DESIGN CAPITAL LIMITED

設計都會有限公司

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545

Environmental, Social and Governance Report

2025



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1. About the Report

Design Capital Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**" or "**We**") are pleased to present the Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**"), which comprehensively illustrates the ESG strategy and commitment of the Group in fulfilling corporate social responsibility and achieving sustainable development.

1.1 Scope of the Report

The ESG Report focuses primarily on the environmental and social performance of the Group's core businesses, including (i) furniture division; (ii) interior design division; and (iii) e-commerce division. The ESG Report covers the period from 1 January 2025 to 31 December 2025 (the "**Year**"). The calculation of environmental Key Performance Indicators ("**KPIs**") covers all offices and warehouses in Singapore, Malaysia and the United States of America (the "**U.S.**"), while the disclosure of social KPIs covers the performance of the Group.

1.2 Reporting Framework

The ESG Report is prepared in accordance with the ESG Reporting Code (the "**ESG Reporting Code**") contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The report has complied with the mandatory disclosure requirements and the "comply or explain" provisions of the ESG Reporting Code. The content index for the ESG Reporting Code is set out in the Appendix section of the Report for easy reference. As for the information on the Group's corporate governance frameworks and practices, please refer to the corporate governance report which has been included as part of the Group's Annual Report for the Year ended 31 December 2025 (the "**Annual Report**").

1.3 ESG Reporting Principles

The ESG Report adheres to the ESG Reporting Principles set out in the ESG Reporting Code, including materiality, quantitative, balance and consistency. Details are illustrated as follows:

Materiality

The content of the ESG Report is determined through the stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues, and preparing and validating the information reported. The ESG Report has covered the key issues that are of concern to different stakeholders.

Quantitative

The disclosure of ESG KPIs in the ESG Report is supported by quantitative data and measurable standards. All applicable statistics, calculation tools, methodologies, reference materials and sources of conversion factor used are disclosed when presenting the emission data whenever appropriate.

Balance

The relevant data and contents of the Group are disclosed in an objective and balanced manner.

Consistency

In order to enhance and maintain meaningful comparability of ESG performances between the years, the Group has adopted consistent reporting and calculation methodologies where practicable. For any changes in methodologies or relevant KPIs used, the Group has presented and explained in detail in the corresponding sections.

1.4 Data Source and Reliability Statement

The data and cases in the ESG Report are mainly derived from the Group's official documents, and relevant public information where applicable. The ESG Report is prepared in English and Chinese respectively. In case of any discrepancies between the English and Chinese versions, the English version shall prevail.

1.5 Confirmation and Approval

The Group's board of directors (the "**Board**") has reviewed this ESG Report and is of the opinion that the ESG Report meets the requirements of Appendix C2 to the Listing Rules and is free from material omissions or misstatements.

1.6 Information and Feedback

The Report is available and can be downloaded from the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.designcapital.sg). Your opinions on the Group's ESG Report and sustainability performance are highly valued. Should you have any queries, comments or suggestions, please contact us at:

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2. About the Group

2.1 Main Businesses

Headquartered in Singapore, the 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, the Group commenced operations as an interior design solutions provider, offering interior design services for showflats and residential units. The Group expanded its business footprint into furniture retailing in 1995, deepening the Group's commitment to offering home furnishing ideas and delivering design solutions and furniture to homeowners. In 2005, the Group became involved in the online furniture sales industry in the U.S.. With over 20 years of established network and experience in furniture retailing and sourcing, the Group supplies various furniture brands targeting several different market segments through e-commerce sales platforms in the U.S. and its points of sale in Singapore. This ESG Report reports on the areas where our main operations are carried out, including Singapore, U.S. and Malaysia.

2.2 ESG Mission

The Group recognises the rising significance of ESG management in recent years and places great emphasis on fulfilling its ESG responsibilities and achieving its ESG targets. The Group is committed to striking a balance between business development and ESG achievements. Additionally, the Group aims to strengthen its market position in furniture sales in Singapore and the U.S., while expanding its presence across various customer segments and upholding ESG standards. To thrive in both business and ESG domains, the Group has implemented the following strategies:

(i) Further expand its product mix and brand portfolio;

(ii) Further expand its sales and marketing network;

(iii) Enhance its brand recognition; and

(iv) Maintain and attract talent to support future growth.

2.3 Board Statement

The Group believes that well-established ESG governance principles, strategies, and practices are crucial to the long-term development of its business, especially in increasing investment values and returns. To ensure the establishment of appropriate and effective ESG risk management measures and internal control systems, the Board has taken up the responsibility to govern and oversee the Group's ESG-related issues and its development. The Board is responsible for monitoring and formulating the Group's ESG strategies and reports, and will review and discuss the content and quality of ESG reports to ensure that they meet the requirements and expectations of the Board. Furthermore, the Board monitors and reviews the Group's compliance status with ESG-related laws and regulations by external regulatory bodies, such as the Stock Exchange.

During the Year, the Board has engaged third-party ESG professionals to oversee the Group's ESG performance and address the potential and material issues regarding the business and its stakeholders. As a key stakeholder, the Board also participates in materiality assessments and provides feedback on ESG issues relevant to the Group.

3. Stakeholder Engagement

The Group believes that maintaining a positive and active interaction with stakeholders is crucial to the Group's governance management. The Group is at all times committed to disclosing and distributing all information to the public in full and in a timely and accurate manner, in accordance with the Listing Rules.

The Investor Relations Policy has been developed by the Group to ensure that all investors have access to timely information regarding the Group, covering business strategies, updates, stock and financial performance, as well as corporate management and governance.

The Group is committed to fostering ongoing dialogues with its stakeholders. The table below outlines the key requirements and expectations from stakeholders for the Group, along with the corresponding response and communication channels provided by the Group.

Stakeholders	Requirements and Expectations	Response and Communication Channels
Government and regulators	• Compliance with national policies, laws, and regulations • Tax payment in full and on time • Support local economic growth • Work safety	• Dedicated reports • Regular workplace safety spot checks and workplace safety guidelines
Shareholders	• Returns • Transparency and effective communication • Increase in Group value	• Shareholder conferences • Announcements • Communication and Company website
Business Partners	• Operate with integrity • Equal rivalry	• Business communications
Customers	• Outstanding products and services • Health and safety • Operate with integrity	• Customer service centre and hotlines • Customer communication meetings
Employees	• Remunerations and benefits • Career development • Humanity cares	• Training and workshops • Employee activities
Community and the public	• Improve community environment • Participation in charity	• Donations

In addition to the communication channels established for collecting stakeholders' opinions and expectations, the Group has further assessed its ESG-related priorities through a review of changes in the business and operating environment. Given that there have been no significant changes in the Group's principal business, operating environment, or the mutual influence between the Group and its stakeholders, the material ESG issues for the current year remain consistent with those identified in the prior year.

During the Year, the Group has identified five primary ESG-related material issues, outlined as follows:

Aspects	Material Issues
Environment	Energy Management Use of Water Resources
Labour Practices	Employee Health and Safety Employment Compliance
Operating Practices	Anti-corruption

4. Environmental Protection

The Group places great emphasis on environmental protection and strives to minimise negative environmental impacts during its operations. The Group strictly abides by applicable environmental laws and regulations, including the Environmental Protection and Management Act 1999 in Singapore, the Environmental Quality Act 1974 in Malaysia and the National Environmental Policy Act 1969 in the U.S., and has established sets of comprehensive rules and regulations clearly defining the rights and obligations of the Group.

4.1 Environmental Sustainability Policy

Environmental sustainability is a vital aspect of the Group's long-term business development and growth. As such, the Group has established an Environmental Sustainability Policy, demonstrating the Group's commitment towards environmental sustainability. The policy covers all operation sectors, laying out the Group's approach to reducing the direct and indirect environmental impacts induced by the Group's business operations. Measures of the Environmental Sustainability Policy are embedded into the Group's management practices and principles, which include:

i. Raising awareness of environmental issues among employees;

ii. Encouraging corporate engagement in environmental causes and contribution to raising awareness;

iii. Encouraging employees to adopt environmentally friendly practices; and

iv. Carrying out purchasing activities and interactions with vendors in an environmentally responsible manner.

To ensure that employees are informed and in line with the Group's Environmental Sustainability Policy, the Group's Human Resources Department will guide and lead in reducing resource consumption and increasing environmental awareness among the employees, so as to ensure that the staff upholds the Environmental Sustainability Policy standards set by the Group.

4.2 Air Emissions

Since the Group is not involved in manufacturing, no industrial air or water pollutants were emitted during the Year. The major emission of the Group is generated from fossil fuel combustion of vehicles, which includes the emission of nitrogen oxides, sulphur oxides, and suspended particulates.

Air pollutants generated by the Group during the Year are as follows:

Types[1]	2025	2024
Nitrogen oxides (g)	26,884	27,551
Sulphur oxides (g)	27	33
Suspended particulates (g)	75	110

Note:

1. The calculation of air pollutants takes reference from emission factors in "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by the European Environment Agency ("**EEA**").

As a responsible global entity, the Group is actively engaged in the fight against climate change and places a strong emphasis on environmental sustainability. The Group's greenhouse gas emissions primarily stem from office and warehouse operations and can be categorised into three distinct scopes: (i) Scope 1: direct emissions from fuel combustion in vehicles; (ii) Scope 2: energy indirect emissions from purchased electricity and heating; and (iii) Scope 3: other indirect emissions from activities like business air travel, water and sewage treatment, and methane gas produced at landfills due to paper waste disposal.

To achieve the greenhouse gas emission reduction target, the Group advocates for the utilisation of public transportation and encourages the preference for online meetings. The Group remains committed to advancing green initiatives and supporting employees in embracing environmentally friendly practices. Details of the Group's greenhouse gas emissions during the Year will be disclosed in the Climate Change chapter.

4.3 Waste Generation

The solid waste generated by the Group includes both hazardous and non-hazardous waste. Non-hazardous waste mainly comprises wooden product waste and general waste from daily office operations, while hazardous waste includes toner cartridges from printers. The Group aims to minimise waste generation in its operations and is working towards such a goal through the proper collection, storage, transportation, and disposal and treatment of waste. To meet the waste reduction target, the Group motivates employees to cultivate eco-conscious habits, including the use of recycled paper and the implementation of paper-saving practices like double-sided printing whenever feasible.

The amount of waste disposed by the Group during the Year is as follows:

Types	2025	2024
Total non-hazardous waste generated (tonnes)[1]	202	410
Intensity of non-hazardous waste generated (tonnes/employee)	2.13	3.94
Total hazardous waste generated (tonnes)	2.59	3.45
Intensity of hazardous waste generated (tonnes/employee)	0.03	0.03

Note:

1. Non-hazardous waste data is based on the daily estimated volume of general waste in offices and the volume-to-weight conversion factors provided by the U.S. Environmental Protection Agency.

4.4 Use of Resources

The Group is well aware of the potential environmental impacts resulting from energy and fuel usage. Thus, the Group is committed to reducing energy consumption and emissions within its offices and warehouses. The consumption of electricity and heating, as well as the use of vehicles, are the major sources of energy consumption of the Group. To achieve the energy-saving target, the Group continues to promote and implement the Group's Environmental Sustainability Policy and help employees adopt environmental-friendly behaviours.

The energy consumption and intensity of the Group during the Year are as follows:

Types (unit)	2025	2024
Total energy consumption (MWh)	802	821
Direct Energy consumption (MWh)		
Vehicle fuel usage (MWh)[1]	86	107
Indirect Energy consumption (MWh)		
Purchased electricity (MWh)	669	671
Purchased heating (MWh)	47	43
Intensity of energy consumption (MWh/employee)	8.44	7.89

Note:

1. Energy consumption in the use of vehicles is calculated with reference to "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by EEA.

2. We have recalculated the electricity consumption data for the 2024 fiscal year and made corresponding adjustments to ensure comparability.

The Group primarily uses water for daily office operations and cleaning showrooms and offices. The Group has secured a suitable water source in compliance with the relevant national environmental protection policies and regulations, with no reported issues in water sourcing. To meet the water use efficiency target, the Group persists in promoting the development of water conservation habits among employees and ensuring the proper utilisation of water resources.

The water consumption and intensity of the Group during the Year are as follows:

Types (unit)	2025	2024
Total water consumption (m^3)	205	272
Intensity of water consumption (m^3/employee)	2.16	2.62

In the furniture retail and e-commerce operations, all furniture are properly packed before delivery using packaging materials such as plastic, styrofoam, paper and cartons for protection.

The amount of packaging materials used by the Group's operations during the Year are as follows:

Types (unit)	2025	2024
Weight (tonnes)		
Plastic	5.51	9.86
Styrofoam	0.02	0.01
Paper	0.41	0.13
Intensity (tonnes/million SGD revenue)		
Plastic	0.11	0.16
Styrofoam	0.0004	0.0002
Paper	0.008	0.0020

4.5 Emissions Mitigation and Resources Conservation

The Group is highly aware of its environmental impact and has implemented several measures to mitigate emissions from various sources, thereby reducing its environmental footprint.

Given that the Group's business activities do not involve direct construction processes, significant air pollutant generation that could raise environmental concerns is limited. The primary source of air pollutants within the Group is vehicle usage. Therefore, the Group's efforts are concentrated on reducing air pollutant emissions from the Group fleet. For example, we encourage our employees to contact stakeholders via telephone and email to minimise unnecessary business travel.

In daily office and warehouse operations, various measures have been implemented to decrease greenhouse gas emissions, including:

- Reuse paper or use paper on both sides, wherever possible.
- Set computers and printers to default duplex and economical modes.
- Disseminate information by electronic means wherever possible to reduce paper use.
- Use smaller font size and line spacing for documents that must be printed.
- Monitor printing volume regularly and set print quota for users as far as practicable.
- Use electronic greeting cards during holiday season.

To reduce energy consumption, electrical appliances such as lighting systems, air conditioning units, and computers are required to be switched off or put into sleep mode when not in use. Energy-efficient lighting solutions like T5 fluorescent lamps and LED lamps are installed, and measures such as zone-specific light switches, motion sensors in less frequented areas, and dimmers for light intensity adjustment are in place to optimise energy use. In terms of commuting and business travel, video conference is prioritised over unnecessary overseas business trips.

4.6 Climate Change

The Group acknowledges that climate-related issues can affect its business operations and long-term value creation. As such, climate change considerations are integrated into the Group's core strategy, and climate-related risk assessments are done whenever necessary. The Group will disclose climate-related information aligned with the four-pillar framework — Governance, Strategy, Risk Management, and Metrics & Targets — in accordance with Appendix C2 of the HKEX Listing Rules.

Governance

To ensure effective management of climate change, the Group has established a governance structure with the Board as the highest decision-making body. The Board fully fulfills its responsibility by undertaking the duties of deliberation, decision-making, and oversight regarding the Group's sustainable development policies and strategies.

The Board will integrate related topics into the agenda of its regular meetings at least once a year to review climate-related risks and opportunities faced by the Group and assess whether senior management has taken adequate measures to address the impact of climate change on the Group. The Board will also annually review and monitor progress toward targets and performances, making revisions as and when necessary. Furthermore, when overseeing the Group's strategies, major transactional decisions, risk management processes, and relevant policies, the Board will proactively incorporate identified climate-related risks and opportunities into evaluations as needed and specifically considers trade-offs associated with such risks and opportunities.

To enhance the Board members' understanding of and capacity to address climate change issues, the Group encourages the Directors to attend seminars, conferences and workshops to develop and update their relevant knowledge and skills.

Meanwhile, the Board has delegated the function of implementing and coordinating climate-related matters to senior management. Senior management integrates climate risks into the overall risk management processes and systems, ensuring the Group can proactively identify potential risks, make effective decisions, and actively coordinate business units in formulating and advancing climate action plans.

Through a clearly structured and well-defined climate governance framework, the Group is better equipped to systematically address the challenges posed by climate change, providing a solid foundation for long-term sustainable development.

Strategy

During the Year, the Group undertook its first comprehensive climate scenario analysis to gain a deeper understanding of, and to better prepare for, the potential impacts of climate change. This analysis encompassed both physical and transition risks, as well as associated opportunities, with each category undergoing a detailed process of screening and evaluation.

- **Physical Risks:** Risks arise from the direct environmental consequences of climate change, such as damage from sudden extreme weather events or the gradual degradation of assets due to persistent climatic shifts.

- **Transition Risks:** Risks related to the economic and societal adjustments toward a low-carbon future, encompassing financial challenges posed by new regulations, technological advancements, legal actions, and evolving market dynamics.

To comprehensively assess the climate-related risks and opportunities that may arise during its business development, the Group considered various global temperature rise pathways, changes in climate policies, and time horizons of impact. Therefore, the Group utilised published scenario models and parameters from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase 5 public release of the Network for Greening the Financial System (NGFS). In the climate scenario analysis, it is assumed that the Group's existing mitigation measures, assets and operation locations remain the same, while the time horizon covers short-term (up to 2030), medium-term (up to 2040), and long-term (up to 2050). The scenarios and the time horizon selected not only align with the Group's operational budgeting cycle and strategic business planning cycle, but also remains consistent with the Hong Kong government's target of "achieving carbon neutrality by 2050".

Methodology and Scope	
Scope	Same as the reporting boundary, which covers all principal operating activities of the Group's core businesses, including furniture division and interior design division in Singapore and the e-commerce division in the U.S.
Scenario Used	IPCC for physical risks analysis: • **SSP 1-2.6:** Global warming reaches 2.0°C, global transitions remain broadly aligned with historical trends. It is characterised by stringent regulations, resulting in severe transition risks for businesses, while physical risks remain notable. • **SSP 5-8.5:** Global warming exceeds 4°C, with governments acting slowly and mitigation efforts stalled — coupled with a lack of climate policies across many jurisdictions — impacts will become far more extreme, exposing businesses to significantly greater physical risks, both immediate and long-term. NGFS for transition risks analysis: • **Net Zero 2050:** Strict climate policies are adopted early to curb global warming at 1.5°C and achieve global net-zero CO_2 emissions around 2050, driven by reduced energy demand and the development of low-carbon technologies. • **Current Policies:** Only current policies remain in place, greenhouse gas emissions will continue to rise, pushing global warming above 3°C and resulting in severe physical risks.

Its climate-related initiatives will be integrated into its daily business operations. Currently, no portion of these expenditures is separately identifiable as being specifically for climate-related risks or opportunities, and therefore, the Group cannot provide quantified data on the current or expected financial impacts. Regarding cross-industry climate metrics, data remains dispersed across its operations and is subject to high measurement uncertainty. Consequently, such information cannot currently be obtained in a manner that is both reasonable and cost-effective.

Nevertheless, the Group has identified the core implications of key climate risks and opportunities and provided detailed qualitative disclosures in the tables below. The Group is also actively enhancing its internal data integration and modeling capabilities to progressively improve the disclosure of such quantitative information.

The following 5 climate-related risks and opportunities have been identified from assessment and analysis under the selected high/low carbon scenarios and time horizon (2030–2050). Detailed qualitative assessment results for these risks and opportunities are presented in the tables below.

Types of Risk		Key Affected Area	Materiality Level[1]			Impact on Business	Impact on Financial Performance
			Short term	Medium Term	Long Term		
Physical Risks							
Acute	Extreme Weather Events	The Group's Singapore, Malaysia and U.S. operation sites				**Business model:** • Delivery delays in the U.S. e-commerce business, damaging fast-delivery value proposition. **Value Chain:** • Supply chain disruptions delaying furniture shipments to warehouses. • Inventory damage in transit/ warehouses.	• **Cost Increase:** Higher expedited shipping costs; emergency repair costs for damaged stores/ warehouses.
Transition Risks							
Change in Market Demand	Growing consumer preference for sustainable & eco-friendly furniture	The Group's core businesses				**Business model:** • Risk of losing eco-conscious customers to competitors with stronger sustainability credentials. **Value Chain:** • Expanded supplier screening for certified materials. • New partnerships with eco-friendly manufacturers.	• **Revenue Shifts:** Potential decline in sales of non-sustainable products. • **Higher Sourcing Costs:** Premium for certified sustainable materials.
Policy & Regulation Tightening	Stricter sustainability reporting, carbon taxes, green standards (e.g., Singapore Green Plan 2030)	The Group's Singapore, Malaysia and U.S. operation sites and core businesses				**Business model:** • Compliance costs for mandatory ESG disclosures. **Value Chain:** • Suppliers may raise price due to their own carbon costs.	• **Compliance Penalties:** Fines for non-compliance; investment in reporting systems. • **Increased Cost of Goods Sold:** Carbon-related cost pass-through from suppliers.

Opportunities							
Types of Opportunities		**Key Affected Area**				**Impact on Business**	**Impact on Financial Performance**
Energy Efficiency & Operations:	Adoption of energy-efficient lighting	The Group's Singapore, Malaysia and U.S. operation sites				**Business model:** • Improved operational resilience through reduced dependence on traditional grid energy. **Value Chain:** • Improved brand reputation as an environmentally responsible retailer.	• **Utility Savings:** Reduced electricity and water expenses. • **Revenue Growth:** Potential government incentives for green upgrades.
Sustainable Product Expansion	Develop and promote furniture made from recycled, certified, or low-impact materials	The Group's core businesses				**Business model:** • Attract sustainability-focused consumers. **Value Chain:** • New partnerships with recycled material-focused furniture suppliers. • Collaboration with sustainable furniture designer.	• **Revenue Growth:** New customer segments and premium pricing potential.

Note:

1. Materiality Level definitions —
light color: Handle through standard existing processes;
regular color: Need to be monitored consistently;
dark color: Require management strategy planning and implementation tracking.

Mitigation Measures of Risks and Opportunities Assessment Result:

Types of Risks	Mitigation Measures
Extreme Weather Events	• Establish clear operational guidelines for heavy rain, and extreme weather conditions. • Implement special work arrangements promptly to ensure employee safety and business continuity. • Install protective measures for storefronts and warehouse entrances (e.g., sandbags, moisture barriers).
Gradual Changes in Temperature and Humidity	• Enhance climate control systems in storage areas to protect furniture quality.
Change in Market Demand	• Continuously monitor consumer trends toward sustainable and eco-friendly furniture. • Maintain flexible supplier and brand partnerships to adapt product offerings. • Actively promote furniture lines with strong sustainability credentials.

Policy & Regulation Tightening	• Ensure compliance with local and international sustainability and carbon disclosure regulations. • Engage suppliers on sustainability practices and encourage certified materials. • Transition to sustainable packaging and reduce plastic use across operations.
Types of Opportunities	**Response Measures**
Energy Efficiency & Operations	• Conduct regular energy audits across all stores, warehouses, and offices in Singapore to identify potential opportunities of improving energy efficiencies. • Explore renewable energy options (e.g. solar panels) to reduce grid dependency and lower utility costs.
Sustainable Product Expansion	• Evaluate sustainability credentials of existing and potential furniture brands and suppliers. • Integrate sustainability criteria into new product selection and partnership agreements. • Develop and market furniture lines that appeal to eco-conscious consumers.

While the Group has not yet established a dedicated climate transition plan, it has implemented the above-mentioned mitigation measures to address potential adverse impacts, utilising internal funding and existing human resources. The Group has also explicitly identified the material Scope 3 categories relevant to the Group, as well as established climate-related targets during the Year to further advance its decarbonisation and climate resilience efforts.

During the Year, the Group did not have any separately identifiable capital expenditure, financing or investments dedicated to climate-related risks and opportunities. In addition, the Group has implemented the mitigation and response measures disclosed in the previous reporting period across all operating locations.

Despite these proactive actions, the Group faces key uncertainties that may constrain the effective implementation of its future climate resilience plans. These include the uncertain pace of global and regional climate policy updates, shifting consumer demand for sustainable products, the evolving pace and severity of physical climate change impacts, and the unclear timing and stringency of future climate-related regulatory requirements applicable to the Group. Nevertheless, the Group believes it has a robust capacity to adjust and adapt its strategy and business model to address climate change across the short, medium and long term. This adaptive capacity is embedded in the Group's ongoing strategic planning and operational management, enabling timely adjustments to business priorities, operational processes and value chain collaboration in response to evolving climate risks, regulatory changes and market dynamics.

Risk Management

The Group has integrated the identification, assessment, prioritisation, and management of climate-related risks and opportunities into its broader risk management framework. This integration embeds climate considerations into daily operations and ensures effective responses to climate change challenges. As these processes align with its existing risk management structure, no significant changes were made to the process during the Year.

Throughout the processes, the Group considers parameters such as asset location and type, historical exposure to extreme weather and energy consumption patterns. Climate data from the publicly available scenario sources, as well as internal data such as utility consumption records and operational incident logs are utilised. Below are the summaries of the climate risk and opportunity management process of the Group:

1. Identification	The Group conducts research on climate change trends, domestic and international industry developments, and technological changes and carries out peer benchmarking. The Group also performs climate-related scenario analysis, taking into account its operational conditions and business characteristics. The resulting list identifies and describes the physical and transition risks, as well as potential opportunities, affecting the Group's operations.
2. Evaluation	The Group conducts a comprehensive assessment of climate-related risks and opportunities by analysing their potential impact on its business model, value chain, and financial performance, as well as evaluating the likelihood and magnitude of these factors.
3. Prioritisation	Based on the assessment results, the Group prioritises identified climate-related risks and opportunities according to their severity and urgency, with a particular focus on those posing high likelihood and high impact.
4. Monitoring	Based on the identification and assessment of risks and opportunities, the Group's management considers and implements corresponding response and capture strategies, with regular reviews to monitor their effectiveness. The results of this identification, assessment, and management process are reported to the Board on a periodic basis to strengthen its oversight and ensure the effective implementation of all climate-related measures.

Metrics and Targets

Guided by global climate commitments, the Group places significant emphasis on aligning its operations with Hong Kong's regional decarbonisation targets. To align with these climate frameworks, the Group continuously evaluates its ESG performance indicators and has established specific reduction and management objectives that reflect the exigencies of these prevailing frameworks. While these targets have not yet been subjected to independent third-party verification, nor were they derived from a sectoral decarbonisation approach, the Board conducts annual reviews of progress to gauge performance and determine the need for adjustments. Furthermore, the Board is dedicated to enhancing the governance mechanisms surrounding the formulation, evaluation, and verification of these targets to uphold the transparency and integrity of the Group's decarbonisation journey.

To achieve measurable emissions reductions, the Group is focusing on substantial decarbonisation by improving energy efficiency and optimising operational processes. At present, the Group has no immediate plans to utilise carbon credits for offsetting purposes. However, the Group remains attentive to evolving market dynamics and regulatory frameworks surrounding carbon credits and is poised to leverage such instruments as a supplementary mechanism to support its long-term carbon neutrality objectives when the time is appropriate.

Carbon Reduction Targets for The Group:

Category of Target	Description
GHG Emission	• Reduce the total greenhouse gas emission intensity by 5% by 2030 (with the year 2025 as the base year).
Energy Management	• Reduce the electricity and water consumption intensity by 5% by 2030 (with the year 2025 as the base year).
Waste Management	• Actively maintain, or gradually reduce waste generation in accordance with the Group's reduce, reuse, and recycle methods.

The Group conducted greenhouse gas (GHG) identification, assessment, and verification during the Year to effectively manage its emissions. Scope 1 and Scope 2 emissions are calculated in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).* Concurrently, in line with the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, the Group identified Scope 3 GHG emission categories in the current year. Based on the review and analysis of its business operations, and after considering factors such as emission scale, data availability, and stakeholder concerns, the Group ultimately identified two key categories closely related to its activities as the focus for Scope 3 GHG accounting. These include:

- Category 5: Waste generated in operations
- Category 6: Business travel

During the Year, the summary of GHG emissions of the Group is illustrated as below:

GHG Emissions	Unit	2025	2024
Total GHG Emissions [1]	tCO_2e	317	332
Total GHG Emissions intensity	tCO_2e/employee	3.34	3.19
Scope 1 — Direct emissions [2]	tCO_2e	23	28
Scope 2 — Energy indirect emissions [3]	tCO_2e	278	278
Scope 3 — Other indirect emissions [4]	tCO_2e	16	26

Notes:

1. The Group's greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented as carbon dioxide equivalent (CO_2e).

2. This is calculated based on the emission factors in the "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by EEA.

3. This is calculated with reference to the emission factors provided by the United States Environmental Protection Agency and the Energy Market Authority ("**EMA**") of Singapore.

4. Scope 3 — other indirect emissions are calculated based on the International Civil Aviation Organization Carbon Emissions Calculator, emission factors in the "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and emission factors provided by EMA of Singapore.

5. The Group uses an operational control approach for GHG emission accounting. This methodology defines the accounting scope based on the Group's authority to enforce operational policies across its business activities, which more accurately reflects its actual responsibilities in carbon emission management, helps strengthen GHG emission monitoring and governance, and ensures that accounting outcomes align with its sustainability goals.

6. We have recalculated the electricity consumption data for the 2024 fiscal year and made corresponding adjustments to ensure comparability. As GHG Scope 2 includes greenhouse gas emissions from purchased electricity, the related greenhouse gas emission figures have also been revised accordingly.

At present, the market maturity and industry adoption of carbon pricing mechanisms are still insufficient to have a direct and material financial impact on the Group's operations. Consequently, carbon pricing has not yet been integrated into the decision-making process. Meanwhile, in line with the current remuneration policy and industry characteristics, the Group's compensation structure remains focused on core business performance and long-term value creation, and climate-related factors have not been incorporated into executive or staff incentives.

Going forward, the Group will continue to monitor developments in carbon pricing mechanisms and climate-related performance indicators. The Group will assess the feasibility of integrating these considerations into both strategic decision-making and remuneration policies once conditions become more mature and aligned with its operational context.

5. Employment and Labour Practices

The Group recognises that employees are the cornerstone of corporate development and growth. Therefore, it places great emphasis on human resource management to support employee development. The Group strictly abides by applicable employment and labour laws and regulations in the regions that the Group operates in, including but not limited to the Employment Act (Chapter 91) of Singapore, the Employment of Foreign Manpower Act (Chapter 91A) of Singapore and the Employment Act 1955 in Malaysia. In addition, the Group has established comprehensive employment rules and regulations that clearly define the scope and principles to protect employee rights, which are specified in the Employee Handbook.

5.1 Employment and Dismissal

The Group adheres to the principles of fairness, transparency and market competitiveness in its recruitment and promotion processes, ensuring equal opportunities for all personnel. The Group provides equal consideration for employment to candidates regardless of their age, gender, health status, marital status, family status, race, skin colour, nationality, religion, political affiliation, sexual orientation, or any other legally protected characteristic. The Group is dedicated to cultivating a diverse and inclusive workplace that provides equal opportunities for all employees.

The Group maintains a zero-tolerance policy towards forced labour and child labour, aligning with relevant laws and regulations, including but not limited to the Employment Act of Singapore (Chapter 91), Employment (Children and Young Persons) Regulations in Singapore, the Fair Labor Standards Act in the U.S., Children and Young Persons (Employment) Act 1966 and Child Employment Amendment Act 2010 in Malaysia. The identification documents (i.e., identity cards, birth certificates, driver's licenses and etc.) of candidates are thoroughly examined by our Human Resources Department to ensure compliance. Duties and responsibilities of each position are clearly stated in the employment contract to prevent forced labour and protect the rights of employees. Working hours and rest periods are in accordance with relevant employment laws and regulations, as outlined in the employment contract. While managers may request employees to work on their days off for necessary overtime, employees have the right to decline. If the employee agrees to work on a day off, they can reschedule their time off within the same month or within 30 days of the originally scheduled day off. The Group also provides compensation leave or allowances for employees who work overtime. During the Year, no child or forced labour was employed. If in the unlikely event that any violation of relevant laws and regulation is identified, the management of the Group will be informed and corrective measures will be implemented to address the matter.

The Group fully respects an employee's decision to resign. Upon receiving a resignation request, the Human Resource personnel will conduct an exit interview in a private and comfortable setting with the departing employee before their last working day. To facilitate a comprehensive discussion, the Human Resource personnel will prepare a list of questions for the exit interview, covering the reasons for leaving, feedback on the job and organisation suggestions for improvement, and any unsolved issues. The Human Resource personnel ensure confidentiality and assure the departing employee that their feedback will be used constructively. The Group analyses the feedback collected during exit interviews to identify trends, highlight areas for improvement, and consider potential changes to policies or procedures. Based on the analysis, action plans may be developed to enhance employee satisfaction and retention in the future.

As of 31 December 2025, the Group has 95 employees in total. The detailed employment status of the Group is as follows:

Indicators	2025	2024
Total number of employees (Percentage of category)		
By gender		
Male	31 (33%)	39 (38%)
Female	64 (67%)	65 (62%)
By age		
Below 30	11 (11%)	12 (11%)
30 – 50	53 (56%)	61 (59%)
Above 50	31 (33%)	31 (30%)
By geographical location		
Singapore	68 (72%)	72 (69%)
U.S.	13 (13%)	13 (13%)
Malaysia	14 (15%)	19 (18%)
By employment type		
Full-time	95 (100%)	104 (100%)
Total number of employees resigned (Percentage of category)		
By gender		
Male	13 (37%)	24 (53%)
Female	16 (25%)	22 (32%)
By age		
Below 30	6 (52%)	12 (77%)
30 – 50	17 (30%)	19 (29%)
Above 50	6 (19%)	15 (45%)
By geographical location		
Singapore	22 (31%)	40 (50%)
U.S.	2 (15%)	4 (29%)
Malaysia	5 (30%)	2 (10%)

The Group's whistle-blowing policy offers employees a confidential platform to report illegal practices, with appropriate penalties applied upon confirmation of any wrongdoing. Employees involved in bankruptcy, gross misconduct, default, or violations of Group policies may face dismissal in accordance with the guidelines outlined in the organisation's policies.

5.2 Employee Benefits and Welfare

To attract, motivate, and retain talents, the Group offers a comprehensive and competitive compensation and benefits package for its employees. This package includes various forms of insurance, such as medical and travel. Additionally, eligible employees receive reimbursement and allowances for transportation, housing, medical, and dental expenses. Employees are entitled to various leaves, including paid annual leave, medical leave, hospitalisation leave, maternity leave, paternity leave, childcare leave, marriage leave, and compassionate leave. The Group recognises that fostering strong relationships and cohesion among employees is essential for its growth and success. Therefore, we regularly organise activities aimed at providing relaxation and enhancing communication and collaboration among team members.

5.3 Employee Health and Safety

The Group places great importance on the occupational health and safety of employees. The Group strictly abides by laws and regulations regarding occupational health and safety, including but not limited to the Workplace Safety and Health Act (Chapter 354A) of Singapore, the Occupational Safety and Health Act 1970 in the U.S. and the Occupational Safety and Health Act 1994 in Malaysia. The Group has also adopted guides and regulations on workplace health and safety issued by the Workplace Safety and Health Council in Singapore, which sets out mitigation and remedial measures against workplace safety hazards. The Group has established the internal policy that prioritises occupational safety and health, ensuring that the office and working environment meet or exceed the standards set by relevant laws.

As part of our commitment to employee safety, the Group has implemented a comprehensive procedure for assessing and mitigating risks associated with the delivery of furniture and products. This includes a systematic risk assessment form that identifies potential hazards and accidents that may occur during the delivery process. The form provides a detailed list of possible risks, ensuring that employees are informed of the specific dangers they may face.

A designated department is responsible for evaluating risk control measures and determining the appropriate risk levels for each identified hazard. Through these proactive measures, the Group aims to identify potential hazards and implement effective controls to minimise the likelihood of accidents or injuries. This process reflects the Group's dedication to ensuring the safety and well-being of its employees across all operational activities.

To further safeguard the well-being and safety of both the Group and its employees, the Group provides the relevant insurance coverage for work-related injuries. For instance, in Singapore, the Group strictly adheres to the Work Injury Compensation Act ("**WICA**") and ensures that employees receive appropriate insurance coverage for injuries or illnesses sustained during their employment. By providing the insurance coverage, the Group aims to create a secure and protective work environment, addressing potential risks and prioritising employee welfare.

During the Year, the Group reported one minor work-related injury, and there were six lost days due to injury. Additionally, there have been no work-related fatality in the last three years.

5.4 Employee Development and Promotion

The Group places a strong emphasis on the development and training of its employees, recognising that their growth directly contributes to the overall success of the organisation. To facilitate this, the Group has established a Training Policy designed to ensure that all staff members acquire and enhance the necessary skills. The Training Policy outlines the procedures for developing a training schedule. Team leaders and managers are responsible for identifying the development needs of their team members and communicating these needs to management and the Human Resources Department. Proposed training initiatives are then reviewed and incorporated into the training schedule. The key objectives of this policy include assisting employees in understanding market trends and adapting to evolving responsibilities and expectations, maintaining and improving the professional skills and knowledge of employees, and ensuring compliance with relevant laws and regulations.

The Group implements annual training programs that include both internal and external opportunities, ensuring that every employee continues to acquire the skills and knowledge essential for their professional development. This tailored approach to training maximises the effectiveness of resources and provides employees with customised learning experiences. In cases where significant training gaps arise that deviate from standard business operations, the Chief Executive Officer will report to the Board and recommend necessary adjustments.

Current training topics under this policy include:

— Industry trends in furnishing and interior design, as well as product knowledge;

— Sales techniques;

— Retail management;

— Customer service;

— Product display;

— Social media management;

— Campaign management;

— Mental well-being;

— Workplace safety and health; and

— Accounting standards.

By investing in employee development, the Group aims to foster a skilled workforce that can effectively navigate the challenges of the industry and contribute to the Group's long-term success.

During the Year, the Group conducted a comprehensive training program that covered all divisions. The training program includes professional skills training sessions covering a range of topics such as employment laws, Human Resource Management Systems, office management, administration skills and etc.

During the Year, the training data for employees of the Group is as follows:

Indicators	2025	2024
Average training hours per employee (Percentage of trained employees)		
By employee category		
Senior employees	7.2 (38%)	8.6 (44%)
Intermediate employees	2.0 (29%)	2.8 (24%)
Junior employees	4.5 (32%)	8.5 (39%)
By gender		
Male	2.2 (23%)	3.7 (28%)
Female	3.8 (31%)	6.3 (31%)

The Group upholds the values of fairness, transparency, and market competitiveness in the promotion procedures, ensuring equal opportunities for all employees. To ensure employee growth and development, the Group conducts annual performance reviews, which serve as an opportunity for employees to receive remuneration in the form of salary increases and promotions. Exceptional performers may also be eligible for out-of-cycle salary increases as a recognition of their outstanding contributions.

In addition to salary adjustments, the Group offers performance bonuses to employees based on both the overall performance of the organisation and individual achievements. This approach allows the Group to recognise and reward employees for their valuable contributions, exceptional work performance, and demonstrated skills.

The Group has also implemented a sales commission package for its furniture business, which combines a base salary with variable incentives based on a percentage of total sales value, encouraging high-ticket sales, upselling, and design services while focusing on profitability given the high and variable margins and long sales cycles of furniture products.

Regular performance appraisals are conducted to evaluate employees across various criteria, including job knowledge, teamwork, quality of work, productivity, communication, and dependability. These appraisals aim to provide a comprehensive assessment of employees' performance and identify potential areas for improvement.

The Group values and acknowledges the dedication and skills of its employees. The performance review process serves as a platform for fostering growth, offering constructive feedback, and identifying opportunities for further development. Through a fair and transparent performance review system, we support professional advancement, encourage a culture of continuous improvement, and ensure that rewards and recognition are aligned with individual contributions and organisational success.

6. Operating Practices

In today's rapidly evolving business landscape, the Group is increasingly prioritising operational practices and ESG-related objectives. We are dedicated to enhancing our operations through effective supply chain management, rigorous monitoring of product and service quality, genuine customer service, and ethical market conduct.

6.1 Supply Chain Management

The Group recognises the importance of reliable vendors and suppliers, as high-quality products and services are essential keys to the Group's success. It places significant emphasis on the suppliers' commitment to environmental protection. To ensure that the Group maintain high-quality products and services that meet customer expectations, clear criteria for vendor selection within our Procurement Policy are established. These criteria for furniture procurement encompass seven key aspects: (i) design capability; (ii) production lead times; (iii) factory scale; (iv) production facilities; (v) product pricing; (vi) after-sales service; and (vii) product quality.

To evaluate potential new vendors, the Group conducts thorough background checks, factory visits, and quality inspections to ensure they meet its stringent requirements. During the supplier selection process, various factors are assessed, such as product quality, delivery performance, production capacity, and compliance. Only those suppliers who meet its criteria are added to the Group's list of qualified suppliers, with considerations for health and safety performance, turnover rates, and overall stability.

To ensure our vendors maintain high standards, the Group's procurement teams conduct random annual performance reviews, focusing on delivery timeliness and product quality. Vendors who consistently fail to deliver on time or provide defective products will be reported to management for further action. For the Group's interior design division, procurement policies are designed to ensure that the gross profit margins outlined in our pricing policy are upheld. Distinct procurement policies are established based on the specific materials used by each division. Additionally, the procurement of services is a critical component of the interior design business. Therefore, interior design departments assess their subcontractors annually based on pricing, quality of work, and adherence to deadlines, with underperforming subcontractors flagged for management review.

Beyond quality and legal compliance, the Group is aware that the environmental and social risks may pose a risk to the Group's supply chain. Hence the Group expects its suppliers to uphold fair labour practices and demonstrate environmental stewardship and social responsibility. The Group requires suppliers to provide regular environmental and social compliance reports, such as the Sedex Members Ethical Trade Audit ("**SMETA**") reports issued by Sedex Information Exchange Limited. These reports evaluate the suppliers' environmental and social compliance and identify potential risks. As such, the Group prioritises suppliers with good performances in the report and looks to mitigate the environmental and social risks along its own supply chain. In addition, all suppliers must ensure they are free from child labour and forced labour and that all employees are legally authorised to work. The supply chain management practices have been implemented on all suppliers and been kept monitored.

The supplier data for the Group during the Year is as follows:

Indicators	2025	2024
The number of suppliers by countries		
Singapore	214	236
China	38	45
Italy	41	54
Malaysia	25	29
Others[1]	31	31

Note:

1. The category includes suppliers from Taiwan, Spain, Vietnam, the United Kingdom, Denmark, Hong Kong, Germany, France, Greece, Australia and etc.

6.2 Product Responsibility

6.2.1 Information Security

The Group understands the importance of and highly values data and privacy protection. Thus, the Group strictly abides by laws and regulations regarding the protection of personal data, including but not limited to the Personal Data Protection Act 2012 of Singapore, the Privacy Act 1974 in the U.S. and the Personal Data Protection Act 2010 in Malaysia. Confidentiality and non-disclosure statements, which restrict the disclosure of any confidential information of the Group to external parties, are stated clearly in employees' labour contracts. During the course of business, all personnel are obligated to treat all sensitive personal information given by our clients with care. Customers' information is collected and used in a responsible and non-discriminatory manner. The Group has taken extra measures to make our database secure and to safeguard customers' information and privacy. The Board oversees the implementation of the Information Systems Policy. The Information Technology Department is responsible for reporting any violations to the finance director, who will inform the Board if necessary.

Information security of the Group is categorised into three distinct levels, each with specific access controls to protect sensitive information:

i. High Risk — This category includes information assets subject to legal disclosure requirements, with financial penalties for unauthorised disclosure, such as payroll and financial data.

ii. Medium Risk — This includes confidential data that could lead to organisational losses or other consequences, such as contractual documents and unpublished reports.

iii. Low Risk — This encompasses information that can be freely shared, including brochures, published reports, and other printed materials.

To protect corporate operational security and consumer privacy, all employees are prohibited from copying, storing, or distributing operational data outside the scope of their job responsibilities. Additionally, all computers and information systems are required to be password-protected, with passwords mandated to be changed every 90 days to prevent any potential information leaks.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations regarding data and privacy protection.

6.2.2 Intellectual Property Rights

The Group places a great value on intellectual property rights and carefully adheres to intellectual property laws, including but not limited to the Trade Marks Act (Chapter 332) of Singapore, the Trademark Act of 1946 in the U.S., and applicable laws and regulations in Malaysia. The Group has a standard practice in which only genuine software can be installed on computers to avoid security vulnerabilities and legal disputes arising from software copyright. Each of the software used on Group computers is properly licensed for business use.

6.2.3 Advertising and Product Labelling

Advertising and product labelling play a major role in the communication of product and service details to customers. The Group strictly abides by the laws regarding advertising and product labelling, including but not limited to the Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) of Singapore, the Trademark Act of 1946 in the U.S., and the applicable laws and regulations in Malaysia. All public sales and marketing information are checked to ensure that it complies with relevant laws and regulations, and does not provide false or misleading information to customers in any way. The Group also sets out specific requirements on advertising and product labelling designs, methods of data collection, promotion, or any matters needing attention.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations regarding advertising and product labelling of its products and services.

6.2.4 Complaints from Clients and Solutions to Complaints

The Group recognises the importance of effective after-sales service and accessible channels for customer complaints to ensure that any issues arising after the delivery of goods and services are addressed promptly and professionally. We strictly adhere to applicable laws and regulations and have established a comprehensive complaint handling mechanism. Customers can submit feedback or complaints via email, telephone, in person, or through our website.

Our complaint-handling mechanism outlines that sales executives and call centre representatives are responsible for resolving complaints or referring them to the store manager or head of sales for further assistance when necessary. In addressing complaints, the Group may consider offering solutions such as product repairs, exchanges, credit notes, gift vouchers, cash refunds, or replacement parts, depending on the specific nature of each complaint. Each complaint is handled on a case-by-case basis to ensure appropriate resolutions.

6.3 Quality Control Policy and Procedures

Delivering products that meet the quality expectations of customers and end-users is fundamental to the Group's business and critical for our future growth. Therefore, we strictly comply with laws and regulations governing product quality control, especially regarding product safety, including but not limited to the Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011 in Singapore, the Consumer Product Safety Act of 1972 in the U.S., and applicable laws and regulations in Malaysia.

To minimise the risk of delivering defective products and protect our reputation in the market, the Group has developed and implemented a Quality Control Policy that outlines the key procedures in the quality control process for both furniture sales and interior design. We conduct thorough testing of products before their launch, monitor and analyse customer feedback, and take swift action to address any potential quality or safety concerns.

For our furniture sales divisions and e-commerce furniture sales division, we perform various types of quality inspections based on the product's origin, ranging from packaging inspections to comprehensive assessments. If a product defect is identified upon delivery, the Group will pursue claims against our suppliers. Throughout the year, we were not aware of any products sold or shipped that were subject to recalls due to health and safety issues. Furthermore, any service-related complaints received by the Group were appropriately addressed by the relevant teams and monitored by the responsible managers in a timely and suitable manner. Although the Group does not currently maintain a centralised global record of customer complaints, a policy is in place permitting local managers to escalate complaints that cannot be adequately resolved at the local level.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for furniture sales divisions.

Quality Control Policy and Procedures

Scope	Furniture sales divisions for shipments from its new and/or underperforming suppliers in Asia
Procedures	1. A random sample of approximately 2% of the completed goods shall be selected from the outgoing shipment. 2. The selected items shall be opened and inspected visually for any defects. The quality inspector shall also inspect whether the packaging materials and method comply with our requirements. 3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that it is easily assembled and that the assembled products meet our requirements. 4. If there are any major defects found in the random sample, a full-scale (100%) check will be conducted. We will then require the supplier to provide the necessary replacement parts to refine the products and provide replacement products or a credit note for all non-saleable products. 5. If there are no major defects, the products shall be released for shipment.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for e-commerce furniture sales division.

Quality Control Policy and Procedures	
Scope	E-commerce furniture sales division for shipments out of China and other parts of Asia
Procedures	1. A random sample of approximately 2% of the completed goods shall be selected from the incoming shipment. 2. The selected items shall be opened and inspected visually for any defects. The quality inspector shall also inspect whether the packaging materials and method comply with our requirements. The inspector will also ensure that shipping marks comply with our requirements. 3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that it is easily assembled and that the assembled products meet our requirements. The inspector will also open all cartons that are damaged to inspect the products. 4. If there are any major defects found in the random sample, a full-scale (100%) check will be made and we shall require the supplier to provide the necessary replacement parts to refine the products and provide replacement products or a credit note for all non-saleable products. 5. If there are no major defects, the products shall be stored. 6. From time to time, we will send our quality inspectors from our Malaysia office to perform an outgoing shipment inspection, whereby the procedure will be the same as an inspection performed at our Malaysia suppliers' factories.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for interior design division.

Quality Control Policy and Procedures	
Scope	Interior design division
Procedures	1. The project managers will inspect all ongoing work sites at least once a week. 2. Any defect in the workmanship found will be marked and the subcontractor will be informed immediately either in person or by a message with photo evidence showing such defects. 3. The subcontractors will rectify any defects at the earliest possible time and revert with a photo of the rectified matter. 4. The project manager will follow up with the rectification of the defects at the site inspection in the following week. 5. Before the handover, the project manager will perform an overall inspection and require rectification of all defects.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

6.4 Anti-corruption

The Group maintains a strict stance against bribery, corruption, extortion, fraud, and money laundering, adhering to a zero-tolerance policy. We comply with the Prevention of Corruption Act of 1960 in Singapore, the Foreign Corrupt Practices Act of 1977 in the U.S., the Malaysian Anti-Corruption Commission Act 2009, and any relevant policies and regulations in every country where we operate. The Group's Anti-Corruption, Gifts, and Entertainment Policies are designed to ensure compliance with these laws and regulations, outlining procedures for gifts and entertainment, as well as guidelines for sponsorships and charitable contributions. The Group prioritises ethical practices and will forgo business opportunities rather than engage in bribery, fully supporting our employees in this commitment. We also provide anti-corruption training for employees and the Board, covering topics such as anti-money laundering and counter-financing of terrorism.

The Group has adopted a comprehensive code of conduct that includes provisions on conflicts of interest, privacy and confidentiality, bribery, anti-corruption, and equal opportunities. The Group has also established detailed procedures and monetary thresholds for the approval and declaration of meals, gifts, entertainment, travel, accommodation, charitable contributions, and sponsorships, all of which are outlined in the Group's Code of Conduct and Ethics.

Furthermore, the Group has implemented a whistle-blowing policy to address unlawful conduct and financial malpractice. Employees are encouraged to report any concerns to the Audit Committee promptly. Reports can be made confidentially or anonymously, ensuring the protection of the whistle-blower's identity. Upon receiving reports, management, internal audit, a Board-established committee, or external parties may conduct investigations as necessary.

During the Year, the Group did not observe or receive any legal cases related to corrupt practices, bribery, conflicts of interest, extortion, fraud, or money laundering against the Group or its employees. The Group was not aware of any material non-compliance with anti-corruption laws and regulations.

7. Contribution to the Community

As a responsible corporate citizen, the Group recognises its obligation to give back to society after dedicating resources to its operations. The Group holds regular meetings to discuss the needs of the community, as well as opportunities for donations and support to various charities and community organisations. This year, the Group has made the healthcare services its key focus area of contribution. During the year, the Group contributed a total of SGD5,000 to a charitable organisation, for hospice care. Looking ahead, the Group will continue to seek ways to give back to the community in order to share its growth and development with the community and succeed alongside it.

Appendix: Content Index of ESG Reporting Guide

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Environmental				
A1 Emissions				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.	Environmental Protection	6
KPI A1.1	The types of emissions and respective emissions data.	4.2	Air Emissions	6
KPI A1.2	Repealed 1 January 2025	–		
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3	Waste Generation	7
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3	Waste Generation	7
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.5 4.6	Emissions Mitigation and Resources Conservation Climate Change	9 10
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.3 4.6	Waste Generation Climate Change	7 10
A2 Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	4.5	Emissions Mitigation and Resources Conservation	9
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4	Use of Resources	8
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4	Use of Resources	8
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.5 4.6	Emissions Mitigation and Resources Conservation Climate Change	9 10

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KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	4.4 4.5 4.6	Use of Resources Emissions Mitigation and Resources Conservation Climate Change	8 9 10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, regarding per unit produced.	4.4	Use of Resources	8
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KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.5	Emissions Mitigation and Resources Conservation	9
Part D Climate Change	(i) Governance (ii) Strategy (iii) Risk Management (iv) Metrics and Targets	4.6	Climate Change	10
A4 Climate Change				
General Disclosure	Repealed 1 January 2025	–		
KPI A4.1	Repealed 1 January 2025	–		
Social				
Employment and Labour Practices				
B1 Employment				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.	Employment and Labour Practices	17
KPI B1.1	Total workforce by gender, employment type, (for example, full- or part-time) age group, and geographical region.	5.1	Employment and Dismissal	17
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	5.1	Employment and Dismissal	17

Indicators	Description	Chapters		Page No.
B2 Health and Safety				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3	Employee Health and Safety	19
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KPI B2.2	Lost days due to work injury.	5.3	Employee Health and Safety	19
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General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1	Employment and Dismissal	17
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	5.1	Employment and Dismissal	17
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1	Employment and Dismissal	17

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KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.1 6.3	Supply Chain Management Quality Control Policy and Procedures	22 25
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1	Supply Chain Management	22
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General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	6.2 6.3	Product Responsibility Quality Control Policy and Procedures	23 25
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.3	Quality Control Policy and Procedures	25
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KPI B6.4	Description of quality assurance process and recall procedures.	6.3	Quality Control Policy and Procedures	25
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Indicators	Description	Chapters		Page No.
B7 Anti-corruption				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	6.4	Anti-corruption	27
KPI B7.1	A number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.4	Anti-corruption	27
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.4	Anti-corruption	27
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.4	Anti-corruption	27
Community				
B8 Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7.	Contribution to the Community	27
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7.	Contribution to the Community	27
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7.	Contribution to the Community	27

DESIGN CAPITAL LIMITED

設計都會有限公司