

DESIGN CAPITAL LIMITED

設計都會有限公司



INTERIM REPORT 2022

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545



DESIGN CAPITAL LIMITED / INTERIM REPORT 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Chung Hei Man Michelle (鍾希汶女士)

AUTHORISED REPRESENTATIVES

Mr. Goon Eu Jin Terence (阮友仁先生)
Ms. Chung Hei Man Michelle (鍾希汶女士)

AUDITOR

Ernst & Young LLP, Singapore
Recognised Public Interest Entity Auditor

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

130 Joo Seng Road #07-05
Singapore 368357

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, United Centre
95 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISERS

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

PRINCIPAL BANKERS

Malayan Banking Bhd
United Overseas Bank Ltd

STOCK CODE

1545

COMPANY'S WEBSITE

www.designcapital.sg

BUSINESS REVIEW

Headquartered in Singapore, Design Capital Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is a longstanding furniture seller on third party e-commerce platforms in the United States (the “**U.S.**”), a mid to high-end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. For the six months ended 30 June 2022, our revenue amounted to approximately S\$44.7 million, representing a decrease of approximately S\$3.4 million or 7.0% from approximately S\$48.1 million for the six months ended 30 June 2021. This decrease was mainly attributable to the decrease in revenue from our interior design segment and U.S. furniture sales segment as a result of negative business sentiments and slower consumer demand.

U.S. Furniture Sales

We have been sourcing quality furniture pieces which are trendy and easy-to-assemble for marketing and selling under our brands “Target Marketing Systems”, “TMS”, “Simple Living” and “Lifestorey” in the U.S. since 2005. These products are sold at affordable prices in the U.S.. Our customers include major e-commerce sales platforms in the U.S. who in turn sell products to end consumers. In our Chairman’s statement contained in our FY2021 Annual Report, he had highlighted the continuing challenges faced by our U.S. division in relation to supply chain disruptions which is causing escalation of the material cost and significant increases in freight forwarding rates which have impacted the performance of the U.S. furniture sales segment. In addition, higher inflation, higher interest rates and the prolong war in Ukraine have affected global market sentiments and consumer spending. During the six months ended 30 June 2022, revenue for this segment decreased from approximately S\$32.6 million to approximately S\$30.6 million.

Furniture Sales

As at the date of this report, we operate six points of sale in Singapore, of which two are under the brand “Marquis”, two are under the brand “OM” and two are under the brand “Lifestorey”, offering furniture pieces with different styles to cater for the preferences of different customers in the market. As Singapore lifted its COVID-19 restrictions and opened up the borders, retail sales has increased and revenue from this segment increased by 2.7% from approximately S\$10.4 million for the six months ended 30 June 2021 to approximately S\$10.7 million for the six months ended 30 June 2022, hence contributing positively to the Group’s profitability.

Interior Design

We started in 1981 as an interior design solutions provider which is currently marketed under the brand “SuMisura”. We have developed strong interior design and furniture sourcing capabilities. By focusing on design solutions and home furnishing ideas, and leveraging on our designer team’s acute sense of aesthetics, our work has been well received by property developers and homeowners. Revenue recognition in this segment decreased by 33.4% from approximately S\$5.0 million for the six months ended 30 June 2021 to approximately S\$3.3 million for the six months ended 30 June 2022 as a result of a decrease in Singapore and Malaysia projects.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

U.S. Furniture Sales

We anticipate a challenging second half of FY2022 for the U.S. market as the lingering problem of supply chain disruptions continue to persist. During the first half of FY2022, we have significantly restocked our current top-selling products and develop new products in order to improve our offering in the next few months and we are optimistic that the market and demand for our products may improve over the next few months. Having considered that, we are also mindful that abnormally high inflation and higher interest rates coupled with adverse geopolitical environment such as the Ukraine war will impact consumer sentiment and demand, and this in turn may negatively impact our financial performance in the second half of FY2022. We will continue to manage the business prudently and cautiously in the second half of FY2022 to deal with global uncertainties and crises.

Furniture Sales

With the gradual reopening of Singapore, furniture sales are steadily recovering, and our furniture sales segment enjoyed modest growth in the first half of FY2022, tapping on Singapore's economy recovery in 2021. Our new showroom at Marina Square arising from a decision made in 2021 in the midst of the COVID-19 pandemic, has shown good potential and will contribute to the performance of this business segment.

The Group will continue to improve and curate its product range and brands to differentiate itself from its competitors.

Interior Design

Our interior design segment continues to be profitable in the first half of FY2022 and with the projects currently on hand and our loyal customer base, together with our strengths in design, reputation and positive track record, we anticipate that this business segment will contribute positively to the Group in the second half of FY2022. In addition, our interior design team will focus not only on designs for new showflats for developers but also on residential projects for high net worth individuals.

FINANCIAL REVIEW

Overall financial review

The Group's revenue decreased by approximately S\$3.4 million or 7.0% from approximately S\$48.1 million for the six months ended 30 June 2021 to approximately S\$44.7 million for the six months ended 30 June 2022. This decrease was mainly attributable to the decrease in revenue from interior design segment and U.S. furniture sales segment, which was partially offset by the increase in revenue from the Group's furniture sales segment.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gross profit margin increased from approximately 29.0% for the six months ended 30 June 2021 to approximately 29.5% for the six months ended 30 June 2022 mainly due to the increase in revenue from the Group's furniture sales segment.

The Group's profit decreased by approximately 46.3% from approximately S\$3.5 million for the six months ended 30 June 2021 to approximately S\$1.9 million for the six months ended 30 June 2022, mainly due to the decrease in other income and gain of approximately S\$1.2 million arising mostly from Government COVID-19 relief programmes and insurance claims.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overall financial position

As at 30 June 2022, total borrowings of the Group amounted to approximately S\$43,000 which were obligations under finance leases (31 December 2021: approximately S\$55,000 which were obligations under finance leases).

The Group had total cash and cash equivalents of approximately S\$28.5 million as at 30 June 2022 (31 December 2021: approximately S\$40.7 million), most of which were denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 30 June 2022, the cash and bank balances other than time deposits of the Group amounted to approximately S\$14.3 million (31 December 2021: approximately S\$19.8 million).

The Group recorded total current assets of approximately S\$85.1 million as at 30 June 2022 (31 December 2021: approximately S\$83.0 million) and total current liabilities of approximately S\$33.9 million as at 30 June 2022 (31 December 2021: approximately S\$31.3 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.5 as at 30 June 2022 (31 December 2021: approximately 2.7).

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

In view of the Group's financial position as at 30 June 2022, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Gearing ratio

As at 30 June 2022, the Group's gearing ratio which was calculated by dividing the total borrowings by total equity and multiplied by 100% was approximately 0.1% (31 December 2021: 0.1%).

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities or guarantees (31 December 2021: Nil).

Capital commitment

As at 30 June 2022, the Group did not have any material capital commitment (31 December 2021: Nil).

Capital structure

As at 30 June 2022 and 31 December 2021, the capital structure of the Company comprised mainly issued share capital and reserves.

Foreign currency risk

The Group's reporting currency is Singapore dollars. As at 30 June 2022, the Group's cash and cash equivalents were mostly denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. The Group's sales are mainly in U.S. dollars and Singapore dollars. However, most of the purchases are settled in U.S. dollars. The Group is therefore susceptible to currency exchange rate fluctuation of U.S. dollars and Hong Kong dollars against Singapore dollars.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 122 (30 June 2021: 133) full-time employees, of whom 83 are based in Singapore, 17 are based in the U.S., 18 are based in Malaysia and 4 are based in Brunei. For the period ended 30 June 2022, staff costs (excluding directors' fees) amounted to approximately S\$4.8 million (30 June 2021: approximately S\$5.4 million).

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

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

CHARGES ON GROUP'S ASSETS

As at 30 June 2022, the Group had aggregate unutilised banking facilities of approximately S\$5.6 million (31 December 2021: S\$5.4 million), of which approximately S\$2.5 million was secured by a debenture, creating a fixed and floating charge over all present and future property and assets of a subsidiary, Buylateral Group Pte. Ltd..

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS

Save as otherwise provided in this report, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during the period ended 30 June 2022.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2022 (30 June 2021: Nil).

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 April 2019 (the "**Listing**"). The Company had allotted and issued 500,000,000 ordinary shares with aggregate nominal value of HK\$5.0 million at a price of HK\$0.30 per share and raised HK\$150.0 million (equivalent to approximately S\$25.9 million) in total gross proceeds. The net proceeds from the Listing amounted to HK\$105.2 million (equivalent to approximately S\$18.2 million) after deduction of related Listing expenses (the "**Net Proceeds**").

Since 2020, the global economy has been deteriorating mainly due to the outbreak of COVID-19 and the business of the Group has been adversely affected as a result. It is thus prudent and of significance for the Board to re-strategise and review the Group's expansion plans and allocation of cash resources to ensure optimal effectiveness in achieving growth and maintaining the financial stability of the Group. After due consideration, the Board has resolved on 16 March 2022 to further re-allocate the use of Net Proceeds. For details, please refer to the announcement of the Company dated 16 March 2022 (the "**Announcement**").

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the allocation based on the actual Net Proceeds, the utilised and remaining amount of the Net Proceeds from the Listing as at 31 December 2021, the revised allocation of the remaining Net Proceeds as disclosed in the Announcement, the utilised amount during the period and the remaining amount of the Net Proceeds from the Listing as at 30 June 2022:

	Percentage	Allocation based on the actual Net Proceeds (Note 1) Approximate HK\$'000	Total amount utilised from Listing to 31 December 2021 Approximate HK\$'000	Unutilised balance as at 31 December 2021 Approximate HK\$'000	Revised allocation of the unutilised balance of the Net Proceeds based on the Announcement (Note 2) Approximate HK\$'000	Total amount utilised from 1 January 2022 to 30 June 2022 Approximate HK\$'000	Unutilised balance as at 30 June 2022 Approximate HK\$'000	Expected timeline for utilising remaining Net Proceeds (Note 3)
U. S. furniture sales segment:								
procurement of inventory	62.1%	65,351	65,351	–	9,688	9,688	–	On or before 31 December 2023
increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition	8.4%	8,840	6,172	2,668	850	464	386	On or before 31 December 2023
storage of new products to be procured	3.5%	3,683	1,813	1,870	500	500	–	On or before 31 December 2023
Furniture sales segment:								
paying the rental expenses, overhead expenses and capital expenditure for opening two new points of sale in Singapore under the brands "OM" and "Lifestorey"	10.3%	10,839	2,632	8,207	3,207	1,585	1,622	On or before 31 December 2023
procurement of inventory for our new points of sale	2.9%	3,052	3,052	–	8,100	8,100	–	On or before 31 December 2023
enhancing our brand awareness including brand building campaign	2.5%	2,631	469	2,162	362	362	–	On or before 31 December 2023
expansion of our warehouse in Singapore	2.0%	2,105	416	1,689	389	311	78	On or before 31 December 2023
General working capital of our Group	8.3%	8,734	1,837	6,897	397	357	40	On or before 31 December 2023
	100.0%	105,235	81,742	23,493	23,493	21,367	2,126	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HK\$0.345 per share, being the mid-point of the then indicative offer price range of HK\$0.30 to HK\$0.39 per share, net of the estimated Listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.
2. As disclosed above, the Board resolved on 16 March 2022 to reallocate the use of the remaining Net Proceeds. For details and reasons of the revised allocation of the remaining Net Proceeds, please refer to the Announcement.
3. The expected timeline for utilising remaining Net Proceeds has been revised twice following Listing. As disclosed in the announcement of the Company dated 11 September 2020, the annual report of the Company for FY2020 ("**2020 Annual Report**"), the Company's 2021 interim report ("**2021 Interim Report**") and the annual report of the Company for FY2021 ("**2021 Annual Report**"), the Company has delayed the application of the unutilised Net Proceeds for the furniture sales segment in Singapore and for general working capital of the Group. Further, as disclosed in the Announcement, on 16 March 2022, the Board has further updated the expected timeline for utilising the remaining Net Proceeds for the U.S. furniture sales segment, furniture sales segment in Singapore and for general working capital of the Group. For details, please refer to the announcement of the Company dated 11 September 2020, 2020 Annual Report, 2021 Interim Report, Announcement and 2021 Annual Report.

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

During the period ended 30 June 2022, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
REVENUE	6	44,698	48,051
Cost of sales		(31,498)	(34,123)
Gross profit		13,200	13,928
Other income and gain, net		284	1,496
Selling and distribution expenses		(5,805)	(5,719)
Administrative expenses		(4,706)	(4,768)
Finance costs		(428)	(395)
PROFIT BEFORE TAX	7	2,545	4,542
Income tax	8	(672)	(1,053)
PROFIT FOR THE PERIOD		1,873	3,489

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

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		877	346
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		877	346
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,750	3,835
Profit for the period attributable to:			
Shareholders of the Company		1,625	2,975
Non-controlling interests		248	514
		1,873	3,489
Total comprehensive income for the period attributable to:			
Shareholders of the Company		2,461	3,305
Non-controlling interests		289	530
		2,750	3,835
Earnings per share attributable to Shareholders of the Company			
Basic and diluted (<i>cents</i>)	10	0.08	0.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,511	2,800
Right-of-use assets	12	13,910	13,702
Deposits		368	352
Deferred tax assets		380	369
Total non-current assets		17,169	17,223
CURRENT ASSETS			
Inventories	13	45,494	32,063
Contract assets		228	233
Trade receivables	14	8,618	8,103
Prepayments, deposits and other receivables		2,291	1,926
Cash and cash equivalents	15	28,479	40,662
Total current assets		85,110	82,987
CURRENT LIABILITIES			
Contract liabilities		9,118	8,827
Trade payables	16	4,806	5,727
Other payables and accruals	17	16,316	13,091
Borrowings		14	21
Lease liabilities		2,682	2,406
Provision for reinstatement costs		–	70
Income tax payables		944	1,110
Total current liabilities		33,880	31,252
NET CURRENT ASSETS		51,230	51,735
TOTAL ASSETS LESS CURRENT LIABILITIES		68,399	68,958
NON-CURRENT LIABILITIES			
Borrowings		29	34
Provision for reinstatement costs		537	464
Lease liabilities		13,661	13,505
Deferred tax liabilities		25	25
Total non-current liabilities		14,252	14,028
NET ASSETS		54,147	54,930

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	18	3,453	3,453
Share premium		11,283	14,816
Reserves		36,267	33,806
		51,003	52,075
Non-controlling interests		3,144	2,855
TOTAL EQUITY		54,147	54,930

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Six months ended 30 June 2022

	Attributable to shareholders of the Company					Non-controlling interests	Total equity	
	Issued capital	Share premium account	Capital reserve	Exchange fluctuation reserve	Retained profits			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 January 2022	3,453	14,816	2,264	394	31,148	52,075	2,855	54,930
Profit for the period	-	-	-	-	1,625	1,625	248	1,873
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	836	-	836	41	877
Total comprehensive income for the period	-	-	-	836	1,625	2,461	289	2,750
Dividends	-	(3,533)	-	-	-	(3,533)	-	(3,533)
At 30 June 2022 (unaudited)	3,453	11,283	2,264*	1,230*	32,773*	51,003	3,144	54,147

* The reserves accounts comprise the consolidated reserves of S\$36,267,000 in the interim condensed consolidated statement of financial position as at 30 June 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Six months ended 30 June 2021

	Attributable to shareholders of the Company					Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Exchange fluctuation reserve	Retained profits			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021	3,453	20,352	2,264	(109)	30,773	56,733	1,807	58,540
Profit for the period	–	–	–	–	2,975	2,975	514	3,489
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	330	–	330	16	346
Total comprehensive income for the period	–	–	–	330	2,975	3,305	530	3,835
Dividends	–	(5,536)	–	–	(4,429)	(9,965)	(14)	(9,979)
At 30 June 2021 (unaudited)	3,453	14,816	2,264	221	29,319	50,073	2,323	52,396

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,545	4,542
Adjustments for:			
Interest income		(56)	(71)
Finance costs		428	395
Depreciation	7	394	408
Amortisation of right-of-use assets	7	1,628	1,378
Gain on disposal of property, plant and equipment, net	7	–	(43)
Reversal of provision for write-down of inventories to net realisable value, net	7	(22)	(119)
Provision/(reversal of provision) for expected credit losses of trade receivable, net	7	106	(4)
Write-off of property, plant and equipment		–	4
Waiver of paycheck protection loan		–	(546)
		5,023	5,944
Increase in inventories		(12,341)	(432)
Decrease in contract assets		5	142
(Increase)/decrease in trade receivables		(439)	2,196
Increase in prepayments, deposits and other receivables		(339)	(478)
Increase in contract liabilities		292	1,293
Decrease in trade payables		(1,009)	(458)
(Decrease)/increase in other payables and accruals		(435)	576
		(9,243)	8,783
Cash (used in)/generated from operations		(9,243)	8,783
Income taxes paid		(843)	(1,368)
		(10,086)	7,415
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		41	86
Purchase of property, plant and equipment	19(a)	(73)	(308)
Proceeds from disposal of property, plant and equipment		–	61
Decrease in time deposits with maturity of more than three months when acquired		10,792	23,491
Increase in time deposits with maturity of more than three months when acquired		(4,133)	(5,542)
		6,627	17,788
Net cash flows generated from investing activities		6,627	17,788

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of trust receipt loans		–	(240)
Repayment of borrowings		(14)	(12)
Payment of principal portion of lease liabilities	19(b)	(1,462)	(911)
Payment for interest element of lease liabilities		(426)	(393)
Dividends paid		(257)	(1,190)
Net cash flows used in financing activities		(2,159)	(2,746)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		19,828	18,293
Effect of foreign exchange rate changes, net		94	212
CASH AND CASH EQUIVALENTS AT END OF PERIOD		14,304	40,962
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits		14,304	40,962
Time deposits		14,175	14,075
Cash and cash equivalents as stated in the consolidated statements of financial position		28,479	55,037
Less: Time deposits with maturity of more than three months when acquired		(14,175)	(14,075)
Cash and cash equivalents as stated in the consolidated statements of cash flows		14,304	40,962

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. FINANCIAL RISK MANAGEMENT

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

The unaudited interim condensed consolidated financial statements do not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the financial risk management policies of the Group since the financial year ended 31 December 2021.

5. SEGMENT INFORMATION

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2022	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	3,330	10,775	30,647	–	44,752
Less: Inter-segment sales	(2)	(52)	–	–	(54)
Sales to external customers	3,328	10,723	30,647	–	44,698
Segment results	765	1,213	1,507	(940)	2,545
Segment assets	5,950	22,196	59,068	15,065	102,279
Segment liabilities	1,583	15,661	25,895	4,993	48,132
Other segment information:					
Interest income	(7)	(10)	(5)	(34)	(56)
Finance costs**	–	105	323	–	428
Depreciation	19	226	128	21	394
Reversal of provision for write-down of inventories to net realisable value, net	–	(22)	–	–	(22)
(Reversal of provision)/provision for expected credit losses of trade receivables, net	(2)	108	–	–	106
Capital expenditure*	1	55	5	12	73
Six months ended 30 June 2021	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	5,059	10,572	32,612	–	48,243
Less: Inter-segment sales	(63)	(129)	–	–	(192)
Sales to external customers	4,996	10,443	32,612	–	48,051
Segment results	1,299	1,556	2,628	(941)	4,542
Other segment information:					
Interest income	(10)	(8)	(24)	(29)	(71)
Finance costs**	–	60	335	–	395
Depreciation	25	234	131	18	408
Reversal of provision for write-down of inventories to net realisable value, net	–	(119)	–	–	(119)
(Reversal of provision)/provision for expected credit losses of trade receivables, net	(34)	(6)	36	–	(4)
Capital expenditure*	13	224	66	5	308

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2021:

	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment assets	6,936	21,556	53,576	18,142	100,210
Segment liabilities	2,815	14,746	25,898	1,821	45,280

Geographical information

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

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

Non-current assets

	30 June 2022 S\$'000	31 December 2021 S\$'000
Singapore	5,055	4,754
U.S.	11,360	11,741
Malaysia and Brunei	6	7
	16,421	16,502

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. REVENUE

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

Disaggregated revenue information

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

Segments	Six months ended 30 June 2022			
	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Total S\$'000
Type of goods or service				
Sale of goods	–	10,723	30,647	41,370
Service income — interior design	3,328	–	–	3,328
Total revenue from contracts with customers	3,328	10,723	30,647	44,698
Geographical markets				
Singapore	3,155	10,723	–	13,878
U.S.	–	–	30,647	30,647
Malaysia and Brunei	173	–	–	173
Total revenue from contracts with customers	3,328	10,723	30,647	44,698
Timing of revenue recognition				
Goods transferred at a point in time	–	8,669	30,647	39,316
Goods and services transferred over time	3,328	2,054	–	5,382
Total revenue from contracts with customers	3,328	10,723	30,647	44,698

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. REVENUE (Continued)

Disaggregated revenue information (Continued)

Segments	Six months ended 30 June 2021			Total S\$'000
	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	
Type of goods or service				
Sale of goods	–	10,443	32,612	43,055
Service income — interior design	4,996	–	–	4,996
Total revenue from contracts with customers	4,996	10,443	32,612	48,051
Geographical markets				
Singapore	4,766	10,443	–	15,209
U.S.	–	–	32,612	32,612
Malaysia and Brunei	230	–	–	230
Total revenue from contracts with customers	4,996	10,443	32,612	48,051
Timing of revenue recognition				
Goods transferred at a point in time	–	8,458	32,612	41,070
Goods and services transferred over time	4,996	1,985	–	6,981
Total revenue from contracts with customers	4,996	10,443	32,612	48,051

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022 S\$'000	2021 S\$'000
Cost of goods sold	29,884	31,429
Cost of services provided	1,614	2,694
Depreciation	394	408
Amortisation of right-of-use assets	1,628	1,378
Expense relating to short-term leases	44	327
Variable lease payments	1,157	566
Employee benefit expense (excluding directors' fees):		
Salaries, allowances, benefits in kind and other costs	4,359	5,006
Pension scheme contributions	393	426
	4,752	5,432
Gain on disposal of property, plant and equipment, net	–	(43)
Reversal of provision for write-down of inventories to net realisable value, net	(22)	(119)
Provision/(reversal of provision) for expected credit losses of trade receivables, net	106	(4)
Foreign exchange differences, net	(279)	(260)

8. INCOME TAX

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

	Six months ended 30 June	
	2022 S\$'000	2021 S\$'000
Current — Singapore:		
Charge for the period	672	658
Under-provision in respect of prior years	–	27
Current — U.S.:		
Charge for the period	142	368
Over-provision in respect of prior years	(142)	–
	672	1,053

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. DIVIDEND

The board of directors of the Company resolved not to declare any interim dividend for the period ended 30 June 2022 (30 June 2021: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to Shareholders of the Company of S\$1,625,000 (30 June 2021: S\$2,975,000), and the weighted average number of ordinary shares in issue of 2,000,000,000 (30 June 2021: 2,000,000,000) during the period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2022 and 2021 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these period.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the six months ended 30 June 2022, the Group acquired assets with a cost of approximately S\$73,000 (30 June 2021: approximately S\$308,000).

There were no assets disposed by the Group during the six months ended 30 June 2022 (30 June 2021: assets with a net book value of S\$18,000 were disposed by the Group, resulting in a net gain on disposal of S\$43,000).

12. RIGHT-OF-USE ASSETS

Additions

During the six months ended 30 June 2022, the Group entered into new leases and recognised right-of-use assets and lease liabilities of S\$1.6 million and S\$1.6 million respectively (30 June 2021: S\$1.5 million and S\$1.5 million respectively). The weighted average incremental borrowing rate used was 5.25%.

13. INVENTORIES

	30 June 2022	31 December 2021
	S\$'000	S\$'000
Group		
Merchandised goods	38,420	23,155
Goods in transit	7,074	8,908
	45,494	32,063

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. TRADE RECEIVABLES

Group	30 June 2022 S\$'000	31 December 2021 S\$'000
Trade receivables	9,591	9,170
Provision for expected credit losses (Note (c))	(973)	(1,067)
	8,618	8,103

Notes:

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

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

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

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

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

Group	30 June 2022 S\$'000	31 December 2021 S\$'000
Within 1 month	6,319	5,289
1 to 2 months	1,812	2,162
2 to 3 months	136	625
Over 3 months	351	27
	8,618	8,103

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. TRADE RECEIVABLES (Continued)

Notes: (Continued)

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

	30 June 2022 S\$'000	31 December 2021 S\$'000
Group		
At beginning of year	1,067	1,083
Provision for expected credit losses	106	73
Amount written off as uncollectible	(216)	(102)
Exchange realignment	16	13
At end of period/year	973	1,067

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 and 30 June 2022 are 97.3% and 73.9% respectively for those balances that have been past due for more than 3 months.

15. CASH AND CASH EQUIVALENTS

	30 June 2022 S\$'000	31 December 2021 S\$'000
Group		
Cash and bank balances other than time deposits	14,304	19,828
Time deposits	14,175	20,834
Cash and cash equivalents	28,479	40,662

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE PAYABLES

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

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

	30 June 2022 S\$'000	31 December 2021 S\$'000
Group		
Within 1 month	3,776	4,683
1 to 2 months	486	561
2 to 3 months	154	175
Over 3 months	390	308
	4,806	5,727

17. OTHER PAYABLES AND ACCRUALS

	30 June 2022 S\$'000	31 December 2021 S\$'000
Group		
Accruals	9,589	8,458
Estimate of sales returns from customers	2,463	3,644
Other payables	448	448
Dividends payable	3,816	541
	16,316	13,091

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. SHARE CAPITAL

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Authorised: 10,000,000,000 (31 December 2021: 10,000,000,000) ordinary shares of HK\$0.01 each	100,000	100,000

	30 June 2022 S\$'000	31 December 2021 S\$'000
Issued and fully paid: 2,000,000,000 (31 December 2021: 2,000,000,000) ordinary shares of HK\$0.01 each	3,453	3,453

A summary of movements in the Company's issued capital and share premium account from 1 January 2021 to 30 June 2022 is as follows:

	Number of shares in issue	Issued capital S\$'000	Share premium account S\$'000	Total S\$'000
As at 1 January 2021	2,000,000,000	3,453	20,352	23,805
Special dividend*	–	–	(5,536)	(5,536)
As at 31 December 2021 and 1 January 2022	2,000,000,000	3,453	14,816	18,269
Final dividend**	–	–	(3,533)	(3,533)
As at 30 June 2022	2,000,000,000	3,453	11,283	14,736

* On 29 March 2021, the Board recommended the payment of a final dividend of HK1.28 cents per Share (the "2020 Final Dividend") and a special dividend of HK1.60 cents per Share (the "Special Dividend") for the year ended 31 December 2020. Shareholders approval for the 2020 Final Dividend and a Special Dividend was obtained on 28 June 2021. The Special Dividend was paid entirely out of the Share Premium Account pursuant to the Articles of Association and in accordance with the Companies Act of the Cayman Islands.

** On 24 March 2022, the Board recommended the payment of a final dividend of HK1.00 cent per Share (the "2021 Final Dividend") for the year ended 31 December 2021. Shareholders approval for the 2021 Final Dividend was obtained on 28 June 2022. The 2021 Final Dividend was paid entirely out of the Share Premium Account pursuant to the Articles of Association and in accordance with the Companies Act of the Cayman Islands.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Six months ended 30 June	
	2022 S\$'000	2021 S\$'000
Additions of property, plant and equipment	73	308
Cash invested in property, plant and equipment	73	308

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

	As at	Changes	Additions	Others	As at
	1 January	from			30 June
	2022	financing			2022
	S\$'000	cash flows	S\$'000	S\$'000	S\$'000
		S\$'000			
Borrowings	55	(12)	–	–	43
Lease liabilities	15,911	(1,462)	1,555	339	16,343

	As at	Changes	Additions	Others	As at
	1 January	from			30 June
	2021	financing			2021
	S\$'000	cash flows	S\$'000	S\$'000	S\$'000
		S\$'000			
Borrowings	863	(250)	–	(546)	67
Lease liabilities	15,143	(911)	1,513	184	15,929

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

As at 30 June 2022, the interests and short positions of the directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

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

Notes:

1. Nobel Design International Limited beneficially owned 900,000,000 Shares. It is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the shares held by Nobel Design International Limited.
2. Mr. Kho Chuan Thye Patrick, a non-executive Director, directly holds 300,000,000 Shares, representing 15% of the total issued Shares.
3. Southern Cross Holdings Pte Ltd beneficially owned 300,000,000 Shares. It is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49.2% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick is deemed to be interested in the Shares held by Southern Cross Holdings Pte Ltd.
4. As at 30 June 2022, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had or were deemed to have any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO.

OTHER INFORMATION

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

As at 30 June 2022, other than interests of the Directors or chief executive of the Company as disclosed under the heading "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, the following persons (not being a Director or the chief executive officer of the Company) had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register to be kept by the Company under Section 336 of the SFO:

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

Notes:

1. Nobel Design International Limited is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the Shares held by Nobel Design International Limited.
2. Ms. Beh Pur-Lin Elaine is the spouse of Mr. Goon Eu Jin Terence and is therefore deemed to be interested in the Shares in which Mr. Goon Eu Jin Terence is deemed to have interest under the SFO.
3. Mr. Tan Thiam Siew is the spouse of Ms. Wee Ai Quey and is therefore deemed to be interested in the Shares in which Ms. Wee Ai Quey is deemed to have interest under the SFO.

4. Southern Cross Holdings Pte Ltd is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49.2% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in the shares held by Southern Cross Holdings Pte Ltd.
5. Ms. Yuen Woon Siew Marilyn is the spouse of Mr. Kho Choon Keng and is therefore deemed to be interested in the Shares in which Mr. Kho Choon Keng is deemed to have interest under the SFO.
6. Ms. Sng Su Ying Marian is the spouse of Mr. Kho Chuan Thye Patrick and is therefore deemed to be interested in the Shares in which Mr. Kho Chuan Thye Patrick is deemed to have interest under the SFO.
7. As at 30 June 2022, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SECURITIES

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

SHARE OPTION SCHEME

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

No options have been granted under the Share Option Scheme since its adoption and up to the date of this report, and the outstanding options at the beginning and at the end of the six months ended 30 June 2022 remained at 200,000,000 Shares, equivalent to 10% of the issued Shares of the Company.

COMPETING INTERESTS

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

CORPORATE GOVERNANCE

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

OTHER INFORMATION

The Board is of the view that the Company had complied with the applicable code provisions set out in the CG Code during the six months ended 30 June 2022, save for code provision C.2.1 of the CG Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

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

As at 30 June 2022, the Company, having made specific enquiry of all the Directors, is not aware of any incident of non-compliance of the Model Code by the Directors.

REVIEW OF INTERIM RESULTS

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

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

BY ORDER OF THE BOARD

Goon Eu Jin Terence

Chairman and Chief Executive Officer

18 August 2022