts net of cash and cash equivalents) by total equity as at the end of the respective year/period and multiplied by 100%.

(9) Return on equity and return on total assets is not applicable to our Group for the five months ended 31 May 2018 since the profit attributable to the Shareholders and the net profit recorded only represents the amount for the five months ended 31 May 2018.

Net profit margin

Our net profit margin decreased from approximately 7.0% for the year ended 31 December 2015 to approximately 6.7% for the year ended 31 December 2016, primarily because of the increase in income tax expense of approximately S$1.2 million.

During the year ended 31 December 2017, we were able to maintain our selling, distribution and administrative expenses at a level similar to that of the preceding year despite the significant increase in our sales primarily because the Group had (i) closed four points of sales in 2017 due to their underperformance and after expiry of lease agreement which led to the decrease in rental expenses, (ii) reduced provision made for slow moving stock for furniture sales segment after realising inventories during clearance sales prior to closure of the aforementioned points of sales and (iii) decreased the amount of bonus paid to our management personnel during the year. As a result, our net profit margin increased from approximately 6.7% for the year ended 31 December 2016 to approximately 8.5% for the year ended 31 December 2017.

Our net profit margin decreased to approximately 3.6% for the five months ended 31 May 2018, primarily because of the incurrence of non-recurring [**REDACTED**] of approximately S$1.9 million and the increase in income tax expense of approximately S$0.3 million.

Return on equity

Our return on equity decreased from approximately 23.4% for the year ended 31 December 2015 to approximately 18.6% for the year ended 31 December 2016, which was primarily because most of tax losses from previous years had been utilised in 2015, which led to lower income tax expense in 2015 than that in 2016.

Our return on equity increased from approximately 18.6% for the year ended 31 December 2016 to approximately 31.2% for the year ended 31 December 2017, which was in line with our increase in net profit recorded for the year.

Return on total assets

Our return on total assets decreased from approximately 13.4% for the year ended 31 December 2015 to approximately 12.1% for the year ended 31 December 2016, which was due to a relatively lesser increase in profit for the year ended 31 December 2016 compared to the increase in our inventories and cash and bank balance for the same year.

Our return on total assets increased from approximately 12.1% for the year ended 31 December 2016 to approximately 15.8% for the year ended 31 December 2017, which was in line with our increase in net profit recorded for the year.

Interest coverage ratio

Our interest coverage ratio increased from approximately 88.9 times for the year ended 31 December 2015 to approximately 258.7 times for the year ended 31 December 2016 which was primarily due to a decrease in the amount of interest on trust receipt loans in 2016.

Our interest coverage ratio amounted to approximately 269.8 times for the year ended 31 December 2017, which remained stable when compared to that in 2016.

Our interest coverage ratio increased to approximately 2,478 times for the five months ended 31 May 2018, primarily due to the repayment of all the trust loans in 2018.

Current ratio

Our current ratio remained stable at approximately 2.1 times and 2.2 times as at 31 December 2015 and 31 December 2016, respectively.

Our current ratio decreased from approximately 2.2 times as at 31 December 2016 to approximately 1.8 times as at 31 December 2017, which was primarily due to the significant increase in our current liabilities driven by the increase in payables for dividend declared by the subsidiaries during the year as mentioned above.

Our current ratio remained stable at approximately 1.9 times as at 31 May 2018 when compared to that as at 31 December 2017.

Quick ratio

Our quick ratio remained stable at approximately 1.1 times, 1.3 times, 1.1 times and 1.2 times as at 31 December 2015, 2016 and 2017 and 31 May 2018, respectively.

Gearing ratio

Our gearing ratio increased slightly from approximately 1.3% as at 31 December 2015 to approximately 1.6% as at 31 December 2016, which was primarily due to the increase in the amount of trust receipt loans as at 31 December 2016.

Our gearing ratio decreased to approximately 0.2% as at 31 December 2017, which was primarily due to the repayment of trust receipt loans.

Our gearing ratio remained stable at approximately 0.3% as at 31 May 2018 when compared to that as at 31 December 2017.

Net debt to equity ratio

Net debt to equity ratio is not applicable to our Group as at 31 December 2015, 2016 and 2017 and 31 May 2018 as our Group recorded net cash as at the end of that year.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The major financial risks arising from our Group's normal course of business include credit risk, foreign currency risk, liquidity risk and capital risk.

Details of the risk to which we are exposed are set out in Note 34 to our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

[**REDACTED**]

The total amount of the [**REDACTED**] is estimated to be approximately HK$[**REDACTED**] (equivalent to approximately S$[**REDACTED**]) (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**], and assume that the [**REDACTED**] is not exercised)

until the completion of the [**REDACTED**]. Among the estimated total [**REDACTED**], approximately S$[**REDACTED**] had been recognised as our expenses in our consolidated statement of profit or loss and comprehensive income from the financial statements for the five months ended 31 May 2018. For the remaining fees in the amount of S$[**REDACTED**] to be incurred, (i) approximately S$[**REDACTED**] is expected to be accounted for as a deduction from equity upon [**REDACTED**]; and (ii) approximately S$[**REDACTED**] is expected to be recognised as our expenses in our consolidated statement of profit or loss and comprehensive income from the financial statements for the year ending 31 December 2018.

The amount of the [**REDACTED**] is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2018 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2018 is expected to be adversely affected by the [**REDACTED**] mentioned above, the nature of which are non-recurring.

DIVIDEND

For the years ended 31 December 2015, 2016 and 2017 and the five months ended 31 May 2018, our Group declared the dividends of approximately S$1.6 million, S$1.7 million, S$10.4 million and nil, respectively. The dividends declared for the years ended 31 December 2015 and 2016 have been paid as at the Latest Practicable Date. The dividends for the year ended 31 December 2017 in the amount of approximately S$4.9 million have been paid as at 31 May 2018 and the remaining dividends declared in the amount of approximately S$5.5 million are expected to be settled before the [**REDACTED**].

Save as the above, our Group did not pay or declare any dividend during the Track Record Period and up to the Latest Practicable Date.

We are a holding company incorporated in the Cayman Islands. The payment and amount of our future dividends will depend on the availability of dividends received from our subsidiaries. Distributions from us and our subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements or other agreements that we or they may enter into in the future. We currently do not have any fixed dividend policy and do not have any pre-determined dividend payout ratio. The amount of dividends actually distributed to our Shareholders will depend on our results of operations, cash flows and financial condition, operation and capital requirements, applicable laws and regulations and any other factors that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

As at 31 May 2018, our Company had no reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For our unaudited pro forma adjusted net tangible assets, please refer to the section headed "Appendix II — Unaudited Pro Forma Financial Information" in this document.

RECENT DEVELOPMENT

Please refer to the paragraph headed "Summary — Recent Developments and Outlook" in this document and "Events After the Relevant Periods" in Note 35 to our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

MATERIAL ADVERSE CHANGE

Save as disclosed in this document, our Directors confirm that up to the date of this document, there has been no material adverse change in our Group's financial and trading position since 31 May 2018 and there is no event since 31 May 2018 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

BUSINESS OBJECTIVES AND STRATEGIES

We aim to expand our business to maintain and strengthen our market position by pursuing the following strategies:

- Further expand our sales and marketing network;
- Further expand our product mix and brand portfolio;
- Strengthen our brand recognition; and
- Continue to retain and recruit talents to support future growth.

For details of our objectives and strategies, please refer to the subsection headed "Business — Business Strategies" for details.

FUTURE PLANS

Notwithstanding our cash and cash equivalents of approximately S$24.3 million as at 30 September 2018 and unutilised banking facilities of S$6.6 million as at 30 September 2018, based on the expenses we incurred for the year ended 31 December 2017, our non-sales related cash outflow including selling and distribution expenses and administrative expenses but excluding sales commission, depreciation and amortisation and provision for bad debts and provision for slow moving stock for each financial year is expected to be approximately S$19.0 million. In addition, we are required to pay out approximately S$7.3 million for the dividend declared for the year ended 31 December 2017. As such, a combination of these non-sales related cash outflow will render us in a negative cash position without taking into account of any [**REDACTED**] from our business operation and the net [**REDACTED**] from the [**REDACTED**], not withstanding our cash and cash equivalent as at 30 September 2018 and unutilised banking facilities. Since we need to maintain sufficient liquidity buffer to minimise any liquidity risk in the event that any sales receipt cannot be timely settled by our customers and to accommodate the lead time between the payment of our purchase orders together with settlement of our operational expenditure and the collection of sales receipts, our Directors consider that our Group has genuine funding needs. The [**REDACTED**] would provide us an important capital base to fund our future business expansion and marketing plan while maintaining a healthy liquidity position. The [**REDACTED**] is also expected to bring us to additional capital not only from the [**REDACTED**], but also to the secondary capital markets both in debt and equity platforms so that we would be able to further expand and capitalise the opportunities of the growing trend in the U.S. and Singapore furniture sales markets in the future.

Having considered the [**REDACTED**] fundraising amount on the Stock Exchange in 2017, the potential broad shareholder base and fundraising channels in light of the Stock Connect, the key statistics on the equity market in Hong Kong in terms of trading volume and the equity funds raised in the secondary market by companies on the Stock Exchange, the size of the equity markets in Hong Kong in terms of the market capitalisation and its greater market activity, our Directors believe that the Hong Kong Stock Exchange is a better [**REDACTED**] platform to finance our business expansion plans and enable our Company to conduct secondary fund raising more efficiently when the need arises in future. We also believe that the [**REDACTED**] is

in the interest of our Group's business development strategies and would be beneficial to our Group and our Shareholders as a whole. For details of the reasons for [**REDACTED**] in Hong Kong, please refer to the paragraphs headed "History, Development and Reorganisation — Prior Listing on SGX-ST and Reason for the [**REDACTED**] — Reason for the [**REDACTED**]" in this document.

As compared the fund raising from [**REDACTED**] and the obtaining of additional bank borrowings, our Directors are of the view that [**REDACTED**] is more effective than relying solely on debt financing, after taking into account the potential amount of funds that can be raised, the timing of such funding, the potential rise of the cost of debt financing in the event of any future increase in interest rate, the strict collateral requirements that are likely to be imposed on debt financing by the Group without listing status and the difficulty of fulfilling such collateral requirements in light of the relatively assets-light nature of our Group. With a listing status, our Directors believe that our Group will have more flexibility through relying on a combination of equity financing and debt financing instead of relying solely on bank borrowings, which enables the Group to have access to wider range of financing sources in the capital market as and when necessary and achieve its expansion plans as efficiently as possible without less exposure to uncertain financial risks in case of any tightening of credit control or change in market condition. For details of the reasons for our Group to opt for the [**REDACTED**] instead of sole recourse to debt financing, please see the paragraph headed "History, Development and Reorganisation — Prior Listing on SGX-ST and Reason for the [**REDACTED**] — Advantages of equity financing as compared to debt financing" in this document.

Please refer to the paragraphs headed "Business — Business Strategies" in this document for a detailed discussion of our future plans.

[**REDACTED**]

We estimate that the aggregate net [**REDACTED**] to us from the [**REDACTED**] (after deducting [**REDACTED**] fees and estimated expenses payable by us in connection with the [**REDACTED**]), assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, will be approximately HK$[**REDACTED**] (equivalent to approximately S$[**REDACTED**]), assuming that the [**REDACTED**] is not exercised. We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] in the following manner:

(i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the expansion of our U.S. furniture sales segment in the U.S.;

    (a) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for procurement of products in order to increase our inventory for existing products and strengthen our product portfolio by introducing more new products, out of which approximately HK$[**REDACTED**] will be for new products and approximately HK$[**REDACTED**] will be for existing products. We plan to enrich our product offerings marketed under our existing brands based on our sales performance and the upcoming market trend, and other products which were well received in the U.S. market. Out of the HK$[**REDACTED**], approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] is intended to be used for the three years ending 31 December 2021, respectively. According to the CIC Report, the total sales value of the furniture online sales will continue with a steady growth of a CAGR of approximately 12.4% from 2017 to 2022. We believe by diversifying our product offerings, we will be able to capitalise the growth trend in the U.S. furniture sales segment and to enhance our market share;

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition. We plan to increase our marketing efforts including preparing and updating the photo shooting of existing and new products to be displayed on our customers' websites and related expenses for participating in the trade fairs. Out of the HK$[**REDACTED**], approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] is intended to be used for the three years ending 31 December 2021, respectively;

(c) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for storage of new products to be procured. We will engage existing or additional order fulfilment service providers in the U.S. to provide storage services for our products. During the Track Record Period we used the order fulfilment services in the U.S. operated by different third party service providers in addition to our self-operated warehouse. We plan to continue to engage our existing fulfilment service providers to provide additional storage space for our inventory. In the event that the existing fulfilment service providers are unable to meet our operational needs in the future such as insufficient storage space, we may engage additional fulfilment service providers to provide the similar fulfilment services. When we engage new fulfilment service provider, we will take into account the location, the size of the warehouse, the types and quality of fulfilment services to be provided and the relevant costs. As at the Latest Practicable Date, we do not encounter any difficulty in continuing with the engagement with our existing fulfilment service providers and do not anticipate engaging additional fulfilment service providers. We believe that by continuing with the outsourcing arrangement of storage and order fufilment processes to these order fulfilment service providers will allow us to focus on the sales and marketing in the U.S. and avoiding the operations risks associated with the warehouse management and the when our sales volume is expected to increase in the future;

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the expansion of our furniture sales business in Singapore;

(a) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for paying the rental expenses, overhead expenses (including expenses for recruiting not less than 20 additional staff) and capital expenditure for opening two new points of sales in Singapore under the brands, "OM" and "Lifestorey", respectively. The "OM" and "Lifestorey" points of sales are expected to be opened in the central area of Singapore in the second quarter of 2020, and the west of Singapore in the first quarter of 2021, respectively. Each new point of sales is expected to be approximately 15,000 sq.ft. We believe the two new points of sales will complement our existing presence in Singapore geographically and better serve our potential customers;

The following table sets forth a breakdown of the[**REDACTED**] of approximately HK$[**REDACTED**] for the expansion of the two new points of sales:

	Amount of net [REDACTED] to be utilised
	(HK$' million)
Rental expenses	[**REDACTED**]
Overhead expenses (including expenses for recruiting not less than 20 additional staff which comprises two sales managers, eight sales staff and 10 other supporting staff)	[**REDACTED**]
Capital expenditure	[**REDACTED**]

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**], is intended to be used for the procurement of inventory for our new points of sales. All the inventory to be procured will be new products. We plan to enrich our product offerings sourced under the existing brands and other new brands we identify in the future to cater for the changing market trend and preference of our customers;

(c) approximately [**REDACTED**]%, or HK$[**REDACTED**], is intended to be used for enhancing our brand awareness, which include [brand building campaigns such as digital marketing, product launch events, media coverage and advertisement on magazines, newspapers, websites and particularly for our planned new points of sales;

(d) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expansion of our warehouse in Singapore. We plan to lease new warehouse with a size of approximately 30,000 sq.ft. located in proximity to our new points of sales to be opened to cater for increase in the demand for our products arising from our new points of sales; and

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used as working capital of our Group.

The following table sets forth a detailed breakdown of the [**REDACTED**] for the aforesaid plans excluding the general working capital of approximately HK$[**REDACTED**]:

	Amount of net [REDACTED] to be utilised for the year ending 31 December		
	2019	**2020**	**2021**
	(HK$' million)	**(HK$' million)**	**(HK$' million)**
For our U.S. furniture sales segment:			
— procurement of inventory	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
— increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
— storage of new products to be procured	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

	Amount of net [REDACTED] to be utilised for the year ending 31 December		
	2019	2020	2021
	(HK$' million)	(HK$' million)	(HK$' million)
For our furniture sales segment:			
— paying the rental deposits, overhead expenses, rental expenses and capital expenditure for opening two new points of sales in Singapore under the brands "OM" and "Lifestorey", respectively	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
— procurement of inventory for our new points of sales	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
— enhancing our brand awareness including brand building campaign	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
— expansion of our warehouse in Singapore	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Sub-total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

If the [**REDACTED**] is fixed at the high-end of the indicative range of the [**REDACTED**], being HK$[**REDACTED**] per Share, the net [**REDACTED**] we receive from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. We intend to apply the additional net [**REDACTED**] for the above purposes on a pro-rata basis. If the [**REDACTED**] is set at the low-end of the indicative range of the [**REDACTED**], being HK$[**REDACTED**] per Share, the net [**REDACTED**] we receive from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. We intend to reduce the net [**REDACTED**] for the above purposes on a pro-rata basis.

If the [**REDACTED**] is exercised in full, we estimate that the additional net [**REDACTED**] from the [**REDACTED**] of these additional Shares to be received by us, after deducting [**REDACTED**] fees and estimated expenses payable by it, will be approximately (i) HK$[**REDACTED**], assuming the [**REDACTED**] is fixed at the high-end of the indicative range of the [**REDACTED**], being HK$[**REDACTED**] per Share; (ii) HK$[**REDACTED**], assuming the [**REDACTED**] is fixed at the mid-point of the indicative range of the [**REDACTED**], being HK$[**REDACTED**] per Share; and (iii) HK$[**REDACTED**], assuming the [**REDACTED**] is fixed at the low-end of the indicative range of the [**REDACTED**], being HK$[**REDACTED**] per Share. Any additional [**REDACTED**] received by us from the exercise of the [**REDACTED**] will also be allocated to the above business objectives and future plans on a pro-rata basis.

We will bear the [**REDACTED**] commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the new Shares together with any applicable fees relating to the [**REDACTED**].

To the extent that the net [**REDACTED**] are not immediately applied for the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net [**REDACTED**] into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

We will issue an appropriate announcement if there is any material change in the aforementioned [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

The Directors
Design Capital Limited
Southwest Securities (HK) Capital Limited

Dear Sirs,

We report on the historical financial information of Design Capital Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-56, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017, and the five months ended 31 May 2018 (the "**Relevant Periods**"), the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 31 May 2018 and the statement of financial position of the Company as at 31 May 2018 and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**document**") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015, 2016 and 2017 and 31 May 2018 and of the Company as at 31 May 2018 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE [REDACTED] OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company since its incorporation to the date of this report.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
[Ernst & Young]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by [Ernst & Young LLP, Singapore] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Singapore dollars (S$) and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

Consolidated statements of profit or loss and other comprehensive income

		Years ended 31 December			Five months ended 31 May	
	Notes	2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
REVENUE	6(a)	82,328	90,535	100,929	37,128	43,268
Cost of sales		(53,549)	(60,063)	(68,732)	(25,477)	(29,885)
Gross profit		28,779	30,472	32,197	11,651	13,383
Other income and gain, net	7	509	514	637	241	179
Selling and distribution expenses		(14,217)	(13,371)	(13,203)	(5,739)	(5,424)
Administrative expenses		(8,938)	(10,114)	(9,378)	(3,041)	(5,660)
Finance costs	8	(69)	(29)	(38)	(9)	(1)
PROFIT BEFORE TAX	9	6,064	7,472	10,215	3,103	2,477
Income tax	12	(266)	(1,442)	(1,671)	(600)	(924)
PROFIT FOR THE YEAR/PERIOD		5,798	6,030	8,544	2,503	1,553

	Years ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (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	1,246	698	(1,542)	(1,095)	97
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF INCOME TAX	1,246	698	(1,542)	(1,095)	97
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	7,044	6,728	7,002	1,408	1,650
Profit for the year/period attributable to:					
Shareholders of the Company	4,305	4,208	7,057	2,104	1,090
Non-controlling interests	1,493	1,822	1,487	399	463
	5,798	6,030	8,544	2,503	1,553
Total comprehensive income for the year/period attributable to:					
Shareholders of the Company	5,212	4,718	5,733	1,207	1,182
Non-controlling interests	1,832	2,010	1,269	201	468
	7,044	6,728	7,002	1,408	1,650

Consolidated statements of financial position

	Notes	As at 31 December			As at 31 May
		2015	2016	2017	2018
		S$'000	S$'000	S$'000	S$'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	1,439	1,246	825	1,033
Deposits	19	337	140	82	691
Total non-current assets		1,776	1,386	907	1,724
CURRENT ASSETS					
Inventories	17	19,773	19,733	21,266	19,649
Contract assets	6(b)	164	316	110	117
Trade receivables	18	8,662	9,664	9,268	9,048
Prepayments, deposits and other receivables	19	916	1,284	1,675	1,923
Pledged deposits	20	1,330	734	—	—
Cash and cash equivalents	20	10,554	16,815	20,891	22,649
Total current assets		41,399	48,546	53,210	53,386
CURRENT LIABILITIES					
Contract liabilities	6(b)	6,074	5,571	5,327	5,014
Trade payables	21	5,534	5,275	5,304	4,830
Other payables and accruals	22	4,943	6,308	13,720	14,594
Bank borrowings	23	261	370	—	—
Obligations under finance leases	24	31	34	26	37
Provision for reinstatement costs	25	—	80	—	—
Income tax payables		3,337	4,194	5,101	4,329
Total current liabilities		20,180	21,832	29,478	28,804
NET CURRENT ASSETS		21,219	26,714	23,732	24,582

	Notes	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 31 May 2018
		S$'000	S$'000	S$'000	S$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		22,995	28,100	24,639	26,306
NON-CURRENT LIABILITIES					
Obligations under finance leases	24	8	53	27	45
Provision for reinstatement costs	25	251	175	233	232
Deferred tax liabilities	26	77	135	25	25
Total non-current liabilities		336	363	285	302
NET ASSETS		22,659	27,737	24,354	26,004
EQUITY					
Equity attributable to shareholders of the Company					
Issued capital	27	—	—	—	—#
Reserves	28(a)(i)	18,363	22,641	22,637	23,819
		18,363	22,641	22,637	23,819
Non-controlling interests		4,296	5,096	1,717	2,185
TOTAL EQUITY		22,659	27,737	24,354	26,004

Less than S$500.

Consolidated statements of changes in equity

Relevant Periods

Year ended 31 December 2015

	Attributable to shareholders of the Company							
	Issued capital	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	S$'000	S$'000 *(note 28(a)(ii))*	S$'000 *(note 28(a)(iii))*	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2015	—	2,500	1,436	(203)	10,670	14,403	2,812	17,215
Profit for the year	—	—	—	—	4,305	4,305	1,493	5,798
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	907	—	907	339	1,246
Total comprehensive income for the year	—	—	—	907	4,305	5,212	1,832	7,044
Dividends declared by subsidiaries to their then shareholders *(note 13)*	—	—	—	—	(1,252)	(1,252)	(348)	(1,600)
At 31 December 2015	—	2,500*	1,436*	704*	13,723*	18,363	4,296	22,659

Year ended 31 December 2016

	Attributable to shareholders of the Company							
	Issued capital	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	S$'000	S$'000 *(note 28(a)(ii))*	S$'000 *(note 28(a)(iii))*	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2016	—	2,500	1,436	704	13,723	18,363	4,296	22,659
Profit for the year	—	—	—	—	4,208	4,208	1,822	6,030
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	510	—	510	188	698
Total comprehensive income for the year	—	—	—	510	4,208	4,718	2,010	6,728
Contribution from the non-controlling equity holder upon establishment of a subsidiary	—	—	—	—	—	—	15	15
Acquisition of non-controlling interests of a subsidiary by Nobel Design Holdings Pte Ltd ("**Nobel Design Singapore**")	—	668	239	—	—	907	(907)	—
Disposal of equity interests in a subsidiary without a change in control by Nobel Design Singapore	—	(7)	(20)	—	—	(27)	27	—
Dividends declared by subsidiaries to their then shareholders *(note 13)*	—	—	—	—	(1,320)	(1,320)	(345)	(1,665)
At 31 December 2016	—	3,161*	1,655*	1,214*	16,611*	22,641	5,096	27,737

Year ended 31 December 2017

	Attributable to shareholders of the Company							
	Issued capital	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	S$'000	S$'000 *(note 28(a)(ii))*	S$'000 *(note 28(a)(iii))*	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2017	—	3,161	1,655	1,214	16,611	22,641	5,096	27,737
Profit for the year	—	—	—	—	7,057	7,057	1,487	8,544
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	—	—	—	(1,324)	—	(1,324)	(218)	(1,542)
Total comprehensive income/(loss) for the year	—	—	—	(1,324)	7,057	5,733	1,269	7,002
Conversion of redeemable convertible preference shares of a subsidiary by Nobel Design Singapore *(note 28(a)(ii))*	—	(2,500)	2,500	—	—	—	—	—
Acquisition of non-controlling interests of a subsidiary by Nobel Design Singapore	—	1,603	1,532	—	—	3,135	(3,135)	—
Dividends declared by subsidiaries to their then shareholders *(note 13)*	—	—	—	—	(8,872)	(8,872)	(1,513)	(10,385)
At 31 December 2017	—	2,264*	5,687*	(110)*	14,796*	22,637	1,717	24,354

Five months ended 31 May 2018

	Attributable to shareholders of the Company								
	Issued capital	Share premium account	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000 *(note 28(a)(ii))*	S$'000 *(note 28(a)(iii))*	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2018	—	—	2,264	5,687	(110)	14,796	22,637	1,717	24,354
Profit for the period	—	—	—	—	—	1,090	1,090	463	1,553
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	92	—	92	5	97
Total comprehensive income for the period	—	—	—	—	92	1,090	1,182	468	1,650
Issue of new shares for acquisition of subsidiaries pursuant to the Reorganisation (as defined in note 1)	—#	114,407	—	(114,407)	—	—	—	—	—
At 31 May 2018	—#	114,407	2,264*	(108,720)	(18)*	15,886*	23,819	2,185	26,004

* These reserves accounts comprise the consolidated reserves of S$18,363,000, S$22,641,000, S$22,637,000 and S$23,819,000 in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 31 May 2018, respectively.

\# Less than S$500.

Five months ended 31 May 2017 (Unaudited)

	Attributable to shareholders of the Company							
	Issued capital	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	S$'000	S$'000 (note 28(a)(ii))	S$'000 (note 28(a)(iii))	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2017	—	3,161	1,655	1,214	16,611	22,641	5,096	27,737
Profit for the period	—	—	—	—	2,104	2,104	399	2,503
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	—	—	—	(897)	—	(897)	(198)	(1,095)
Total comprehensive income/(loss) for the period	—	—	—	(897)	2,104	1,207	201	1,408
Acquisition of non-controlling interests of a subsidiary by Nobel Design Singapore	—	1,603	1,532	—	—	3,135	(3,135)	—
Dividend declared by a subsidiary to its then shareholders (note 13)	—	—	—	—	(644)	(644)	(429)	(1,073)
At 31 May 2017	—	4,764	3,187	317	18,071	26,339	1,733	28,072

Consolidated statements of cash flows

	Notes	Year ended 31 December			Five months ended 31 May	
		2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		6,064	7,472	10,215	3,103	2,477
Adjustments for:						
Interest income	7	(94)	(135)	(193)	(75)	(91)
Finance costs	8	69	29	38	9	1
Depreciation	9	635	635	603	249	237
Loss/(gain) on disposal of items of property, plant and equipment, net	9	(36)	4	(8)	(8)	(7)
Write-off of items of property, plant and equipment	9	—	1	17	5	—
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	9	(270)	740	349	(73)	333
Provision/(reversal of provision) for expected credit losses of trade receivables, net	9	307	(57)	89	11	(55)
Reversal of provision for expected credit losses of other receivables	9	(26)	(22)	—	—	—
		6,649	8,667	11,110	3,221	2,895
Decrease/(increase) in inventories		(273)	(386)	(3,043)	(1,762)	1,328
Decrease/(increase) in contract assets		(78)	(152)	206	(24)	(7)
Decrease/(increase) in trade receivables		(92)	(782)	(241)	563	301
Decrease/(increase) in prepayments, deposits and other receivables		448	(151)	(329)	(720)	(910)
Increase/(decrease) in contract liabilities		(1,178)	(503)	(244)	1,777	(313)
Increase/(decrease) in trade payables		(1,549)	(78)	21	220	(474)
Increase/(decrease) in other payables and accruals		(1,455)	1,136	930	(339)	2,545
Cash generated from operations		2,472	7,751	8,410	2,936	5,365
Income taxes paid		(329)	(564)	(784)	(152)	(1,701)
Net cash flows from operating activities		2,143	7,187	7,626	2,784	3,664

	Notes	Year ended 31 December			Five months ended 31 May	
		2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Net cash flows from operating activities		2,143	7,187	7,626	2,784	3,664
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		88	122	147	22	122
Purchase of items of property, plant and equipment	30(a)	(188)	(388)	(166)	(4)	(383)
[**REDACTED**] from disposal of items of property, plant and equipment		42	37	8	8	7
Decrease in time deposits with maturity of more than three months when acquired		4,597	5,584	543	470	6,377
Increase in time deposits with maturity of more than three months when acquired		(2,848)	(8,913)	(3,120)	(5,130)	(6,684)
Net cash flows from/(used in) investing activities		1,691	(3,558)	(2,588)	(4,634)	(561)
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase in pledged deposits	30(b)	(11)	(11)	—	—	—
Decrease in pledged deposits	30(b)	—	607	734	734	—
New trust receipt loans	30(b)	24,389	6,885	12,005	864	339
Repayment of trust receipt loans	30(b)	(28,053)	(6,776)	(12,375)	(650)	(339)
Capital element of finance leases rental payments	30(b)	(43)	(42)	(34)	(16)	(13)
[**REDACTED**] from issuance of ordinary shares by a subsidiary to its non-controlling equity holder		—	15	—	—	—
Interest element of finance leases rental payments	8	(3)	(2)	(2)	(1)	(1)
Other interest paid	8	(66)	(27)	(36)	(8)	—
Dividends paid to the then shareholders of subsidiaries		(1,600)	(1,665)	(3,134)	(1,073)	(1,713)
Net cash flows used in financing activities		(5,387)	(1,016)	(2,842)	(150)	(1,727)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,553)	2,613	2,196	(2,000)	1,376
Cash and cash equivalents at beginning of year/period		7,096	5,618	8,550	8,550	10,049
Effect of foreign exchange rate changes, net		75	319	(697)	(351)	75
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		5,618	8,550	10,049	6,199	11,500

	Note	Year ended 31 December			Five months ended 31 May	
		2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances other than time deposits	20	5,618	8,550	10,049	6,199	11,500
Time deposits	20	6,266	8,999	10,842	12,926	11,149
Less: Pledged deposits	20	(1,330)	(734)	—	—	—
Cash and cash equivalents as stated in the consolidated statements of financial position		10,554	16,815	20,891	19,125	22,649
Less: Time deposits with maturity of more than three months when acquired		(4,936)	(8,265)	(10,842)	(12,926)	(11,149)
Cash and cash equivalents as stated in the consolidated statements of cash flows		5,618	8,550	10,049	6,199	11,500

Statement of financial position of the Company

	Notes	As at 31 May 2018
		S$'000
NON-CURRENT ASSET		
Investment in a subsidiary	16	—
CURRENT ASSETS		
Due from a subsidiary	16	114,407
Prepayments	19	541
Total current assets		114,948
CURRENT LIABILITIES		
Other payables and accruals		2,443
NET CURRENT ASSETS		112,505
NET ASSETS		112,505
EQUITY		
Issued capital	27	—#
Reserves	28(b)	112,505
TOTAL EQUITY		112,505

Less than S$500.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

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 Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively referred to as 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.

As at the date of this report, in the opinion of the directors of the Company, Nobel Design International Limited, a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate holding company and the ultimate holding company of the Company.

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the "**Reorganisation**"), which involved the acquisition of all operating subsidiaries of the Group by a subsidiary of the Company, as further detailed in the section headed "History, Development and Reorganisation — Reorganisation" in the document. Apart from the Reorganisation, the Company has not actively engaged in any business or operation since its incorporation.

The Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies having substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Company name	Place and date of incorporation/ place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company					Principal activities
			As at 31 December			As at 31 May	As at the date of this report	
			2015	2016	2017	2018		
			%	%	%	%	%	
Design Capital BVI Limited* *(note (a))*	BVI 6 April 2018	S$1	N/A	N/A	N/A	100	100	Investment holding
Design Capital Pte Ltd *(note (b))*	Singapore 10 April 2018	S$1	N/A	N/A	N/A	100	100	Investment holding
Numero Uno Creative Group Pte Ltd *(note (c))*	Singapore 17 March 2009	S$100,000	80	60	60	60	60	Interior design
Nobel Design Sdn Bhd *(note (d))*	Brunei 7 January 1997	B$500,000	52	52	52	52	52	Interior design
Nobel Reka Cipta Sdn Bhd *(note (e))*	Malaysia 14 November 1996	RM100,000	100	100	100	100	100	Interior design
Marquis Furniture Gallery Pte Ltd *(note (c))*	Singapore 5 December 1994	S$430,000	100	100	100	100	100	Furniture sales and interior design
Momentum Creations Pte Ltd *(note (c))*	Singapore 18 March 1999	S$163,000	84.2	84.2	84.2	84.2	84.2	Furniture sales

Company name	Place and date of incorporation/ place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company					Principal activities
			As at 31 December			As at 31 May	As at the date of this report	
			2015	2016	2017	2018		
			%	%	%	%	%	
Marquis HQO Pte Ltd *(note (c))*	Singapore 24 June 2000	S$200,000	90	90	90	90	90	Furniture project sales
Marquis HNC Pte Ltd *(note (c))*	Singapore 6 April 2016	S$150,000	—	90	90	90	90	Furniture project sales
Buylateral Group Pte Ltd ("**Buylateral Singapore**") *(note (c))*	Singapore 28 December 1990	S$7,603,436	73.15	78.2	95.4	95.4	95.4	U.S. furniture sales
Buylateral.Com (M) Sdn Bhd *(note (e))*	Malaysia 22 May 2000	RM2	73.15	78.2	95.4	95.4	95.4	Procurement of furniture
Target Marketing Systems, Inc. *(note (a))*	United States of America ("**U.S.**") 1 March 1985	US$1,000	73.15	78.2	95.4	95.4	95.4	U.S. furniture sales

* Except for this entity which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

Notes:

(a) No audited financial statements have been prepared for these entities as they are not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of their incorporation.

(b) No audited financial statements have been prepared for this entity since its date of incorporation as its first statutory financial statements can cover not more than 18 months from its date of incorporation under the relevant rules and regulations in the jurisdiction of its incorporation.

(c) The statutory financial statements of these entities for the years ended 31 December 2015, 2016 and 2017 (or since the date of incorporation, where later than the beginning of the Relevant Periods) prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore. [The statutory financial statements of Buylateral Singapore for the year ended 31 December 2017 have not been issued as at the date of this report.]

(d) The statutory financial statements of this entity for the years ended 31 December 2015, 2016 and 2017 prepared under the provisions of the Brunei Darussalam Companies Act, Cap. 39 and accounting principles generally accepted in Brunei Darussalam were audited by Deloitte & Touche, Brunei Darussalam.

(e) The statutory financial statements of these entities for the years ended 31 December 2015, 2016 and 2017 prepared under Malaysia Financial Reporting Standards were audited by Roger Yue, Tan & Associates, Malaysia.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed "History, Development and Reorganisation — Reorganisation" in the document, the Company became the holding company of the companies now comprising the Group on 16 April 2018. The companies now comprising the Group were under the common control of Nobel Design Singapore. Accordingly, for the purpose of this report, the Historical Financial Information has been presented by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the period covered by the Interim Comparative Financial Information include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of Nobel Design Singapore, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from Nobel Design Singapore's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than Nobel Design Singapore and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information:

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to the following four IFRSs:* *IFRS 3 Business Combinations*[1] *IFRS 11 Joint Arrangements*[1] *IAS 12 Income Tax*[1] *IAS 23 Borrowing Costs*[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2021
[3] No mandatory effective date yet determined but available for adoption

Other than explained below regarding the impact of IFRS 16, the adoption of the above new and revised standards and interpretation is not expected to have a significant financial effect on the Historical Financial Information.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC — 15 *Operating Leases — Incentives* and SIC — 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 requires lessees to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 31 to the Historical Financial Information, as at 31 May 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately S$7,313,000. Based on the preliminary assessment of the impact of the adoption of IFRS16 performed by the Group, the directors of the Company expect that the adoption of the new standard will result in increases in total assets and total liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a holding company of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that property, plant and equipment may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Property, plant and equipment

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Leasehold improvements	3–5 years or over the lease terms of the relevant retail stores, whichever is the shorter
Furniture and office equipment	3–5 years
Equipment	3–5 years
Motor vehicles	5 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, as appropriate.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

Leases

The Group leases motor vehicles and equipment under finance leases and point of sales, warehouses, and office space under operating leases from non-related parties.

(a) Lessee — Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Lessee — Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets are all classified, at initial recognition, as subsequently measured at amortised cost. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises a provision for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group makes allowance for expected credit losses based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are all classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions and net of bank overdrafts (if any).

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses.

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

Government grants

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

Government grant relating to an asset is presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset.

Government grant relating to income is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate. Government grants relating to income are included in other income.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition or construction of qualifying assets. Borrowing costs that are directly attributable to acquisition and construction of a qualifying asset is capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress until the asset is ready for its intended use or sale.

Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group participates in the national pension scheme in Singapore under which the Group makes contributions to the Central Provident Fund scheme. Contributions are made based on a percentage of the employee's salaries and are recognised as an expense in the period in which the related service is performed.

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

Revenue

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

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

(a) Sale of goods — Trading income

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customers which generally coincides with delivery and acceptance of the goods sold.

(b) Rendering of service — Revenue on renovation contracts

Revenue from interior design, renovation and furnishing contracts is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(c) Interest income

Interest income is recognised using the effective interest method.

Contract balances

(a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Taxes

(a) Current income tax

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

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

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

— Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables that are stated with the amount of sales tax included.

Foreign currencies

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

The assets and liabilities of foreign operations are translated into S$ at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in the exchange fluctuation reserve as other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Dividends

Final dividends are recognised as a liability when they have been approved by the shareholders of relevant entities comprising the Group in a general meeting.

Interim dividends are recognised immediately as a liability when they are proposed and declared by directors of relevant entities comprising the Group, as the memorandum and articles of association of these entities grant their directors the authority to declare interim dividends.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information 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 Relevant Periods. 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.

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

(a) Revenue of renovation contracts

For the renovation contracts with customers where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring the promised renovation service to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the renovation contracts. The measure of progress is based on the costs incurred to date as a proportion of total contract costs expected to be incurred up to the completion of the renovation contracts.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the measure of progress and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the total contract values on uncompleted contracts at the end of each of the Relevant Periods had been higher/lower by 10% from management's estimates, the Group's revenue and gross profit before income tax would have been higher/lower by S$1,327,000, S$1,189,000, S$1,082,000 and S$1,105,000 for the years ended 31 December 2015, 2016, 2017 and the five months ended 31 May 2018, respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit before income tax would have been lower/higher by S$842,000, S$735,000, S$669,000 and S$657,000 for the years ended 31 December 2015, 2016, 2017 and the five months ended 31 May 2018, respectively.

(b) Provision for expected credit losses of trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provisions for all trade receivables and contract assets. The details of the estimation of the lifetime expected loss provisions as at 31 December 2015, 2016 and 2017 and 31 May 2018 are set out in note 34(a) to the Historical Financial Information.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due trade receivables, the provision for expected credit losses of the Group would have been higher/lower by S$420,000, S$478,000, S$387,000 and S$229,000 as at 31 December 2015, 2016, 2017 and 31 May 2018, respectively.

(c) Estimate of customer sales returns

The Group's gross furniture sales are subject to sales returns deductions in arriving at reported net furniture sales. When the Group recognises revenue from the sale of its furniture, an estimate of sales returns is recorded which reduces furniture sales.

The estimate of sales returns reflects historical experience of sales to customers and is reviewed regularly to ensure that it reflects potential furniture returns. Based on past experience, only the Group's sales of furniture under the U.S. furniture sales segment incurred more than insignificant amount of sales returns. In this regard, the Group recorded a returns provision ranging from 2% to 6% of gross sales under U.S. furniture sales segment. The management reviews the return provision annually and adjust the reserve amounts if actual sales returns differ materially from the reserve percentage.

If the sales return amounts had been higher/lower by 10% from management's estimates, the Group's profit before tax would have been lower/higher by S$394,000, S$452,000, S$474,000 and S$211,000 for the years ended 31 December 2015, 2016, 2017 and 31 May 2018, respectively.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the Historical Financial Information:

(a) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of furniture and interior design services

  The Group provides interior design services that are either sold separately or bundled together with the sale of furniture to a customer. The interior design services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

  The Group determined that both the sale of furniture and interior design services are not capable of being distinct. The Group determined that the promises to transfer the furniture and to provide interior design service are not distinct within the context of the contract. The furniture and interior design service are inputs to a combined item in the contract. The Group is providing a significant integration service because the presence of the furniture and interior design together in this contract result in additional or combined functionality and the furniture or the interior design service modify or customise the other. Consequently, the Group considered the sale of furniture and the interior design service as a single performance obligation.

- Determining the timing of satisfaction of interior design services

  The Group concluded that revenue for interior design services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the interior design that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

  The Group determined that the input method is the best method in measuring progress of the interior design services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of cost incurred relative to the total budgeted cost to complete the service.

(b) Net realisable value for slow-moving inventories

The management carries out an inventory review on a product-by-product basis at the end of each reporting period taking into account the age of inventory. Aged inventories with slow turnaround are written down to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Management has written down approximately S$131,000, S$905,000, S$605,000 and S$347,000 of

its slow-moving inventories as at 31 December 2015, 2016, 2017 and 31 May 2018, respectively. The carrying amount of inventories was S$19,773,000, S$19,733,000, S$21,266,000 and S$19,649,000 as at 31 December 2015, 2016, 2017 and 31 May 2018, respectively. Inventories are disclosed in note 17 to the Historical Financial Information.

5. SEGMENT INFORMATION

Management has determined 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 three 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 represent online sales of furniture in the U.S. market; and

(d) the "Corporate" operations 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 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 Historical Financial Information.

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

For the year ended 31 December 2015

	Interior design	Furniture sales	U.S. furniture sales	Total
	S$'000	S$'000	S$'000	S$'000
Segment revenue:				
Segment revenue	12,495	23,613	47,850	83,958
Less: Intersegment sales	(666)	(964)	—	(1,630)
Sales to external customers	11,829	22,649	47,850	82,328
Segment results	2,769	312	2,983	6,064
Segment assets	5,496	17,027	20,652	43,175
Segment liabilities	3,646	8,827	8,043	20,516
Other segment information:				
Interest income	(35)	(58)	(1)	(94)
Finance costs	—	24	45	69
Depreciation	46	420	169	635
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	5	123	(398)	(270)
Provision/(reversal of provision) for expected credit losses of trade receivables, net	(42)	(1)	350	307
Reversal of provision for expected credit losses of other receivables	—	—	(26)	(26)
Capital expenditure*	10	242	213	465

For the year ended 31 December 2016

	Interior design	Furniture sales	U.S. furniture sales	Total
	S$'000	S$'000	S$'000	S$'000
Segment revenue:				
Segment revenue	11,832	23,864	56,333	92,029
Less: Intersegment sales	(406)	(1,088)	—	(1,494)
Sales to external customers	11,426	22,776	56,333	90,535
Segment results	2,624	(290)	5,138	7,472
Segment assets	5,201	16,715	28,016	49,932
Segment liabilities	3,051	8,691	10,453	22,195
Other segment information:				
Interest income	(34)	(65)	(36)	(135)
Finance costs	—	16	13	29
Depreciation	44	433	158	635
Provision for write-down of inventories to net realisable value, net	3	304	433	740
Provision/(reversal of provision) for expected credit losses of trade receivables, net	48	(37)	(68)	(57)
Reversal of provision for expected credit losses of other receivables	—	(22)	—	(22)
Capital expenditure*	3	336	139	478

For the year ended 31 December 2017

	Interior design	Furniture sales	U.S. furniture sales	Total
	S$'000	S$'000	S$'000	S$'000
Segment revenue:				
Segment revenue	11,379	24,494	67,288	103,161
Less: Intersegment sales	(412)	(1,820)	—	(2,232)
Sales to external customers	10,967	22,674	67,288	100,929
Segment results	2,706	796	6,713	10,215
Segment assets	5,733	15,112	33,272	54,117
Segment liabilities	4,253	10,323	15,187	29,763
Other segment information:				
Interest income	(23)	(56)	(114)	(193)
Finance costs	—	21	17	38
Depreciation	42	403	158	603
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	2	(3)	350	349
Provision/(reversal of provision) for expected credit losses of trade receivables, net	(14)	22	81	89
Capital expenditure*	16	188	32	236

Five months ended 31 May 2018

	Interior design	Furniture sales	U.S. furniture sales	Corporate	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue:					
Segment revenue	4,046	8,961	30,725	—	43,732
Less: Intersegment sales	(146)	(318)	—	—	(464)
Sales to external customers	3,900	8,643	30,725	—	43,268
Segment results	838	(171)	3,731	(1,921)	2,477
Segment assets	5,089	13,056	35,882	1,083	55,110
Segment liabilities	2,886	8,527	14,689	3,004	29,106
Other segment information:					
Interest income	(14)	(22)	(55)	—	(91)
Finance costs	—	1	—	—	1
Depreciation	14	164	59	—	237
Provision for write-down of inventories to net realisable value, net	—	333	—	—	333
Provision/(reversal of provision) for expected credit losses of trade receivables, net	11	30	(96)	—	(55)
Capital expenditure*	5	407	33	—	445

Five months ended 31 May 2017 (Unaudited)

	Interior design	Furniture sales	U.S. furniture sales	Total
	S$'000	S$'000	S$'000	S$'000
Segment revenue:				
Segment revenue	3,889	8,659	25,167	37,715
Less: Intersegment sales	(132)	(455)	—	(587)
Sales to external customers	3,757	8,204	25,167	37,128
Segment results	616	(271)	2,758	3,103
Other segment information:				
Interest income	(9)	(23)	(43)	(75)
Finance costs	—	9	—	9
Depreciation	18	164	67	249
Reversal of provision for write-down of inventories to net realisable value, net	—	(73)	—	(73)
Provision/(reversal of provision) for expected credit losses of trade receivables, net	(23)	34	—	11
Capital expenditure*	4	—	—	4

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

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

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Singapore	873	710	456	691
U.S.	551	523	361	335
Malaysia and Brunei	15	13	8	7
	1,439	1,246	825	1,033

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

Information about major customers

The revenue of major customers, which individually contributed 10% or more of the Group's revenue and are customers of the U.S. furniture sales segment, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Customer A	16,956	19,748	25,013	9,394	11,829
Customer B	14,226	14,730	13,873	5,900	4,960
Customer C	9,599	14,598	20,236	6,909	10,518

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.

(a) Disaggregated revenue information

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

	Year ended 31 December 2015			
Segments	**Interior design**	**Furniture sales**	**U.S. furniture sales**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Type of goods or service				
Sale of goods	—	22,649	47,850	70,499
Service income — interior design	11,829	—	—	11,829
Total revenue from contracts with customers	11,829	22,649	47,850	82,328
Geographical markets				
Singapore	9,261	22,649	—	31,910
U.S.	—	—	47,850	47,850
Malaysia and Brunei	2,568	—	—	2,568
Total revenue from contracts with customers	11,829	22,649	47,850	82,328
Timing of revenue recognition				
Goods transferred at a point in time	—	17,531	47,850	65,381
Goods and services transferred over time	11,829	5,118	—	16,947
Total revenue from contracts with customers	11,829	22,649	47,850	82,328

	Year ended 31 December 2016			
Segments	**Interior design**	**Furniture sales**	**U.S. furniture sales**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Type of goods or service				
Sale of goods	—	22,776	56,333	79,109
Service income — interior design	11,426	—	—	11,426
Total revenue from contracts with customers	11,426	22,776	56,333	90,535
Geographical markets				
Singapore	10,056	22,776	—	32,832
U.S.	—	—	56,333	56,333
Malaysia and Brunei	1,370	—	—	1,370
Total revenue from contracts with customers	11,426	22,776	56,333	90,535
Timing of revenue recognition				
Goods transferred at a point in time	—	15,979	56,333	72,312
Goods and services transferred over time	11,426	6,797	—	18,223
Total revenue from contracts with customers	11,426	22,776	56,333	90,535

	Year ended 31 December 2017			
Segments	**Interior design**	**Furniture sales**	**U.S. furniture sales**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Type of goods or service				
Sale of goods	—	22,674	67,288	89,962
Service income — interior design	10,967	—	—	10,967
Total revenue from contracts with customers	10,967	22,674	67,288	100,929
Geographical markets				
Singapore	9,629	22,674	—	32,303
U.S.	—	—	67,288	67,288
Malaysia and Brunei	1,338	—	—	1,338
Total revenue from contracts with customers	10,967	22,674	67,288	100,929
Timing of revenue recognition				
Goods transferred at a point in time	—	16,140	67,288	83,428
Goods and services transferred over time	10,967	6,534	—	17,501
Total revenue from contracts with customers	10,967	22,674	67,288	100,929

	Five months ended 31 May 2018			
Segments	**Interior design**	**Furniture sales**	**U.S. furniture sales**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Type of goods or service				
Sale of goods	—	8,643	30,725	39,368
Service income — interior design	3,900	—	—	3,900
Total revenue from contracts with customers	3,900	8,643	30,725	43,268
Geographical markets				
Singapore	3,462	8,643	—	12,105
U.S.	—	—	30,725	30,725
Malaysia and Brunei	438	—	—	438
Total revenue from contracts with customers	3,900	8,643	30,725	43,268
Timing of revenue recognition				
Goods transferred at a point in time	—	5,833	30,725	36,558
Goods and services transferred over time	3,900	2,810	—	6,710
Total revenue from contracts with customers	3,900	8,643	30,725	43,268

	Five months ended 31 May 2017			
Segments	**Interior design**	**Furniture sales**	**U.S. furniture sales**	**Total**
	S$'000 (Unaudited)	**S$'000 (Unaudited)**	**S$'000 (Unaudited)**	**S$'000 (Unaudited)**
Type of goods or service				
Sale of goods	—	8,204	25,167	33,371
Service income — interior design	3,757	—	—	3,757
Total revenue from contracts with customers	3,757	8,204	25,167	37,128
Geographical markets				
Singapore	3,714	8,204	—	11,918
U.S.	—	—	25,167	25,167
Malaysia and Brunei	43	—	—	43
Total revenue from contracts with customers	3,757	8,204	25,167	37,128
Timing of revenue recognition				
Goods transferred at a point in time	—	6,684	25,167	31,851
Goods and services transferred over time	3,757	1,520	—	5,277
Total revenue from contracts with customers	3,757	8,204	25,167	37,128

(b) Contract balances

An analysis of contract balances as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Contract assets *(note (i))*	164	316	110	117
Trade receivables *(note 18)*	8,662	9,664	9,268	9,048
Contract liabilities *(note (ii))*	(6,074)	(5,571)	(5,327)	(5,014)

Notes:

(i) Contract assets are the Group's rights to consideration for work performed on renovation contracts which will become unconditioned upon successful completion of the renovation services. Contract assets are transferred to trade receivables when the rights to consideration become unconditional.

(ii) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers, including progress billings received from customers for renovation services in progress and upfront deposits collected from customers prior to the commencement of renovation work or delivery of goods. Contract liabilities are recognised as revenue when the Group performs under the contract.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of each of the Relevant Periods [and the period covered by the Interim Comparative Financial Information]:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Revenue recognised that was included in contract liabilities at the beginning of the year/period	6,587	5,837	5,464	4,779	5,152

None of the Group's revenue recognised during each of Relevant Periods and the period covered by the Interim Comparative Financial Information related to performance obligations satisfied in previous years/periods.

(c) Unsatisfied performance obligations

For interior design services, the Group recognises revenue according to the accounting policies as set out in note 3 to the Historical Financial Information. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts.

Sale of goods were made in a short period of time and the performance obligation was satisfied in one year or less at the end of each of the Relevant Periods.

7. OTHER INCOME AND GAIN, NET

An analysis of the Group's other income and gain, net for each of the Relevant Periods and the period covered by the Interim Comparative Financial Information is as follows:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Other income					
Commission income	8	17	28	20	6
Interest income	94	135	193	75	91
Miscellaneous income	371	362	408	138	75
	473	514	629	233	172
Gain, net					
Gain on disposal of items of property, plant and equipment, net	36	—	8	8	7
Other income and gain, net	509	514	637	241	179

8. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Interest on trust receipts loans	66	27	36	8	—
Interest on finance leases	3	2	2	1	1
	69	29	38	9	1

9. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Five months ended 31 May	
		2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Cost of goods sold		47,892	54,355	63,143	23,499	27,893
Cost of services provided		5,657	5,708	5,589	1,978	1,992
Depreciation	15	635	635	603	249	237
Minimum lease payment under operating leases		5,922	6,145	6,022	2,637	2,276
Employee benefit expense (excluding directors' remuneration) *(note 10)*:						
Salaries, allowances and benefits in kind		7,228	7,650	6,977	2,627	2,937
Pension scheme contributions		701	673	798	348	357
		7,929	8,323	7,775	2,975	3,294
Loss/(gain) on disposal of items of property, plant and equipment, net		(36)	4	(8)	(8)	(7)
Write-off of items of property, plant and equipment	15	—	1	17	5	—
Provision/(reversal of provision) for write-down of inventories to net realisable value, net		(270)	740	349	(73)	333
Provision/(reversal of provision) for expected credit losses of trade receivables, net	18(d)	307	(57)	89	11	(55)
Reversal of provision for expected credit losses of other receivables	19(d)	(26)	(22)	—	—	—
Foreign exchange differences, net		294	129	488	(51)	2

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Upon incorporation of the Company in the Cayman Islands on 29 March 2018, Mr. Goon Eu Jin Terence was appointed as an executive director and the chief executive of the Company, Ms. Wee Ai Quey and Ms. Ong Ciu Hwa were appointed as executive directors of the Company, and Mr. Lim Sooi Kheng Patrick and Mr. Kho Chuan Thye Patrick were appointed as non-executive directors of the Company. Subsequent to the Relevant Periods, Mr. Lim Boon Cheng, Mr. Ng Chee Kwong, Colin and Mr. Wee Kang Keng were appointed as independent non-executive directors of the Company on [date], [date] and [date], respectively.

Certain of the Company's directors are directors of the subsidiaries now comprising the Group during the Relevant Periods. The remuneration of these directors as recorded in the financial statements of the subsidiaries during the Relevant Periods and the period covered by the Interim Comparative Financial Information is set out below:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	168	168	168	70	70
Performance related bonuses*	1,079	1,096	784	150	292
Pension scheme contributions	10	13	11	8	4
	1,257	1,277	963	228	366

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the consolidated profit for the year/period of Nobel Design Singapore.

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Year ended 31 December 2015					
Executive directors					
Goon Eu Jin Terence^	—	—	—	—	—
Wee Ai Quey	—	168	1,079	10	1,257
Ong Ciu Hwa^	—	—	—	—	—
	—	168	1,079	10	1,257
Year ended 31 December 2016					
Executive directors					
Goon Eu Jin Terence^	—	—	—	—	—
Wee Ai Quey	—	168	1,096	13	1,277
Ong Ciu Hwa^	—	—	—	—	—
	—	168	1,096	13	1,277

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Year ended 31 December 2017					
Executive directors					
Goon Eu Jin Terence^	—	—	—	—	—
Wee Ai Quey	—	168	784	11	963
Ong Ciu Hwa^	—	—	—	—	—
	—	168	784	11	963
Five months ended 31 May 2017 (Unaudited)					
Executive directors					
Goon Eu Jin Terence^	—	—	—	—	—
Wee Ai Quey	—	70	150	8	228
Ong Ciu Hwa^	—	—	—	—	—
	—	70	150	8	228
Five months ended 31 May 2018					
Executive directors					
Goon Eu Jin Terence^	—	—	—	—	—
Wee Ai Quey	—	70	292	4	366
Ong Ciu Hwa^	—	—	—	—	—
	—	70	292	4	366

^ Mr. Goon Eu Jin Terence and Ms. Ong Ciu Hwa were appointed by Nobel Design Singapore and their emoluments were paid and fully absorbed by Nobel Design Singapore, and no allocation of their emoluments to the Group for their services to the Group has been made during the Relevant Periods and the period covered by the Interim Comparative Financial Information.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the period covered by the Interim Comparative Financial Information.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during each of the Relevant Periods and the period covered by the Interim Comparative Financial Information included one director, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining 4 highest paid employees who are neither a director nor the chief executive are as follows:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Salaries, allowances and benefits in kind	461	503	561	195	208
Performance related bonuses	1,012	927	406	186	159
Pension scheme contributions	43	50	59	30	23
	1,516	1,480	1,026	411	390

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017 (Unaudited)	2018
Nil to HK$1,000,000	2	1	1	3	3
HK$1,000,001 to HK$1,500,000	1	1	2	1	1
HK$2,000,001 to HK$2,500,000	—	—	1	—	—
HK$3,000,001 to HK$3,500,000	—	2	—	—	—
HK$5,000,001 to HK$5,500,000	1	—	—	—	—
	4	4	4	4	4

12. INCOME TAX

(a) Applicable income tax rates

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

A summary of applicable income tax rates of the jurisdictions in which the Group has operations during the Relevant Periods and the period covered by the Interim Comparative Financial Information is as follows:

	Tax rate for the year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	%	%	%	% (Unaudited)	%
Singapore	17	17	17	17	17
U.S. — Federal tax.	34	34	34	34	21
U.S. — State tax	5.25	5.25	5.25–7	5.25–7	7
Brunei	18.5	18.5	18.5	18.5	18.5
Malaysia	25	24	24	24	24

(b) Income tax in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Current — Singapore:					
Charge for the year/period	409	1,210	1,166	326	463
Under/(over)-provision in respect of prior years	(200)	(50)	(206)	27	3
Current — U.S.					
Charge for the year/period	—	217	745	247	458
Underprovision in respect of prior years	—	—	65	—	—
Current — Others:					
Charge for the year/period	8	6	2	—	—
Underprovision in respect of prior years	—	7	—	—	—
	217	1,390	1,772	600	924
Deferred tax *(note 26)*	49	52	(101)	—	—
	266	1,442	1,671	600	924

A reconciliation of the tax expense applicable to profit before tax at the applicable statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

				Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Profit before tax	6,064	7,472	10,215	3,103	2,477
Tax expense at the statutory tax rates of the respective jurisdictions	1,110	1,393	1,823	695	949
U.S. state tax, net	—	—	156	52	80
Effects of partial tax exemptions, reliefs and rebates*	(102)	(163)	(197)	(97)	(137)
Adjustment in respect of current tax of previous periods	(200)	(43)	(141)	27	3
Income not subject to tax	(102)	(9)	(26)	(20)	(18)
Expenses not deductible for tax	278	63	116	65	70
Deferred tax assets not recognised	40	246	1	23	119
Tax losses utilised from previous periods	(767)#	(37)	(64)	(174)	(148)
Others	9	(8)	3	29	6
Tax expense at the effective tax rate of 4.4%, 19.3%, 16.4%, 19.3% and 37.3% for the years ended 31 December 2015, 2016 and 2017, five months ended 31 May 2017 and 2018, respectively	266	1,442	1,671	600	924

* Pertains to impact of partial exemption, tax rebates and enhanced capital allowance deduction granted by the Inland Revenue Authority of Singapore to Singapore subsidiaries.

\# At 31 December 2014, certain subsidiaries of the Group had tax losses arising in Singapore and the U.S. of approximately S$3,594,000 and S$458,000, respectively, that are available for offsetting against their future taxable profits. Deferred tax assets had not been recognised in respect of these losses as the future profitability of these subsidiaries are not assured.

13. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation on 29 March 2018.

The dividends declared by subsidiaries of the Company to their then shareholders during the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000 *(note (b))*	S$'000 (Unaudited)	S$'000
Numero Uno Creative Group Pte Ltd	1,500	1,650	2,673	1,073	—
Nobel Design Sdn Bhd	100	—	—	—	—
Marquis Furniture Gallery Pte Ltd	—	—	3,860	—	—
Momentum Creations Pte Ltd	—	—	350	—	—
Marquis HQO Pte Ltd	—	15	240	—	—
Buylateral Singapore	—	—	3,262	—	—
	1,600	1,665	10,385	1,073	—
Attributable to:					
Shareholders of the Company	1,252	1,320	8,872	644	—
Non-controlling interests	348	345	1,513	429	—
	1,600	1,665	10,385	1,073	—

Notes:

(a) No rate of dividend paid or proposed is presented as such information is not meaningful having regard to the purpose of this report.

(b) Certain interim dividends declared by the directors of the subsidiaries during the year ended 31 December 2017 in a total amount of S$7,251,000 and S$5,538,000 have not been paid as at 31 December 2017 and 31 May 2018, respectively, and are included in note 22 to the Historical Financial Information.

14. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods and the period covered by the Interim Comparative Financial Information using the principles of merger accounting, as disclosed in note 2.1 to the Historical Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000 *(note)*	S$'000 *(note)*	S$'000
31 December 2015					
At 1 January 2015:					
Cost	1,560	839	563	685	3,647
Accumulated depreciation	(811)	(485)	(254)	(510)	(2,060)
Net carrying amount	749	354	309	175	1,587
Net carrying amount:					
At 1 January 2015	749	354	309	175	1,587
Additions	343	78	25	19	465
Depreciation provided during the year	(339)	(127)	(83)	(86)	(635)
Disposals	—	—	(6)	—	(6)
Exchange realignment	(1)	12	15	2	28
At 31 December 2015	752	317	260	110	1,439
At 31 December 2015:					
Cost	1,879	915	591	643	4,028
Accumulated depreciation	(1,127)	(598)	(331)	(533)	(2,589)
Net carrying amount	752	317	260	110	1,439

Group

	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000 *(note)*	S$'000 *(note)*	S$'000
31 December 2016					
At 1 January 2016:					
Cost	1,879	915	591	643	4,028
Accumulated depreciation	(1,127)	(598)	(331)	(533)	(2,589)
Net carrying amount	752	317	260	110	1,439
Net carrying amount:					
At 1 January 2016	752	317	260	110	1,439
Additions	33	134	44	267	478
Depreciation provided during the year	(339)	(139)	(80)	(77)	(635)
Disposals	—	(1)	—	(40)	(41)
Write-off	—	(1)	—	—	(1)
Exchange realignment	2	2	2	—	6
At 31 December 2016	448	312	226	260	1,246
At 31 December 2016:					
Cost	1,916	1,024	646	728	4,314
Accumulated depreciation	(1,468)	(712)	(420)	(468)	(3,068)
Net carrying amount	448	312	226	260	1,246

Group

	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000 *(note)*	S$'000 *(note)*	S$'000
31 December 2017					
At 1 January 2017:					
Cost	1,916	1,024	646	728	4,314
Accumulated depreciation	(1,468)	(712)	(420)	(468)	(3,068)
Net carrying amount	448	312	226	260	1,246
Net carrying amount:					
At 1 January 2017	448	312	226	260	1,246
Additions	171	54	—	11	236
Depreciation provided during the year	(339)	(129)	(74)	(61)	(603)
Write-off	(10)	(2)	(5)	—	(17)
Exchange realignment	(6)	(11)	(14)	(6)	(37)
At 31 December 2017	264	224	133	204	825
At 31 December 2017:					
Cost	1,478	1,007	531	673	3,689
Accumulated depreciation	(1,214)	(783)	(398)	(469)	(2,864)
Net carrying amount	264	224	133	204	825

Group

	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000 *(note)*	S$'000 *(note)*	S$'000
31 May 2018					
At 1 January 2018:					
Cost	1,478	1,007	531	673	3,689
Accumulated depreciation	(1,214)	(783)	(398)	(469)	(2,864)
Net carrying amount	264	224	133	204	825
Net carrying amount:					
At 1 January 2018	264	224	133	204	825
Additions	311	21	25	88	445
Depreciation provided during the period	(133)	(43)	(28)	(33)	(237)
At 31 May 2018	442	202	130	259	1,033
At 31 May 2018:					
Cost	1,790	1,030	552	645	4,017
Accumulated depreciation	(1,348)	(828)	(422)	(386)	(2,984)
Net carrying amount	442	202	130	259	1,033

Note: The carrying amounts of the Group's property, plant and equipment held under finance leases as at the end of each of the Relevant Periods are as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Equipment	58	18	—	—
Motor vehicles	—	119	93	163
	58	137	93	163

16. INTEREST IN A SUBSIDIARY

Company

	31 May 2018
	S$'000
Investment in a subsidiary, included in non-current asset	—#
Due from a subsidiary, included in current assets (note (b))	114,407
Total interest in a subsidiary	114,407

Less than S$500.

Notes:

(a) Particulars of the subsidiaries of the Group are set out in note 1 to the Historical Financial Information.

(b) The amount due from a subsidiary as at 31 May 2018 is unsecured, interest-free and repayable on demand.

17. INVENTORIES

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Merchandised goods	15,626	14,106	16,551	14,366
Goods in transit	4,147	5,627	4,715	5,283
	19,773	19,733	21,266	19,649

18. TRADE RECEIVABLES

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Trade receivables	9,463	10,156	9,801	9,526
Provision for expected credit losses *(note (d))*	(801)	(492)	(533)	(478)
	8,662	9,664	9,268	9,048

Notes:

(a) Included in the trade receivables of the Group as at 31 December 2015, 2016 and 2017 and 31 May 2018 were amounts due from related parties of S$201,000, S$122,000, S$21,000 and Nil, respectively, arising from transactions carried out in the ordinary course of business of the Group. These balances are unsecured, interest-free and are repayable on credit terms similar to those offered to the major customers of the Group.

(b) 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 segment.

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.

(c) An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provision for expected credit losses, is as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 month	6,574	7,062	6,873	7,150
1 to 2 months	1,638	1,988	2,173	1,344
2 to 3 months	326	483	129	313
Over 3 months	124	131	93	241
	8,662	9,664	9,268	9,048

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.

An ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Neither due nor impaired	4,463	4,882	5,399	6,754
Due but not impaired:				
Less than 1 month	3,409	3,418	3,063	969
1 to 2 months	578	953	646	794
2 to 3 months	90	280	67	290
More than 3 months	122	131	93	241
	8,662	9,664	9,268	9,048

Receivables that were neither due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for expected credit losses is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(d) The movements in the Group's provision for expected credit losses of trade receivables during the Relevant Periods are as follows:

Group

	Year ended 31 December			Fives months ended 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
At beginning of year/period	827	801	492	533
Provision/(reversal of provision) for expected credit losses *(note 9)*	307	(57)	89	(55)
Amount written off as uncollectible	(357)	(252)	(27)	—
Exchange realignment	24	—	(21)	—
At end of year/period	801	492	533	478

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group				Company
		As at 31 December			As at 31 May	As at 31 May
	Notes	2015	2016	2017	2018	2018
		S$'000	S$'000	S$'000	S$'000	S$'000
Prepayments		515	579	530	1,383	541
Deposits	(a)	663	729	486	1,153	—
Other receivables	(b)	91	116	184	78	—
Due from related parties	(c)	10	—	557	—	—
		1,279	1,424	1,757	2,614	541
Provision for expected credit losses	(d)	(26)	—	—	—	—
		1,253	1,424	1,757	2,614	541
Portion classified as current assets		(916)	(1,284)	(1,675)	(1,923)	(541)
Non-current portion	(a)	337	140	82	691	—

Notes:

(a) Deposits

The deposits includes rental, utilities and securities deposits for the leases of point of sales and warehouses and office spaces. The deposits with lease terms of more than 12 months have been classified as non-current.

(b) Other receivables

The other receivables are neither past due nor impaired.

(c) Due from related parties

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Due from companies in which directors have beneficial interests	10	—	—	—
Due from Nobel Design Singapore	—	—	557	—
	10	—	557	—

The amounts due from related parties are unsecured, interest-free and repayable on demand.

(d) Provision for expected credit losses

The movements in the Group's provision for expected credit losses of other receivables during the Relevant Periods are as follows:

Group

	Year ended 31 December			Five months ended 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
At beginning of year/period	63	26	—	—
Reversal of provision for expected credit losses *(note 9)*	(26)	(22)	—	—
Amount written off as uncollectible	(13)	(4)	—	—
Exchange realignment	2	—	—	—
At end of year/period	26	—	—	—

20. PLEDGED DEPOSITS, AND CASH AND CASH EQUIVALENTS

Group

		As at 31 December			As at 31 May
	Notes	2015	2016	2017	2018
		S$'000	S$'000	S$'000	S$'000
Cash and bank balances other than time deposits		5,618	8,550	10,049	11,500
Time deposits		6,266	8,999	10,842	11,149
Total cash and bank balances	(a)	11,884	17,549	20,891	22,649
Less: Pledged deposits	(b)	(1,330)	(734)	—	—
Cash and cash equivalents		10,554	16,815	20,891	22,649

Notes:

(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.

(b) The bank deposits of the Group amounting to S$1,330,000 and S$734,000 as at 31 December 2015 and 2016, respectively, were pledged for shared banking facilities granted to Nobel Design Singapore and the Group. [Subsequent to the Relevant Periods, the Group has obtained written consent from the bank that the existing shared banking facilities will be cancelled and transferred to the Company, subject to the condition that the Company's shares are [**REDACTED**] on the Main Board of the Stock Exchange. Upon the transfer of the shared banking facilities, Nobel Design Singapore will no longer be a party to the shared banking facilities.]

21. 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 Relevant Periods, based on the invoice date, is as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within 1 month	4,172	3,418	4,149	4,114
1 to 2 months	152	737	651	199
2 to 3 months	66	207	228	307
Over 3 months	1,144	913	276	210
	5,534	5,275	5,304	4,830

22. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Accruals	4,339	5,422	5,635	6,468
Other payables	279	560	759	1,182
Due to related parties *(note)*	325	326	7,326	6,944
	4,943	6,308	13,720	14,594

Note: An analysis of the amounts due to related parties as at the end of each of the Relevants Periods is as follows:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Due to Nobel Design Singapore	325	326	75	1,406
Dividends payable to Nobel Design Singapore	—	—	6,268	5,308
Dividends payable to non-controlling equity holders of subsidiaries	—	—	983	230
	325	326	7,326	6,944

The amounts due to related parties are unsecured, interest-free and repayable on demand. [Subsequent to the Relevant Periods, the amounts due to related parties as at 31 May 2018 have been settled.]

23. BANK BORROWINGS

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Trust receipt loans repayable within one year	261	370	—	—

The Group's trust receipt loans as at 31 December 2015 and 2016 were secured by certain bank deposits (as detailed in note 20(b) to the Historical Financial Information), which bore interest at the bank's prime lending rate for interest periods of ranging from 1 to 4 months and were guaranteed by Nobel Design Singapore.

In addition, the Group had another banking facility granted to a subsidiary of the Group which was not utilised as at the end of each of the Relevant Periods. This unutilised banking facility is secured by a debenture creating (i) a fixed and floating charge over all present and future assets of the subsidiary including the investments in its subsidiaries; and (ii) a floating charge over certain bank accounts and deposits of the subsidiary.

24. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain motor vehicles and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Minimum lease payments due:				
Within one year	32	37	29	41
In the second year	9	29	21	26
In the third to fifth years, inclusive	—	29	8	24
	41	95	58	91
Future finance charges	(2)	(8)	(5)	(9)
Total net finance lease payables	39	87	53	82
Portion classified as current liabilities	(31)	(34)	(26)	(37)
Non-current portion	8	53	27	45

The present values of finance lease liabilities are analysed as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Within one year	31	34	26	37
In the second year	8	26	20	24
In the third to fifth years, inclusive	—	27	7	21
	39	87	53	82

The fair values of the non-current finance lease liabilities approximate to their carrying amounts.

The effective interest rates of the Group's finance lease payables as at 31 December 2015, 2016 and 2017 and 31 May 2018 range from 4.00% to 5.00% per annum, 5.00% to 5.90% per annum, 5.26% to 5.90% per annum, and 5.26% to 5.90% per annum, respectively.

25. PROVISION FOR REINSTATEMENT COSTS

The movements in provision for reinstatement costs during the Relevant Periods are as follows:

Group

	Year ended 31 December			Five months ended 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
At beginning of year/period	—	251	255	233
Additional provision	251	—	70	20
Reversal of provision	—	—	(80)	(22)
Exchange realignment	—	4	(12)	1
At end of year/period	251	255	233	232
Portion classified as current liabilities	—	(80)	—	—
Non-current portion	251	175	233	232

Provision for reinstatement costs consists of necessary costs required to reinstate properties leased by the Group at the expiry of the lease terms. The Group has estimated and provided reinstatement for its offices, point of sales and warehouses under operating lease arrangements.

26. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Group

	Depreciation allowance in excess of related depreciation	Others	Total
	S$'000	S$'000	S$'000
At 1 January 2015	25	—	25
Deferred tax charged to profit or loss during the year *(note 12(b))*	—	49	49
Exchange realignment	—	3	3
At 31 December 2015 and 1 January 2016	25	52	77
Deferred tax charged to profit or loss during the year *(note 12(b))*	—	52	52
Exchange realignment	—	6	6
At 31 December 2016 and 1 January 2017	25	110	135
Deferred tax credited to profit or loss during the year *(note 12(b))*	—	(101)	(101)
Exchange realignment	—	(9)	(9)
At 31 December 2017 and 1 January 2018	25	—	25
Deferred tax credited to profit or loss during the period *(note 12(b))*	—	—	—
At 31 May 2018	25	—	25

The Group has tax losses of S$235,000 and S$1,444,000 as at 31 December 2015 and 2016, respectively, that are available for offseting against future taxable profits of the companies in which the losses arose, and for which no deferred tax asset is recognised due to uncertainty of their timing of recoverability.

27. SHARE CAPITAL

Company

	31 May 2018	
	HK$'000	S$'000
Authorised:		
38,000,000 ordinary shares of HK$0.01 each *(note (a))*	380	
Issued and fully paid:		
3,800 ordinary shares of HK$0.01 each	—#	—#

A summary of movements in the Company's issued capital from its date of incorporation of 29 March 2018 to 31 May 2018 is as follows:

	Number of shares in issue	Issued capital
		S$'000
At 29 March 2018 (date of incorporation)	—	—
Issue of new shares upon incorporation *(note (a))*	10	—#
Issue of new shares for acquisition of subsidiaries pursuant to the Reorganisation *(note (b))*	3,790	—#
At 31 May 2018	3,800	—#

Less than HK$500 or S$500.

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which 10 shares were allotted and issued at par value on the same date.

(b) On 16 April 2018, pursuant to a sale and purchase agreement entered into between the Group and Nobel Design Singapore on 16 April 2018 as part of the Reorganisation, the Company issued a total of 3,790 ordinary shares of HK$0.1 each to Nobel Design Singapore as consideration for the acquisition of all the equity interests in the operating subsidiaries of the Group held by Nobel Design Singapore, as further detailed in the section headed "History, Development and Reorganisation — Reorganisation" in the [**REDACTED**]. The fair value of the shares issued was estimated by the directors of the Company to be S$[**REDACTED**], as determined based on the mid-point [**REDACTED**] of the Company's shares in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of the Stock Exchange.

28. RESERVES

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the Relevant Periods and the period covered by the Interim Comparative Financial Information are presented in the consolidated statements of changes in equity.

(ii) Capital reserve

The capital reserve mainly included:

(i) gains on bargain purchase on acquisition of non-controlling interests of a subsidiary; and

(ii) redeemable convertible preference shares of a subsidiary of the Company with a total principal amount of S$2,499,795 held by Nobel Design Singapore.

The redeemable convertible preference shares allow the holder to (i) redeem all or part of the redeemable convertible preference shares of the subsidiary it held upon the occurrence or non-occurrence of certain events at a price determined in accordance with the terms and conditions of the redeemable convertible preference shares and (ii) convert all or part of the redeemable convertible preference shares into ordinary shares of the subsidiary at the conversion ratio of one redeemable convertible preference share to (410,873/65,577) ordinary shares of the subsidiary, subject to adjustment upon occurrence of certain events.

These redeemable convertible preference shares were accounted for as equity instruments in capital reserve of the Group as Nobel Design Singapore has undertaken to convert all redeemable convertible preference shares it held and not to exercise the redemption rights since 2006. On 18 December 2017, Nobel Design Singapore converted all the redeemable convertible preference shares totaling S$2,499,795 into 410,873 ordinary shares of the subsidiary, resulting in a corresponding transfer of the relevant amount in capital reserve to the merger reserve during the year ended 31 December 2017.

(iii) Merger reserve

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the principles of merger accounting, as described in note 2.1 to the Historical Financial Information.

(b) Company

	Share premium account	Accumulated loss	Total
	S$'000	S$'000	S$'000
At 29 March 2018 (date of incorporation)	—	—	—
Loss for the period and total comprehensive loss for the period	—	(1,902)	(1,902)
Issuance of new shares for acquisition of subsidiaries pursuant to the Reorganisation	114,407	—	114,407
At 31 May 2018	114,407	(1,902)	112,505

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of Buylateral Singapore and its subsidiaries (the "Buylateral Group"), which are subsidiaries with material non-controlling interests, are set out below:

	As at 31 December			As at 31 May
	2015	2016	2017	2018
Percentage of equity interest held by non-controlling interests	26.85%	21.8%	4.6%	4.6%

	Year ended 31 December/As at 31 December			Five months ended 31 May/ As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Profit for the year/period allocated to non-controlling interests	787	1,142	440	138
Other comprehensive income allocated to non-controlling interests	339	188	(218)	5
Dividends paid to non-controlling interests	—	—	149	—
Accumulated balances of non-controlling interests at the end of each of the Relevant Periods	2,714	3,282	832	975

The following tables illustrate the summarised financial information of the Buylateral Group:

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Revenue	47,850	56,333	67,288	25,167	30,725
Total expenses	(44,920)	(52,081)	(61,724)	(22,912)	(27,712)
Profit for the year/period	2,930	4,252	5,564	2,255	3,013
Other comprehensive income for the year/period	1,261	701	(1,546)	(1,096)	94
Total comprehensive income for the year/period	4,191	4,953	4,018	1,159	3,107

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Current assets	20,024	27,414	32,838	35,474
Non-current assets	628	602	434	408
Current liabilities	(6,515)	(12,963)	(15,187)	(14,689)
Non-current liabilities	(60)	—	—	—

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Net cash flows from operating activities	3,733	6,345	2,413	665	4,356
Net cash flows used in investing activities	(46)	(6,505)	(221)	(1,811)	(1,532)
Net cash flows from/(used in) financing activities	(3,527)	558	(24)	313	—
Net increase/(decrease) in cash and cash equivalents	160	398	2,168	(833)	2,824

* The amounts disclosed above are before any inter-company eliminations.

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) The additions in property, plant and equipment during the Relevant Periods and the period covered by the Interim Comparative Financial Information were made by means of:

Group

	Notes	Year ended 31 December			Five months ended 31 May	
		2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Additions of items of property, plant and equipment	15	465	478	236	4	445
Less: Finance lease arrangements		(26)	(90)	—	—	(42)
Less: Provision for reinstatement costs	25	(251)	—	(70)	—	(20)
Cash invested in property, plant and equipment		188	388	166	4	383

(b) Reconciliation of assets and liabilities arising from financing activities during the Relevant Periods and the period covered by the Interim Comparative Financial Information are as follows:

Year ended 31 December 2015

	As at 1 January 2015	Changes from financing cash flows	Acquisition of items of property, plant and equipment	As at 31 December 2015
	S$'000	S$'000	S$'000	S$'000
Pledged deposits	(1,319)	(11)	—	(1,330)
Bank borrowings (Trust receipt loans)	3,925	(3,664)	—	261
Obligations under finance leases	56	(43)	26	39

Year ended 31 December 2016

	As at 1 January 2016	Changes from financing cash flows	Acquisition of items of property, plant and equipment	As at 31 December 2016
	S$'000	S$'000	S$'000	S$'000
Pledged deposits	(1,330)	596	—	(734)
Bank borrowings (Trust receipt loans)	261	109	—	370
Obligations under finance leases	39	(42)	90	87

Year ended 31 December 2017

	As at 1 January 2017	Changes from financing cash flows	Acquisition of items of property, plant and equipment	As at 31 December 2017
	S$'000	S$'000	S$'000	S$'000
Pledged deposits	(734)	734	—	—
Bank borrowings (Trust receipt loans)	370	(370)	—	—
Obligations under finance leases	87	(34)	—	53

Five months ended 31 May 2017 (Unaudited)

	As at 1 January 2017	Changes from financing cash flows	Acquisition of items of property, plant and equipment	Five months ended 31 May 2017
	S$'000	S$'000	S$'000	S$'000
Pledged deposits	(734)	734	—	—
Bank borrowings (Trust receipt loans)	370	214	—	584
Obligations under finance leases	87	(16)	—	71

Five months ended 31 May 2018

	As at 1 January 2018	Changes from financing cash flows	Acquisition of items of property, plant and equipment	Five months ended 31 May 2018
	S$'000	S$'000	S$'000	S$'000
Pledged deposits	—	—	—	—
Bank borrowings (Trust receipt loans)	—	—	—	—
Obligations under finance leases	53	(13)	42	82

(c) Save as disclosed in note (a) above regarding finance lease arrangements for the acquisition of property, plant and equipment and in note 27(b) regarding the issue of the Company's shares for the acquisition of subsidiaries pursuant to the Reorganisation, the Group did not have other material non-cash transactions of investing and financing activities during the Relevant Periods and the period covered by the Interim Comparative Financial Information.

31. OPERATING LEASE COMMITMENTS

The Group leases warehouses, point of sales and office spaces under non-cancellable operating lease agreements. The leases have varying terms, escalation and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of each of the Relevant Periods but not recognised as liabilities are as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Not later than one year	4,346	4,246	2,414	3,576
Later than one year but not later than five years	6,004	2,977	1,842	3,737
	10,350	7,223	4,256	7,313

32. RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions with related parties during the Relevant Periods and the period covered by the Interim Comparative Financial Information:

Group

		Year ended 31 December			Five months ended 31 May	
	Notes	2015	2016	2017	2017	2018
		S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Nobel Design Singapore						
Purchases of goods	(i)	—	—	1,919	—	426
Rental and utilities paid	(ii)	2,331	2,436	2,471	1,026	1,061
Management fee paid	(iii)	738	769	817	338	353
Joint ventures of Nobel Design Singapore						
Sales of goods	(iv)	132	1,908	39	14	—

Notes:

(i) The purchases were conducted at prices mutually agreed by both parties.

(ii) The rental and utilities expenses paid for an office premise, point of sales and warehouses in Singapore were mutually agreed by both parties.

(iii) 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.

(iv) The sales to a fellow subsidiary of the Group and certain joint ventures of Nobel Design Singapore were conducted at prices mutually agreed by the relevant parties.

(b) Other than the balances with related companies as disclosed in notes 18, 19 and 22 to the Historical Financial Information, the Group had no outstanding balances with related parties as at the end of each of the Relevant Periods.

(c) During the Relevant Periods and the period covered by the Interim Comparative Financial Information, Nobel Design Singapore and certain subsidiaries of the Group are jointly and severally liable for all amounts utilised under shared banking facilities of S$5,068,000 in total granted to Nobel Design Singapore and the Group.

The amounts utilised by the Group under the shared banking facilities as at the end of each of the Relevant Periods, which were guaranteed by Nobel Design Singapore, are set out in note 23 to the Historical Financial Information. The shared banking facilities were not utilised by Nobel Design Singapore as at the end of each of the Relevant Periods. [Subsequent to the Relevant Periods, the Group has obtained written consent from the bank that the existing shared banking facilities will be cancelled and transferred to the Company, subject to the condition that the Company's shares are [**REDACTED**] on the Stock Exchange. Upon the transfer of the shared banking facilities, Nobel Design Singapore will no longer be a party to the shared banking facilities and the guarantor of the shared banking facilities will be replaced by the Company.]

(d) The compensation of the key management personnel of the Group is summarised as follow:

Group

	Year ended 31 December			Five months ended 31 May	
	2015	2016	2017	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)	S$'000
Short term employee benefits	2,639	2,611	1,802	615	729
Defined contribution scheme contributions	52	61	59	37	27
Total compensation paid and payable to key management personnel	2,691	2,672	1,861	652	756

33. FINANCIAL INSTRUMENTS BY CATEGORIES

All the Group's financial assets and liabilities as at the end of each of the Relevant Periods were debt instruments at amortised cost and financial liabilities stated at amortised cost, respectively.

34. FINANCIAL RISK MANAGEMENT

The Group's financial instruments include trade receivables, deposits and other receivables, cash and bank balances, trade payables, other payables, bank borrowings and obligations under finance leases.

The Group's activities expose it to credit risk, foreign currency risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and bank balances with creditworthy institutions.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The expected credit losses also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. The Group recognises lifetime expected credit losses for trade receivables based on individual significant customer or the ageing of customers collectively that are not individually significant.

The Group measures the expected credit losses of trade receivables based on shared credit risk characteristics and the days past due. The details of provision for expected credit losses of trade receivables as at 31 December 2015, 2016 and 2017 and 31 May 2018 is set out in note 18(c) to the Historical Financial Information.

The trade receivables of the Group as at 31 December 2015, 2016 and 2017 and 31 May 2018 comprise 4 major debtors that individually represented 6%–25%, 6%–25%, 7%–27% and 6%–44% trade receivables as at these dates, respectively.

The credit risk for trade receivables by geographical area is as follows:

Group

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Singapore	1,758	3,016	1,849	1,807
U.S.	6,376	6,323	7,066	7,086
Malaysia and Brunei	528	325	353	155
	8,662	9,664	9,268	9,048

(b) Foreign currency risk

The Group has currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily Euro and United States Dollar ("**US$**").

The following demonstrates the sensitivity to a reasonably possible changes in Euro and US$ with all other variables held constant, of the Group's profit before tax:

	Increase/(decrease) in profit before tax			
	Year ended 31 December			Five months ended
	2015	2016	2017	31 May 2018
	S$'000	S$'000	S$'000	S$'000
Euro against S$				
— Strengthened 5%	(30)	(28)	(28)	(28)
— Weakened 5%	30	28	28	28
US$ against S$				
— Strengthened 5%	(37)	(37)	132	149
— Weakened 5%	37	37	(132)	(149)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities. At the end of each of the Relevant Periods, assets held by the Group for managing liquidity risk include cash and bank balances as disclosed in note 20 to the Historical Financial Information.

Management monitors rolling forecasts of the liquidity reserve and cash and bank balances of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, monitoring liquidity ratios and maintaining debt financing plans.

The table below summarises the maturity profile of the financial liabilities of the Group and the Company as at the end of each of the Relevant Periods based on contractual undiscounted repayment cash flows:

	Weighted average effective interest rate	Carrying amounts	Contractual cash flows		
			Within one year	One to five years	Total
	%	S$'000	S$'000	S$'000	S$'000
Group					
As at 31 December 2015					
Trade payables (excluding sales tax)		5,229	5,229	—	5,229
Other payables and accruals		4,943	4,943	—	4,943
Bank borrowings	1-1.63	261	264	—	264
Obligations under finance leases	4-5	39	32	9	41
		10,472	10,468	9	10,477
As at 31 December 2016					
Trade payables (excluding sales tax)		5,260	5,260	—	5,260
Other payables and accruals		6,308	6,308	—	6,308
Bank borrowings	1-1.57	370	375	—	375
Obligations under finance leases	5-5.9	87	37	58	95
		12,025	11,980	58	12,038
As at 31 December 2017					
Trade payables (excluding sales tax)		5,168	5,168	—	5,168
Other payables and accruals		13,720	13,720	—	13,720
Obligations under finance leases	5.26-5.9	53	29	29	58
		18,941	18,917	29	18,946
As at 31 May 2018					
Trade payables (excluding sales tax)		4,723	4,723	—	4,723
Other payables and accruals		14,594	14,594	—	14,594
Obligations under finance leases	5.26-5.9	82	41	50	91
		19,399	19,358	50	19,408
Company					
As at 31 May 2018					
Other payables and accruals		2,443	2,443	—	2,443

(d) Capital risk

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (ii) to provide an adequate return to shareholders by pricing products and services which commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors capital based on gearing ratio.

Gearing ratio, as defined by the management, is calculated as total debt divided by total equity. Total debt only included bank borrowings plus obligations under finance leases.

	As at 31 December			As at 31 May
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Bank borrowings	261	370	—	—
Obligations under finance leases	39	87	53	82
Total debt	300	457	53	82
Total equity	22,659	27,737	24,354	26,004
Gearing ratio	1.3%	1.6%	0.2%	0.3%

35. EVENTS AFTER THE RELEVANT PERIODS

The Group had the following significant events subsequent to the Relevant Periods:

(a) As part of the Reorganisation, Buylateral Singapore, a subsidiary of the Company, approved a capital distribution of S$4,200,000 on 16 April 2018 to its then shareholders on a pro-rata basis, and the capital reduction exercise became effective on 6 June 2018.

(b) [On [●] 2018, the Company increased its authorised share capital from HK$380,000 divided into 38,000,000 ordinary shares of HK$0.1 each to HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.1 each.]

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comparising the Group in respect of any period subsequent to 31 May 2018.

The information set forth in this appendix does not form part of the Accountants' Report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets, prepared by our directors of the Company in accordance with rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants and on the basis of the notes set out below, is set forth to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to shareholders of the Company as if it had taken place on 31 May 2018. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the [**REDACTED**] been completed as at 31 May 2018 or any future dates.

	Consolidated net tangible assets of the Group attributable to shareholders of the Company as at 31 May 2018	Add: Estimated net [REDACTED] from the [REDACTED]	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company immediately after completion of the [REDACTED]	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company per Share immediately after completion of the [REDACTED]	
	S$'000 *(note 1)*	S$'000 *(note 2)*	S$'000	S$ *(note 3)*	HK$ equivalent *(note 4)*
Based on the minimum indicative [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the maximum indicative [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net assets of the Group attributable to shareholders of the Company as at 31 May 2018 are extracted from the Accountants' Report set out in Appendix I to this document. The consolidated net tangible assets of the Group as at 31 May 2018 is the same as the consolidated net assets of the Group because the Group did not have any intangible assets as at that date.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the minimum and maximum indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], respectively, and after deduction of the estimated [**REDACTED**] fees and other [**REDACTED**] expenses payable by our Company (excluding [**REDACTED**] expenses of approximately S$[**REDACTED**], which have been recognised in profit or loss prior to 31 May 2018). The estimated net [**REDACTED**] are converted into HK$ at the rate of S$1 = HK$[5.90].

(3) The number of Shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholder of the Company per Share is calculated based on [**REDACTED**] Shares in issue upon completion of the [**REDACTED**], which comprises the existing [3,800] Shares in issue as at the date of this [**REDACTED**], [**REDACTED**] Shares to be issued pursuant to the [**REDACTED**] and [**REDACTED**] Shares to be issued pursuant to the [**REDACTED**], but without taking into account of any Shares which may be issued as a result of the exercise of the [**REDACTED**], the exercise of any options which may be granted under the [**REDACTED**] or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares

(4) The HK$ equivalent amount is converted at the rate of S$1 = HK$[5.90].

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company to reflect (i) the capital distribution of S$4,200,000 by Buylateral Singapore to its shareholders on a pro-rata basis which was approved by its shareholders on 16 April 2018 and became effective on 6 June 2018, as further detailed in the section headed "History, Development and Reorganisation — Reorganisation" in this document; and (ii) any trading results or other transactions of our Group entered into subsequent to 31 May 2018.

[Had the above-mentioned capital distribution of S$4,200,000 by Buylateral Singapore been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company per Share amounts disclosed above would each have been decreased by S$0.004 (equivalent to HK$0.025).]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] with effect from the [**REDACTED**]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of

the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by our Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest

in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and

discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and

uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of our Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. Our Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have

been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and special general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's

registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on

which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares,

including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and our directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 April 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 29 March 2018. Our Company has established a place of business in Hong Kong at Level 54, Hopwell Centre, 183 Queen's Road East, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 15 May 2018. In connection with such registration, Ms. Mak Tze Fan and Ms. Ho Siu Pik have been appointed as the authorised representatives of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in the share capital of our Company

(a) The authorised share capital of our Company as at the date of incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one subscriber Share was allotted and issued to the subscriber at par value, which was transferred to Nobel Design (BVI) on the same day. On the same day, five Shares, two Shares and two Shares were allotted and issued, credited as fully paid, by our Company to Nobel Design (BVI), Mr. Kho and Southern Cross, respectively, at par value.

(b) On 16 April 2018, a sale and purchase agreement was entered into between Design Capital Singapore as purchaser and Nobel Design Singapore as vendor, pursuant to which Nobel Design Singapore agreed to transfer its interests of approximately 84.2% interest in the issued share capital of Momentum Creations, 60% interest in the issued share capital of Numero Uno Creative Group, 100% interest in the issued share capital of Marquis Furniture Gallery, 52% interest in the issued share capital of Nobel Design Brunei, 100% interest in the issued share capital of Nobel Reka Cipta and 95.4% interest in the issued share capital of Buylateral Singapore to Design Capital Singapore for an aggregate consideration of S$21,345,999.83. The consideration for the transfer of the said shares was satisfied by Design Capital Singapore procuring the issue by our Company of an aggregate of 3,790 Shares credited as fully paid, to Nobel Design Singapore. On 24 April 2018, Grand Slam entered into a set-off agreement with the shareholders of Grand Slam, being Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross, pursuant to which Grand Slam agreed to repay a portion of the shareholders' loans owing from Grand Slam to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross, respectively, by causing the Shares to be distributed by Nobel Design Singapore to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross (or their respective nominee) on a *pro rata* basis according to their respective shareholding in Grand Slam. Mr. Goon and Ms. Wee nominated Nobel Design (BVI) in the set-off agreement to receive the Shares on their behalf. As at 28 June 2018, 2,280 Shares, 760 Shares and 760 Shares were transferred to and held as to Nobel Design (BVI), Mr. Kho and Southern Cross, respectively.

(c) On [●] 2018, our Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of nominal value of HK$0.01 each by the creation of an additional 9,962,000,000 Shares.

(d) Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] without taking into account any Shares which may be allotted and issued pursuant to any options which may be granted under the [**REDACTED**], the authorised share capital of our Company will be HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each, of which [**REDACTED**] Shares will be allotted and issued, fully paid or credited as fully paid and 9,000,000,000 Shares will remain unissued.

Other than our Shares issuable pursuant to the exercise of any options which may fall to be granted under the [**REDACTED**], or the exercise of the general mandate referred to in "— A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on [●]" in this Appendix, our Directors at present have no intention to issue to any party any of the authorised but unissued capital of our Company, and without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this document, there has been no other alterations in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on [●]

Pursuant to the written resolutions passed by our Shareholders on [●], it was resolved that:

(a) The authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$1,000,000,000 divided into 10,000,000,000 Shares of nominal value of HK$0.01 each by the creation of an additional 9,962,000,000 Shares;

(b) the Memorandum of Association and the Articles of Association were conditionally approved and adopted with effect from the [**REDACTED**];

(c) conditional on all the conditions set out in "Structure and Conditions of the [**REDACTED**]" in this document being fulfilled:

(i) the [**REDACTED**] was approved and our Directors were authorised to effect the same and to allot and issue the [**REDACTED**];

(ii) the rules of the [**REDACTED**] were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the [**REDACTED**] and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the [**REDACTED**] and to vote any matter connected therewith notwithstanding that they or any of them may be interested in the same;

(iii) conditional upon the grant of the [**REDACTED**] approval by the Stock Exchange for the [**REDACTED**] and the share premium account of our Company being credited as a result of the [**REDACTED**], our Directors were authorised to capitalise the amount of HK$[**REDACTED**] from the amount standing to the credit of the share premium account of our Company to pay up in full at par [**REDACTED**] Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of our Company at the close of business on the day immediately preceding the [**REDACTED**];

(d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than by way of rights issue or an issue of shares upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the [**REDACTED**], any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any script dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by our Shareholders in general meeting) Shares with a total number not exceeding 20% of the total number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (taking no account of the options which may be granted under the [**REDACTED**]), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

(e) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which our Shares may be [**REDACTED**] and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (taking no account of the options which may be granted under the [**REDACTED**]), such mandate to remain in effect until whichever is the earliest on:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting, revoking, varying or renewing such mandate;

(f) the Repurchase Mandate was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the

Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the [**REDACTED**].

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the [**REDACTED**], details of which are set out in "History, Development and Reorganisation — Reorganisation" in this document.

5. Changes in share capital of our subsidiaries

The subsidiaries of our Company are referred to in the Accountants' Report, the text of which is set out in Appendix I to this document. Save as disclosed in "History, Development and Reorganisation" in this document, there has been no alteration in the share capital of our subsidiary within two years immediately preceding the date of this document.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary [**REDACTED**] on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the resolutions in writing passed by our Shareholders on [●], the Repurchase Mandate was granted to our Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**], at any time until (aa) the conclusion of the next annual general meeting of our Company, (bb) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law of the Cayman Islands or the Memorandum and Articles to be held; or (cc) when such mandate is revoked or varied or renewed by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum and Articles and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately after completion of the [**REDACTED**] (but without taking into account of any options which may be granted under the [**REDACTED**]), could accordingly result in up to [**REDACTED**] Shares being repurchased by our Company during the course of the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

Pursuant to the Repurchase Mandate, any repurchase of Shares will be made out of funds of our Company legally permitted to be utilised in this connection, including profits of our Company, share premium or the [**REDACTED**] from a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Companies Law, a repurchase of Shares may also be made out of capital of our Company.

Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) Status of repurchased Shares

The [**REDACTED**] of all repurchased Shares (whether [**REDACTED**] on the Stock Exchange or otherwise) on Main Board will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(f) Trading restrictions

The total number of shares which a listed company may repurchase on Main Board is the number of shares representing up to a maximum of 10% of the aggregate number of shares of that company in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or higher than the average closing market price for the five preceding trading days on which its shares were traded on Main Board. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(g) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on Main Board if a listed company has breached the Listing Rules.

(h) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(i) General

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this document) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she has a present intention to sell any Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the "**Code**"). As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the interests of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into the ordinary course of business of our Group) had been entered into by members of our Group within the two years immediately preceding the date of this document and are or may be material:

(a) a sale and purchase agreement dated 16 April 2018 was entered into between Design Capital Singapore as purchaser and Nobel Design Singapore as vendor, pursuant to which Nobel Design Singapore agreed to transfer its interests of approximately (a) 84.2% interest in the issued share capital of Momentum Creations; (b) 60% interest in the issued share capital of Numero Uno Creative Group; (c) 100% interest in the issued share capital of Marquis Furniture Gallery; (d) 52% interest in the issued share capital of Nobel Design Brunei; (e) 100% interest in the issued share capital of Nobel Reka Cipta; and (f) 95.4% interest in the issued share capital of Buylateral Singapore to Design Capital Singapore for an aggregate consideration of S$21,345,999.83. The consideration for the transfer of the said shares was satisfied by Design Capital Singapore by procuring our Company to allot and to issue an aggregate of 3,790 Shares, credited as fully paid, to Nobel Design Singapore;

(b) a set-off agreement dated 24 April 2018 (the "**Set-Off Agreement**") was entered into between Grand Slam and its shareholders (namely Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross), pursuant to which Grand Slam agreed to repay a portion of the shareholders' loan of S$18,188,652, S$9,094,326, S$9,094,326 and S$9,094,326 owing from Grand Slam to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross, respectively, by causing the Shares to be distributed by Nobel Design Singapore to Mr. Goon, Ms. Wee, Mr. Kho and Southern Cross (or their respective nominee) on a *pro rata* basis according to their respective shareholdings in Grand Slam, i.e. 1,520 Shares, 760 Shares, 760 Shares and 760 Shares, respectively. Mr. Goon and Ms. Wee nominated Nobel Design (BVI) in the Set-Off Agreement to receive the Shares on their behalf;

(c) the Deed of Indemnity;

(d) the Deed of Non-Competition; and

(e) [**REDACTED**].

2. Intellectual property rights of our Group

(a) Trademarks

(i) As at the Latest Practicable Date, we had registered the following trademarks which are material in relation to our Group's business:

No.	Trademark	Registered owner	Place of registration	Registration number	Class	Expiry date
1. . . .	Lifestorey	Marquis Furniture Gallery	Singapore	T0011806E	14	7 July 2020
2. . . .	Lifestorey	Marquis Furniture Gallery	Singapore	T0011807C	20	7 July 2020
3. . . .	Lifestorey	Marquis Furniture Gallery	Singapore	T0011808A	21	7 July 2020
4. . . .	LIFESTOREY	Target Marketing Systems	USA	5449456	20	16 April 2028
5. . . .	SuMISURA	Numero Uno Creative Group	Singapore	T1100285C	37, 42	10 January 2021
6. . . .	OM	Momentum Creations	Singapore	40201804817S	20, 35	14 March 2028

(ii) As at the Latest Practicable Date, we had applied for registration of the following trademarks:

No.	Trademark	Name of Applicant	Place of application	Application number	Class	Date of filing
1. . . .	EVERY LIFE HAS A STORY. WHAT'S YOURS?	Target Marketing Systems	USA	87753161	20, 35	12 January 2018
2. . . .	MARQUIS FURNITURE GALLERY	Marquis Furniture Gallery	Singapore	40201800974R	20, 35	16 January 2018
3. . . .	SL Simple Living	Target Marketing Systems	USA	87911164	20	8 May 2018

(b) Domain name

As at the Latest Practicable Date, we had registered the following domain name which are material to our Group's business:

No.	Domain name	Registrant	Expiry date
1. . . .	designcapital.sg	Design Capital Singapore	1 February 2019
2. . . .	sumisura.asia	Numero Uno Creative Group	2 April 2019
3. . . .	lifestorey.com	Marquis Furniture Gallery	28 July 2020
4. . . .	buylateral.com	Buylateral Singapore	10 December 2019
5. . . .	marquis.com.sg	Marquis Furniture Gallery	29 October 2019
6. . . .	om-home.com	Momentum Creations	17 December 2019

Save for the aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interests of our Directors

So far as our Directors are aware, immediately following completion of the [**REDACTED**] and the [**REDACTED**] (taking no account of the options which may be granted under the [**REDACTED**]), the interests or short positions of each of our Directors and the chief executives of our Company in our Shares, underlying Shares and the debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are [**REDACTED**], will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once our Shares are [**REDACTED**], will be required pursuant to Appendix 10 of the Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

(i) Interest in our Company

Name	Capacity/Type of interest	Number of Shares held immediately following completion of the [REDACTED] and the [REDACTED] *(Note 1)*	Approximate percentage of shareholding in our Company
Mr. Goon	Interest in a controlled corporation *(Note 2)*	[**REDACTED**] (L)	[**REDACTED**]
Ms. Wee	Interest in a controlled corporation *(Note 2)*	[**REDACTED**] (L)	[**REDACTED**]
Mr. Kho	Beneficial owner and Interest in a controlled corporation *(Notes 3 and 4)*	[**REDACTED**] (L)	[**REDACTED**]

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Nobel Design (BVI) is an investment holding company incorporated in BVI and is held as to 67% by Mr. Goon and 33% by Ms. Wee. By virtue of the SFO, both Mr. Goon and Ms. Wee are deemed to be interested in the Shares held by Nobel Design (BVI).

(3) Mr. Kho, our non-executive Director, directly holds [**REDACTED**] of our Company.

(4) Southern Cross is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., Lian Huat Group Pte. Ltd. is held as to 100% by Lian Keng Enterprises Pte. Ltd., which is held as to 48% by Mr. Kho and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Lian Huat Group Pte. Ltd., Lian Keng Enterprises Pte. Ltd, Mr. Kho and Mr. Kho Choon Keng are deemed to be interest in the Shares held by Southern Cross.

(b) Particulars of service contracts

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the [**REDACTED**], which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of our Directors as set out in the Articles. Particulars of the service agreements of our Directors are in all material respects the same. The remuneration committee will review and make recommendation on the remunerations of our executive Directors on a regular basis.

Pursuant to the letters of appointment between our Company and our non-executive Directors and independent non-executive Directors, our non-executive Directors and independent non-executive Directors have been appointed for a term of three years commencing from the [**REDACTED**] which may be terminated by either party by giving three months' written notice.

Save as disclosed above, none of our Directors has entered or proposed to enter into any service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of our executive Directors are:

(i) the amount of remuneration payable to our executive Directors will be determined on a case- by-case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;

(ii) non-cash benefits may be provided to our Directors under their remuneration package; and

(iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

For the years ended 31 December 2015, 2016 and 2017 and five months ended 31 May 2018, the aggregate remuneration paid and benefits in kind granted by our Group to our Directors were approximately S$192,000, S$195,000, S$193,000 and S$88,000, respectively. During the Track Record Period, none of our Directors waived any remuneration. Further information in respect of our Directors' remuneration is set out in note 10 of the Accountants' Report set out in Appendix I to this document.

An aggregate sum of approximately HK$3,363,000 million will be paid to our Directors as remuneration and benefits in kind by our Group for the year ending 31 December 2018 under the arrangements in force at the date of this document excluding management bonus.

2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (taking no account of the options which may be granted under the [**REDACTED**]), the following persons (not being a Director or chief executive of our Company) who will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Name	Long/short position	Capacity/Type of interest	Number of Shares	Approximate percentage of shareholding in our Company
Nobel Design (BVI) *(Note 1)*	Long position	Beneficial interest	[**REDACTED**]	[**REDACTED**]
Southern Cross *(Note 2)*	Long position	Beneficial interest	[**REDACTED**]	[**REDACTED**]
Lian Huat Group Pte. Ltd. *(Note 2)*	Long position	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]
Lian Keng Enterprises Pte. Ltd. *(Note 2)*	Long position	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]
Mr. Kho Choon Keng *(Note 2)*	Long position	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]

Notes:

(1) Nobel Design (BVI) is an investment holding company incorporated in BVI and is held as to 67% by Mr. Goon and 33% by Ms. Wee. By virtue of the SFO, both Mr. Goon and Ms. Wee are deemed to be interested in the Shares held by Nobel Design (BVI).

(2) Southern Cross is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., Lian Huat Group Pte. Ltd. is held as to 100% by Lian Keng Enterprises Pte. Ltd., which is held as to 48% by Mr. Kho and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Lian Huat Group Pte. Ltd., Lian Keng Enterprises Pte. Ltd, Mr. Kho and Mr. Kho Choon Keng are deemed to be interest in the Shares held by Southern Cross.

3. Related party transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in note 32 of the Accountants' Report set out in Appendix I to this document.

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or short positions in our Shares, underlying Shares or the debentures of our Company or any of its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules once our Shares are [**REDACTED**];

(b) none of our Directors or experts referred to under the paragraph headed "— E. Other Information — 8. Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to under "— E. Other Information — 8. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors or their respective close associate or any of our existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any other interest in any of the five largest customers of our Group;

(e) none of our Directors or their respective close associate or any of our existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any other interest in any of the five largest suppliers of our Group;

(f) none of our Directors has any existing or proposed service contacts with any member of our Group (excluding contacts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(g) without taking into account of any Shares which may be granted under the [**REDACTED**], none of our Directors knows of any person (not being a director or chief executive of our Company) who will, immediately following completion of the [**REDACTED**] and the [**REDACTED**], have an interest or short position in our Shares, underlying Shares or the debentures of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be

interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(h) none of the experts referred to under "— E. Other Information — 8. Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. [**REDACTED**]

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

"Adoption Date"	the date on which our [**REDACTED**] was conditionally adopted by written resolutions of all our Shareholders;
"Associate"	has the meaning ascribed to it under the Listing Rules;
"Auditors"	the auditors of our Company for the time being;
"Board"	the board of directors of our Company for the time being or a duly authorised committee thereof;
"Business Day"	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
"Companies Law"	the Companies Law Cap. 22 (Law 3 of 1961) (as consolidated and revised) of the Cayman Islands;
"Company"	Design Capital Limited 設計都會有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 29 March 2018;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Date of Grant"	in respect of an Option, the Business Day on which our Board resolves to make an Offer, or the grant of an Option to a Participant, whether or not the Offer is subject to Shareholders' approval on the terms of the [**REDACTED**];

"Grantee"	any Participant who accepts an Offer in accordance with the terms of the [**REDACTED**], or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;
"Group"	our Company and our Subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Individual Limit"	the meaning ascribed thereto in paragraph (a)(v)(cc);
[**REDACTED**]	the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time);
"Offer"	the offer of the grant of an Option;
"Option"	an option to subscribe for Shares pursuant to the [**REDACTED**] and for the time being subsisting;
"Option Period"	in respect of any particular Option, the period to be determined and notified by our Board to the Grantee at the time of making an Offer which shall not expire later than ten years from the Date of Grant;
"Participants"	directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of our Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of our Group who our Board considers, in its sole discretion, have contributed or will contribute to our Group;
"Scheme Limit"	has the meaning ascribed to it in paragraph (a)(v)(ee);
"Scheme Mandate Limit"	has the meaning ascribed to it in paragraph (a)(v)(aa);
"Shareholder(s)"	holder(s) of our Shares;

"Shares"	ordinary shares of HK$0.01 each in the share capital of our Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of our Company, the shares forming part of the ordinary equity share capital of our Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (iv) below;
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), of our Company, whether incorporated in Hong Kong or elsewhere and "Subsidiaries" shall be construed accordingly;
"Supplementary Guidance"	supplementary guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange dated 5 September 2005; and
"%"	per cent.

(a) Summary of terms

The [**REDACTED**] contains the following terms:

(i) Purpose

The purpose of the [**REDACTED**] is to reward Participants who have contributed to our Group and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and our Shareholders as a whole.

(ii) Who may join

Our Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (iv) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after our [**REDACTED**] is terminated or after the Participant has ceased to be a Participant. An Offer is deemed to be accepted when our Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to our Company of HK$1.00 as consideration for the grant of Option. Such remittance is not refundable

in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of our Board, include, among other things, (aa) the minimum period for which an Option must be held before it can be exercised; and/ or (bb) a performance target that must be reached before the Option can be exercised in whole or in part; and (cc) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated above, it shall be deemed to have been irrevocably declined.

No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in our Shares by the Listing Rules or by any other applicable rules, regulations or law.

Our Directors may or may not set performance targets that must be achieved before the options can be exercised, but no such performance targets are presently prescribed under the [**REDACTED**].

The rules of the [**REDACTED**] enable our Directors to determine the terms and conditions of any option based in each case on relevant factors as they consider appropriate. Our Directors believe that the authority given to them under the [**REDACTED**] to set any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the [**REDACTED**] will serve to protect the value of our Company and any of its subsidiaries as well as to achieve the purpose of the [**REDACTED**].

(iii) Grant of Options to connected persons or any of their associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of our Company, or any of their respective associates under the [**REDACTED**] or any other [**REDACTED**] of our Company or any of its Subsidiaries shall be subject to the prior approval of our independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

(aa) representing in aggregate over 0.1% of our Shares in issue on the date of such grant; and

(bb) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK$5 million,

such further grant of Options shall be subject to prior approval by resolution of our Shareholders (voting by way of poll). Our Company shall send a circular to our Shareholders in accordance with the Listing Rules and all connected persons of our Company shall abstain from voting in favour of the resolutions at such general meeting of our Shareholders.

(iv) Subscription Price

The Subscription Price shall be determined by our Board in its absolute discretion but in any event shall not be less than the higher of:

(aa) the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;

(bb) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and

(cc) the nominal value of our Shares on the Date of Grant.

(v) Maximum number of Shares

(aa) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the [**REDACTED**] and any other [**REDACTED**] of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the [**REDACTED**], i.e. [**REDACTED**] shares (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the [**REDACTED**] and (as the case may be) such other [**REDACTED**] of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Our Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the [**REDACTED**] and any other [**REDACTED**] of our Company under the limit as refreshed must not exceed 10% of our Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the [**REDACTED**] or any other [**REDACTED**] of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

(bb) Notwithstanding the foregoing, our Company may grant Options beyond the Scheme Mandate Limit to Participants if:

(1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before such Shareholders' approval is sought; and

(2) our Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

(cc) Subject to paragraph (dd) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the [**REDACTED**] (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other [**REDACTED**] of our Company other than those options granted pursuant to specific approval by our Shareholders in a general meeting) exceed 1% of our Shares in issue for the time being (the "**Individual Limit**").

(dd) Where any further grant of Options to a Participant would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his/her associates abstaining from voting. Our Company must send a circular to our Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(ee) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the [**REDACTED**] and any other [**REDACTED**] of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of our Shares in issue from time to time (the "**Scheme Limit**").

(vi) Time of exercise of option

An Option may be exercised in accordance with the terms of the [**REDACTED**] at any time during the Option Period. After the expiration of the Option Period, no further Options shall be offered or granted but the provisions of the [**REDACTED**] shall remain in full force and effect in all other respects. Options granted during the life of the

[**REDACTED**] shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(vii) Rights are personal to grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(viii) (aa) Rights on termination of employment by dismissal

(1) If the Grantee ceases to be a Participant by reason of the termination of his/her employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has committed any act of bankruptcy or, has become insolvent or has made any arrangements or compromise with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other grounds on which an employer would be entitled to terminate his/her employment summarily, his/her Option will lapse automatically and not be exercisable (to the extent not already exercised) on or after the date of termination of his/her employment. To the extent that the Grantee has exercised the Option in whole or in part pursuant to paragraph (xxiii) below, but our Shares have not been allotted to him/her, the Grantee shall be deemed not to have so exercised such Option and our Company shall return to the Grantee the amount of the Subscription Price for the Shares received by our Company in respect of the purported exercise of such Option.

(2) If the Grantee who is an employee or a Director or another member of our Group ceases to be a Participant for any reason other than his/her death or termination of his/her employment or directorship on one or more of the grounds specified in paragraph (viii)(aa)(1) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with our Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(bb) Rights on death

If the Grantee ceases to be a Participant by reason of his/her death before exercising his/her Option in full and none of the events which would be a ground for termination of his/her employment as described in paragraph (viii)(aa)(1) above have arisen, his/her legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his/her death provided that where any of the events set out in paragraphs (x), (xi), (xii) and (xiii) occurs prior to his/her death or within such period of six months following his/her death, then his/her legal personal representative(s) may so exercise the Option only within such of the various periods respectively set out in such paragraphs provided further that if within a period of three years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (viii)(aa)(1)

which would have entitled our Company to terminate his/her employment prior to his/her death, our Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his/her legal personal representative(s), but Shares have not been allotted, he/she shall be deemed not to have so exercised such Option and our Company shall return to him/her the amount of the Subscription Price for the Share received by our Company in respect of the purported exercise of such Option.

(ix) Effect of alterations to share capital

In the event of an alteration in the capital structure of our Company, whilst any Option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or, consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to:

(aa) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(bb) the Subscription Price,

or any combination thereof, provided that

(1) any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and

(2) notwithstanding paragraph (ix)(1) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or the capitalisation issue shall be made in accordance with the Supplementary Guidance or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or auditor must confirm to our Directors in writing that the adjustments are in their opinion fair and reasonable.

(x) Rights on a general offer by way of takeover

In the event of a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (xi) below) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of

the relevant Option, our Company shall forthwith notify all the Grantees and any Grantee (or his/her legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by our Company at any time within such period as shall be notified by our Company.

(xi) Rights on a general offer by way of scheme of arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the Grantees and any Grantee (or his/her legal personal representative) may at any time thereafter, (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company.

(xii) Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all Grantees and any Grantee (or his/her legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(xiii) Rights on a compromise or arrangement

In the event a compromise or arrangement (other than a scheme of arrangement contemplated in paragraph (xi) above) between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his/her legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(xiv) Rights of Grantee ceasing to be Participant

In the event of a Grantee who is not an employee or a director of our Company or another member of our Group ceasing to be a Participant as and when determined by our Board by resolution for any reason other than his/her death our Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(xv) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of our Memorandum of Association and Articles of Association for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which our Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which our Shares are allotted.

***(xvi) Period of the* [REDACTED]**

The [**REDACTED**] was adopted for a period of ten years commencing from the Adoption Date.

***(xvii) Alterations to the* [REDACTED]**

Those specific provisions of the [**REDACTED**] which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of our Board in relation to any alteration of the terms of the [**REDACTED**] shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the [**REDACTED**] which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the [**REDACTED**]. The [**REDACTED**] so altered must comply with Chapter 17 of the Listing Rules.

***(xviii) Conditions of the* [REDACTED]**

The [**REDACTED**] shall take effect subject to:

(aa) the passing of the resolution by our Shareholders to approve and adopt the [**REDACTED**] and to authorise our Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;

(bb) the Stock Exchange granting approval of the [**REDACTED**] of and permission to deal in our Shares which fall to be issued pursuant to the exercise of Options; and

(cc) the commencement of trading of our Shares on the Main Board of the Stock Exchange.

(xix) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

(aa) the expiry of the Option Period;

(bb) the expiry of the periods referred to in paragraphs (viii)(aa), (viii)(bb), (x), (xi), (xii), (xiii) and (xiv) above respectively;

(cc) the expiry of the period referred to in paragraph (x) above, subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;

(dd) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Option as referred to in paragraph (xi) above;

(ee) the date of commencement of the winding-up of our Company;

(ff) the date on which the Grantee ceases to be a Participant as referred to in paragraph (viii)(aa)(1) above;

(gg) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and

(hh) subject to paragraph (viii)(aa)(2) above, the date the Grantee ceases to be a Participant for any other reason.

(xx) Termination of the [**REDACTED**]

Our Company by ordinary resolution in general meeting or our Board may at any time terminate the [**REDACTED**] and in such event no further Options may be granted but in all other respects the [**REDACTED**] shall remain in full force and effect in respect of Options which are granted during the life of the [**REDACTED**] and which remain unexpired immediately prior to termination of the operation of the [**REDACTED**].

(xxi) Restriction on grant of Option

In addition, a grant of Options may not be made after inside information has come to its knowledge until such inside information has been published in the newspapers or in such other manner as prescribed by the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(aa) the date of the board meeting of our Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and

(bb) the deadline for our Company to publish an announcement of its results for any year or half- year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(xxii) ***Cancellation***

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed by paragraph (v), excluding the cancelled Options, and are otherwise granted in accordance with the terms of the [**REDACTED**].

(xxiii) ***Exercise of Options***

(aa) An Option may, subject to the provisions of paragraph (ix), be exercised in whole or in part (but if in part only, in respect of a board lot in which our Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraphs (viii), (x), (xi), (xii), (xiii) and (xiv) by the Grantee (or, as the case may be, his/her legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within ten (10) Business Days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to our Company pursuant to paragraph (ix), our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his/her legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his/her legal personal representative(s)) share certificates in respect of our Shares so allotted.

(bb) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of Options.

(cc) The Options do not carry any right to vote in general meeting of our Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of our Company.

(dd) No Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an Option pursuant to the [**REDACTED**], unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.

(b) Present status of the [REDACTED]

As at the Latest Practicable Date, no Option had been granted or agreed to be granted pursuant to the [**REDACTED**].

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Our Controlling Shareholders (the "**Indemnifiers**") [have entered into] the Deed of Indemnity in favour of our Company (for itself and as trustee of other members of our Group (the "**Group Member(s)**") pursuant to which, each of the Indemnifiers has agreed and undertaken, jointly and severally, that he/she/it will indemnify and at all times keep each of the Group members indemnified on demand on a full indemnity basis against any depletion in or reduction in value of their respective assets, or increase in their respective liabilities, or any payment made or required to be made by any of the Group Members, or any increase in the liabilities, or loss, modification, cancellation, reduction or deprivation of any relief, at any of the Group Members, as a direct or indirect consequence of, and in respect of any amount which the Group Members or any of them may thereafter become liable to pay, being:

(a) any amount which is or hereafter becomes payable by a Group Member by virtue of Section 35 of the Estate Duty Ordinance (Chapter 111 of the laws of Hong Kong) ("**Estate Duty Ordinance**") (or equivalent thereof under the laws of any jurisdiction outside Hong Kong) under the provisions of Section 43 of the Estate Duty Ordinance (or equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of any of the Group Members or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his or her death by reason of that person making or having made a transfer of any property other than an interest limited to cease on his death or property which he transferred in a fiduciary capacity as provided in Section 35 of the Estate Duty Ordinance interpreted in accordance with the provisions contained in Section 3 of the Estate Duty Ordinance (a "**Relevant Transfer**") to any of the Group Members;

(b) any amount recoverable or recovered (now or hereafter) against a Group Member under the provisions of Section 43(7) of the Estate Duty Ordinance in respect of any duty payable under Section 43(1)(c) or 43(6) (or equivalent thereof under the laws of any jurisdiction outside Hong Kong) of the Estate Duty Ordinance by reason of the death of any person and by reason of any assets of any of the Group Members being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a Relevant Transfer to any of the Group Members;

(c) any amount which a Group Member is obliged or hereafter becomes obliged to pay by virtue of Section 43(1)(c) of the Estate Duty Ordinance or in respect of the death of any person in any case where any assets of another company are deemed for the purpose of estate duty to be included in the property passing on that person's death by reason of that person making or having made a Relevant Transfer to that other company and by reason of any of the Group Members having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance (or equivalent thereof under the laws of any jurisdiction outside Hong Kong), but only to the extent to which any of the Group Members is unable to recover an amount or amounts in respect of that duty from any other person under the provisions of Section 43(7)(a) of the Estate Duty Ordinance (or equivalent thereof under the laws of any jurisdiction outside Hong Kong); and

(d) any claim which has arisen or may arise wholly or partly in respect of or in consequence of any act or omission occurring on or before the date upon which the Deed of Indemnity becomes unconditional (the "**Relevant Date**").

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI, Hong Kong, Singapore, Malaysia, US or Brunei, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

Each of the indemnifiers has also agreed and undertaken, jointly and severally, to indemnify and at all times keep each of the Group Members indemnified, on demand, against any taxation claim (including undeclared tax, overdue tax, fines, penalties, costs, charges, expenses and interests incidental or relating to taxation, if any) wholly or partly resulting from, or relating to, or in consequence of any act or omission of any of the Group Members regarding inter-companies transactions, any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) or claims deductible for taxation purpose on or before the Relevant Date or any event, occurring or deemed to occur on or before the Relevant Date, whether alone or in conjunction with any other event, whenever occurring and whether or not the relevant taxation is chargeable against or attributable to any other person including any and all taxation resulting from the receipt by any Group Member of any amount payable by the Indemnifier.

The Indemnifiers will, however, not be liable for any taxation or taxation claim to the extent that, among others:

(a) to the extent (if any) that provision has been made for such taxation in the audited accounts of our Group for the Track Record Period (the "**Accounts**"); or

(b) to the extent that liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by a Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifier otherwise than in the course of normal day to day operations or carried out, made or entered into pursuant to a legally binding commitment created on or before [**REDACTED**]; or

(c) to the extent of any provision or reserve made for such taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' lability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(d) to the extent that such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by the Inland Revenue Department or any other statutory or governmental authority in any part of the world having retrospective effect and coming into force after the Relevant Date or to the extent that such taxation arises or is increased by an increase in rates of taxation after the Relevant Date with retrospective effect.

The Indemnifiers irrevocably covenant with the Group Members that they will at all times fully and effectively indemnify and keep indemnified each and all of the Group Members on demand (and this shall constitute an independent primary obligation) from and against all actions, proceedings, claims, demands, losses, liabilities, penalties, damages, costs, charges and expenses of whatever nature which any of the Group Members may incur, suffer or sustain directly or indirectly in connection with or arising out of any of the following matters, circumstances, events or things (including, without limitation, all losses, liabilities and costs incurred as a result of defending or settling a claim alleging such a liability):

(a) there being or occurring any breach under or non-compliance with any law or regulation in or of any relevant jurisdiction on the part of the Indemnifiers or any matter arising from or in connection with the investment made by the Indemnifiers in any Group Member and/or the reorganisation of the share capital structure and shareholdings of any of our Company or its subsidiaries prior to the Relevant Date which would have any direct or indirect adverse effect on the business or financial condition of any of the Group Members; or

(b) there being or occurring (or deemed to be or occur) any act, omission, event, default, breach or any other event of default or any event in relation to the Indemnifiers which has or, by the passage of time or the giving of notice of both or otherwise, would have the effect of accelerating or permitting the acceleration (by notice or otherwise) of the repayment of any indebtedness or giving rise to an obligation or liability or right of enforcement of such obligation or liability of any of the Group Members under any loan and/or security documents or arrangements relating to such indebtedness.

Each of the indemnifiers has also agreed and undertaken to indemnify and keep indemnified each of the Group Members, on demand and hold each of the Group Members harmless from and, against all or any actions, claims, losses, damages, costs, charges and expenses which may be made against, suffered or reasonably incurred by any of the Group Members in respect of or arising, directly or indirectly, from or in connection with any taxation or any taxation claim which is covered by the indemnities given above, all reasonable costs (including all legal costs), expenses or other liabilities which any of the Group Members may properly incur in connection with:

(a) the investigation, assessment or the contesting of any taxation claim;

(b) the settlement of any taxation claim and any claim under the Deed of Indemnity;

(c) any legal proceedings in which any of the Group Members claims under or in respect of the Deed of Indemnity and in which judgment is given for any of the Group Members; or

(d) the enforcement of any such settlement or judgment.

Furthermore, each of the Indemnifiers has agreed and undertaken, jointly and severally, to indemnify and keep indemnified our Group, on demand, against any actions, claims, losses, damages, costs, charges and expenses which may be made against, suffered or reasonably incurred by any of the Group Members in respect of or arising, directly or indirectly, from or in connection with any damages arising from or in connection with any property claims or third party claims or claims by the government of Hong Kong, Singapore, Malaysia, US and Brunei and any other countries or mortgagee of the property owned or leased by our Group prior to the Relevant Date and arising out of (i) any breach or non-compliance of any applicable Hong Kong law, Singapore law, Malaysia law, US law and Brunei law and other countries' law, rules and/or regulations affecting any such property; and/or (ii) of the occupier or user of any such property; and/or (iii) any breach or non-compliance of other terms, conditions, covenants, restrictions of the relevant agreement (including but not limited to mortgage, legal charge and tenancy agreement) or of any (if any) land use right sale and purchase agreement or holding of any defective real estate title certificate or any other title documents in respect of any such property.

2. Litigation

To the best knowledge of our Directors, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claims of material importance was pending or threatened against our Company or any of our subsidiaries.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, our Shares in issue and to be issued as mentioned in this document, including any Shares falling to be issued pursuant to the [**REDACTED**] and the [**REDACTED**] or pursuant to any options which may be granted under the [**REDACTED**].

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the [**REDACTED**], other than the following:

(a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sole sponsor of the [**REDACTED**];

(b) by way of the compliance advisory fee to be paid to Southwest Securities (HK) Capital Limited as our Company's compliance adviser pursuant to the requirements under Rule 3A.19 of the Listing Rules; and

(c) by way of [**REDACTED**] commission and/or other [**REDACTED**] fees as stipulated in the [**REDACTED**] Agreements and the auxiliary documents related thereto to be paid to the Sole Sponsor and/or its associates.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the [**REDACTED**], any interest in any class of securities of our Company or any of its subsidiaries. None of our directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is independent from our Group under Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses of our Company are approximately US$5,460 and have been paid by our Company.

5. Sole Sponsor's fees

The Sole Sponsor's fees of our Company are approximately HK$5.3 million and are payable by our Company.

6. Promoter

We do not have any promoter for the purpose of the Listing Rules.

7. Qualifications of experts

The following are the qualifications of the experts who have been given opinion or advise which are contained in this document:

Name	Qualification
Southwest Securities (HK) Capital Limited	A corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Virtus Law LLP	Legal advisers to our Company as to Singapore laws
The Law Office of KK Chong & Company	Legal advisers to our Company as to Malaysia laws
Squire Patton Boggs (US) LLP	Legal advisers to our Company as to US laws
Eversheds HEP Advocates & Solicitors	Legal advisers to our Company as to Brunei laws
Ernst & Young	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
China Insights Consultancy Limited	Independent industry consultant
SG Tax Alliance Services Pte Ltd	Singapore Tax Advisers

8. Consents of experts

Each of experts referred to in "7. Qualifications of experts" has given and has not withdrawn its/his written consent to the issue of this document with the inclusion of its report and/or letters and/or valuation certificates and/or legal opinion (as the case may be) and the references to their name included herein in the form and context in which they are respectively included.

9. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

10. Agency fees or commission received

The Sole Sponsor and the [**REDACTED**] will receive an [**REDACTED**] commission and/or other [**REDACTED**] fees as stipulated in the [**REDACTED**] Agreements and the auxiliary documents related thereto, and the Sole Sponsor will receive sponsorship, documentation and financial advisory fee for acting as the sole sponsor of the [**REDACTED**] and compliance advisory fee as our Company's compliance adviser pursuant to the requirements under Rule 3A.19 of the Listing Rules.

11. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of our Group since 31 May 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this document.

12. Compliance Adviser

We have appointed Southwest Securities (HK) Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules.

Further details are set out in "Directors and Senior Management — Compliance Adviser" in this document.

13. Miscellaneous

(a) Save as disclosed in this document, within the two years preceding the date of this document:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) our Group has no outstanding convertible debt securities or debentures;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(v) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued;

(vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries;

(b) none of the persons named in "— E. Other Information — 8. Consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(c) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the last 24 months;

(d) the principal register of members of our Company will be maintained in Cayman Islands by [**REDACTED**] and a branch register of members of our Company will be maintained in Hong Kong by [**REDACTED**]. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share register in Hong Kong and may not be lodged for registration with the principal share registrar in the Cayman Islands;

(e) no member of our Group is presently listed on any stock exchange or traded on any trading system;

(f) none of the equity and debt securities of our Company is [**REDACTED**] or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) all necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement; and

(i) our Company's proposed auditor after the [**REDACTED**] will be Ernst & Young LLP, Singapore, which has an international name and reputation and is a member of Ernst & Young Global and a recognised body of the Institute of Singapore Chartered Accountants. Based on the experience, reputation, professional qualification and independence of Ernst & Young LLP, Singapore, our Directors are of the view that our Company will be able to comply with Rules 19.20 and 19.21 of the Listing Rules. The consolidated financial statements contained in our Company's annual reports will be prepared in accordance with IFRS and audited in accordance with International Standards on Auditing.

14. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this document shall prevail over the Chinese text.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of the [**REDACTED**], [**REDACTED**] and [**REDACTED**]; (b) copies of the written consents referred to in "Statutory and General Information — E. Other information — 8. Consents of experts" in Appendix IV to this document; and (c) copies of material contracts referred to in "Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Stephenson Harwood at 18th Floor, United Centre, 95 Queensway, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and the Articles of our Company;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited financial statements of our Group during the Track Record Period;

(d) the letter prepared by Ernst & Young relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the CIC Report;

(f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix III to this document;

(g) the legal opinions issued by Virtus Law LLP, the Singapore Legal Advisers;

(h) the legal opinion issued by The Law Office of KK Chong & Company, the Malaysia Legal Advisers;

(i) the legal opinion issued by Squire Patton Boggs (US) LLP, the US Legal Advisers;

(j) the legal opinion issued by Eversheds HEP Advocates & Solicitors, the Brunei Legal Advisers;

(k) the tax opinion issued by SG Tax Alliance Services Pte Ltd, the Singapore Tax Advisers;

(l) the Companies Law;

(m) the material contracts referred to in "Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix IV to this document;

(n) the written consents referred to in "Statutory and General Information — E. Other information— 8. Consents of experts" in Appendix IV to this document;

(o) the rules of the [**REDACTED**]; and

(p) the service contracts and letters of appointment referred to in "Statutory and General Information — C. Further information about our Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix IV to this document.