

DESIGN CAPITAL LIMITED

設計都會有限公司



ANNUAL REPORT 2023

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545



DESIGN CAPITAL LIMITED / ANNUAL REPORT 2023

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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 (resigned on 3 January 2024)
Mr. Hwang Kin Soon Ignatius (黃勤順先生)
(appointed on 2 April 2024)

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)
Mr. Hwang Kin Soon Ignatius (黃勤順先生)

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)
Mr. Hwang Kin Soon Ignatius (黃勤順先生)

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)
Mr. Hwang Kin Soon Ignatius (黃勤順先生)

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

43/F, One Taikoo Place,
979 King's Road, Quarry Bay,
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
43/F, One Taikoo Place,
979 King's Road, Quarry Bay,
Hong Kong

PRINCIPAL BANKERS

Malayan Banking Bhd

STOCK CODE

1545

COMPANY'S WEBSITE

www.designcapital.sg

To our Shareholders,

On behalf of the board of directors (the “**Directors**” or the “**Board**”) of Design Capital Limited (the “**Company**”), I am pleased to present to our shareholders the annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 (“**FY2023**”).

Even as global supply chain disruptions and freight rates eased and products cost stabilised, continued high inflation and interest rates coupled with geopolitical tensions in Middle East and Europe continue to affect the global market sentiments and consumer spending and demand. Despite that, we are heartened that with the best efforts of our management team and staff, our Group has achieved a creditable result in challenging times.

FINANCIAL RESULTS

For the year ended 31 December 2023, the total revenue of the Group was approximately S\$89.5 million, representing a decrease of approximately 7.3% from the year ended 31 December 2022 (“**FY2022**”). Our net profit decreased by approximately 24.8% from approximately S\$5.2 million in FY2022 to approximately S\$3.9 million in FY2023. Our strategy to reduce excess inventory and improve cash flow has been successfully executed with our inventory decreasing from approximately S\$43.5 million in FY2022 to approximately S\$33.2 million in FY2023 and cash increasing from approximately S\$20.9 million in FY2022 to approximately S\$28.4 million in FY2023.

Our U.S. furniture sales segment generated revenue of approximately S\$56.4 million which represented a decrease of approximately 11.6% over FY2022 and accounted for approximately 63.0% of the Group's revenue. We believe the decrease was mainly attributable to changing consumer spending pattern after the COVID-19 pandemic and also the effect of high interest rate which caused consumer debt servicing to rise sharply and consequently less discretionary spending.

In FY2023, our interior design segment generated revenue of approximately S\$8.6 million which represented an increase of approximately 24.3% over FY2022 as a result of healthy number of sales launches of property projects where we completed several show galleries for developers. As for our furniture sales segment, we will continue to focus on our strengths in curating new brands and new products and expand our range of selection to provide our customers with unique designs and solutions. We will also continue to monitor non-performing showrooms and brands and take necessary action to exit such showrooms. Currently, we have a total of five showrooms and we are in the midst of ongoing discussions to exit from one showroom which has not contributed positively to the profitability of the Group. We have also successfully negotiated a distribution agreement with a prominent fashion furniture brand, Fendi Casa and we are set to open our new showroom in the second quarter of FY2024.

CHALLENGES AHEAD

Tensions in the Middle East and Europe, coupled with continued high interest rates will continue to affect consumer spending and demand for furniture in USA and Singapore. This will have an adverse impact on the Group's business and may result in the Group incurring possible losses. We will continue to focus on reducing our inventory position for the U.S. furniture sales segment in FY2024. We will also continue to manage the business prudently and cautiously in FY2024 to deal with global uncertainties and crises.

Notwithstanding the headwinds ahead, our balance sheet remains strong and our Net Tangible Assets and Cash per share as at FY2023 remains healthy at HK16.01 and HK8.40 cents per share after 4 cumulative dividend distribution of HK5.14 cents per share between FY2019 to FY2022.

CHAIRMAN'S STATEMENT

APPRECIATION

I would like to thank our loyal shareholders, especially those that have supported us and remained our shareholders since our Listing on 25 April 2019. As a reward for their support and to offer them a good return on investment, we have recommended a final dividend of HK0.38 cents per ordinary share to be approved at the coming Annual General Meeting.

I also continue to be grateful for the support of my colleagues, my fellow directors, and business partners for their hard work and commitment.

Goon Eu Jin Terence

Chairman

27 March 2024

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company and its subsidiaries (the “**Group**”) to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices.

The Company has also in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix C1 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that the Company has complied with the then applicable code provisions as set out in the CG Code during the year ended 31 December 2023 (the “**Reporting Period**”), save for code provision C.2.1 of the CG Code, details of which are explained in the relevant paragraphs of this report.

COMPLIANCE WITH THE LISTING RULES AND TERMS OF REFERENCE OF COMMITTEES AFTER THE REPORTING PERIOD

According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the Company must appoint independent non-executive Directors representing at least one-third of the Board, respectively. In addition, Rule 3.21 of the Listing Rules requires, among others, an audit committee to comprise a minimum of three members and that the committee must be chaired by an independent non-executive director. Rule 3.25 of the Listing Rules provides that the remuneration committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors. Rule 3.27A of the Listing Rules provides that the nomination committee must be chaired by the chairman of the Board or an independent non-executive director and comprise a majority of independent non-executive directors.

Mr. Wee Kang Keng has resigned as an independent non-executive Director with effect from 3 January 2024 due to his other work commitments. As such, the Board included only two independent non-executive Directors and each of the Audit Committee, Remuneration Committee and Nomination Committee did not meet the composition requirement under Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules. Following the appointment of Mr. Hwang Kin Soon Ignatius as an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 2 April 2024, the Company has fully complied with the requirements under Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules. For details, please refer to the announcement of the Company dated 2 April 2024.

CORPORATE GOVERNANCE REPORT

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 C3 to the Listing Rules.

Specific enquiry has been made of all the directors of the Company (the “**Directors**”) and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

In the reporting period the Board comprised of eight Directors, consisting of three executive Directors, two non-executive Directors and three independent non-executive Directors. The details of the Board composition are as follows:

Executive Directors

Mr. Goon Eu Jin Terence (*Chairman and Chief Executive Officer*)

Ms. Wee Ai Quey (*Chief Operation Officer*)

Ms. Ong Ciu Hwa (*Finance Director*)

Non-executive Directors

Mr. Kho Chuan Thye Patrick

Mr. Lim Sooi Kheng Patrick

Independent non-executive Directors

Mr. Lim Boon Cheng

Mr. Ng Chee Kwong, Colin

Mr. Wee Kang Keng (resigned on 3 January 2024)

The biographical information of the Directors are set out in the section headed “Biographical details of Directors and Senior Management” on pages 27 to 31 of this annual report. None of the members of the Board is related to one another.

Board Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Reporting Period, four Board meetings were held and most Directors attended the Board meetings. One Board meeting was held in March 2024 to review the annual results and recommend final dividend for the year ended 31 December 2023.

Apart from regular Board meetings, the Chairman will at least annually hold meetings with the independent non-executive Directors without the presence of other Directors.

Chairman and Chief Executive Officer

The office of Chairman and Chief Executive Officer of the Company are held by Mr. Goon Eu Jin Terence.

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, 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.

Independent non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that all directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the Directors is engaged on a service contract (for executive Director) or a letter of appointment (for non-executive Director and independent non-executive Director), for a term of three years and is subject to retirement by rotation and re-election pursuant to the provisions of the Company's Articles of Association.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that any Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegation arrangements are reviewed periodically to ensure that they remain appropriate to the Company's needs.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

The training records of the Directors for the Reporting Period and up to the date of this report are summarised as follows:

Directors	Type of Training <small>Note</small>
Executive Directors	
Mr. Goon Eu Jin Terence	A & B
Ms. Wee Ai Quey	A & B
Ms. Ong Ciu Hwa	A & B
Non-executive Directors	
Mr. Kho Chuan Thye Patrick	B
Mr. Lim Sooi Kheng Patrick	B
Independent non-executive Directors	
Mr. Lim Boon Cheng	A & B
Mr. Ng Chee Kwong, Colin	B
Mr. Wee Kang Keng	A & B

Note:

TYPES OF TRAINING

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees assist the Board in discharging its duties and overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

During the financial year ended 31 December 2023, 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. Mr. Wee Kang Keng resigned on 3 January 2024 and Mr. Hwang Kin Soon Ignatius was appointed as a member of the Audit Committee on 2 April 2024. The remaining composition of the Audit Committee remained unchanged.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of the Company.

During the Reporting Period, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, financial and accounting policies and practices, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, the appointment of external auditors and engagement of non-audit services and relevant scope of works, and the arrangements for employees to raise concerns about possible improprieties.

The Audit Committee had met the external auditors without the presence of the executive Directors during the Reporting Period. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

Remuneration Committee

During the financial year ended 31 December 2023, the Remuneration Committee consists of five members, namely Mr. Goon Eu Jin Terence, executive Director, and Mr. Lim Sooi Kheng Patrick, non-executive Director, and Mr. Lim Boon Cheng, Mr. Ng Chee Kwong, Colin and Mr. Wee Kang Keng, independent non-executive Directors. Mr. Ng Chee Kwong, Colin is the chairman of the Remuneration Committee. Mr. Wee Kang Keng resigned on 3 January 2024 and Mr. Hwang Kin Soon Ignatius was appointed as a member of the Remuneration Committee on 2 April 2024. The remaining composition of the Remuneration Committee remained unchanged.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the terms of service contracts, remuneration packages and remuneration policies relating to the Directors and senior management pursuant to code provision E.1.2(c)(ii) of the CG Code, review performance-based remuneration, and ensure that none of the Directors or any of their associates determine their own remuneration.

The Remuneration Committee met once during the Reporting Period to review and make recommendations to the Board on the remuneration policy and the remuneration packages including the terms of service contracts of the executive Directors, and to review and adopt the performance incentive scheme for the executive Directors.

Details of the remuneration of the senior management for the year ended 31 December 2023 by band are set out in note 10 in the Notes to the Financial Statements contained in this Annual Report.

Nomination Committee

During the financial year ended 31 December 2023, the Nomination Committee consists of five members, namely Mr. Goon Eu Jin Terence, executive Director, and Mr. Kho Chuan Thye Patrick, non-executive Director, and Mr. Lim Boon Cheng, Mr. Ng Chee Kwong, Colin, and Mr. Wee Kang Keng, independent non-executive Directors. Mr. Goon Eu Jin Terence is the chairman of the Nomination Committee. Mr. Wee Kang Keng resigned on 3 January 2024 and Mr. Hwang Kin Soon Ignatius was appointed as a member of the Nomination Committee on 2 April 2024. The remaining composition of the Nomination Committee remained unchanged.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually, make recommendations to the Board of any changes that may better complement the Group's corporate strategy, identify individuals suitably qualified as potential board members, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the Reporting Period, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting and to review insurance for directors and officers. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance its operating results and quality of its performance.

CORPORATE GOVERNANCE REPORT

The particulars of the Board Diversity Policy of the Company are set out as follows:

- With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.
- When determining the composition of the Board, board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services (“**Diversity Perspectives**”).
- All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
- Selection of candidates will be based on a range of Diversity Perspectives and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at 31 December 2023, the Board had two female members, constituting 25% of the Board. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. In considering the Board’s succession, the Nomination Committee would engage independent professional search firm(s) to help identify potential candidates suitably qualified to join the Board, as and when appropriate. The Board considered that the Company’s Board Diversity Policy was consistently implemented.

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board’s composition under Diversity Perspectives, and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions that are or may be required, and recommend any such revisions to the Board for their consideration and approval.

Diversity in the Workforce

As of 31 December 2023, we had 123 (2022: 126) full-time employees including senior management. Among which, 51 were male and 72 were female. All three members of senior management are female. The Board considers that the gender diversity in the workforce and senior management has been satisfactorily maintained. The Group is determined to maintain gender diversity and equality in terms of the whole workforce and will also ensure that there is gender diversity when recruiting staff and is committed to provide career development opportunities for all staff. The Board expects that the aforementioned goals are achievable with suitable effort in incubating a gender diversity culture, which the Group has been advocating for.

Board Independence

Independent non-executive Directors provide impartial judgement and constructive counter-proposals to the Board, which enhance the effectiveness and decision-making of the Board. The independence of non-executive Directors is assessed from their appointments and is reviewed every year. There would also be times where the circumstances would warrant reconsideration of the independence of these non-executive Directors. The Nomination Committee will review the profiles of the candidates and consider their educational background, professional qualification and the capability to commit time to their role. The Nomination Committee will also consider, among other selection criteria, the composition and the skill matrix of the existing Board. The Company reviewed and considered that existing mechanisms are effective to ensure that the Board receives independent views and input.

Nomination Policy

- (1) The Company has adopted a Nomination Policy which sets out the key selection criteria and principles of the Nomination Committee in making recommendations to the Board on the appointment of Directors of the Company and succession planning for Directors.
- (2) The Nomination Policy sets out the factors for assessing the suitability of a proposed candidate to the Board or re-appointment of any existing member(s) of the Board including but not limited to the following:
 - (a) Reputation for integrity;
 - (b) Accomplishment, experience and reputation;
 - (c) Commitment in respect of sufficient time, interest and attention to the Company's business;
 - (d) Diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
 - (e) The ability to assist and support management and make significant contributions to the Company's success;
 - (f) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive director; and
 - (g) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.
- (3) The Nomination Committee may nominate candidates or invite nominations of candidates from Board members (if any), and shall undertake adequate due diligence in respect of the proposed candidate(s) and make recommendations for the Board's consideration and approval.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS

The Company held four Board meetings, two audit committee meetings, one remuneration committee meeting, two nomination committee meetings and one annual general meeting (the “AGM”). The attendance record of each Director at the Board and Board committee meetings and the general meeting the Company held during the Reporting Period is set out in the table below:

Name of Director	Attendance/Number of Meetings				AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Mr. Goon Eu Jin Terence	4/4	–	1/1	2/2	1/1
Ms. Wee Ai Quey	4/4	–	–	–	1/1
Ms. Ong Ciu Hwa	4/4	–	–	–	1/1
Mr. Kho Chuan Thye Patrick	3/4	2/2	–	2/2	1/1
Mr. Lim Sooi Kheng Patrick	4/4	2/2	1/1	–	1/1
Mr. Lim Boon Cheng	4/4	2/2	1/1	2/2	1/1
Mr. Ng Chee Kwong, Colin	4/4	2/2	1/1	2/2	1/1
Mr. Wee Kang Keng	4/4	2/2	1/1	2/2	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors during the year ended 31 December 2023.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The Audit Committee is tasked to assist the Board in doing so. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group’s risk management policies are in place to address various potential risks the Group may face in relation to its operations, including operational risks, credit risks and market risks. The risk management measures for some of the more particular risks include:

- (1) The Directors regularly monitor the economic, policy, social and market conditions in countries where the Group has business presence including the U.S., Singapore and Malaysia and adjust the pricing and promotion strategies of the Group;
- (2) To minimise operational risks, the Group has adopted a stringent quality control policy under which the quality control team will perform inspection for products, visit suppliers’ factories to conduct surprise checks on the quality and manufacture process, to communicate with suppliers and to monitor the performance of the shipping agents regularly to prevent the risk of delay in delivery of products or supply of defective products; and
- (3) The Directors recognise the importance in improving the credit policy under which the credit terms and procedures in recovering trade receivables have been established.

The Group has also established a set of internal control measures to facilitate the effective operation of the business.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Company has engaged an external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report to the Shareholders of the Company on pages 43 to 47.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2023 is set out in the section headed "Independent Auditor's Report to the Shareholders of the Company" in this annual report.

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2023 amounted to approximately S\$234,000 and S\$5,000 respectively.

An analysis of the remuneration paid to the external auditors of the Company, Ernst & Young LLP, Singapore, and other external auditors in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

Service Category	Fees Paid/Payable S\$'000
Audit Services	
Ernst & Young LLP, Singapore	230
Other external auditors	4
Non-audit Services	
Ernst & Young LLP, Singapore — tax services	5
	239

COMPANY SECRETARY

Ms. Chung Hei Man Michelle ("**Ms. Chung**") was appointed as the company secretary of the Company on 1 December 2020. Ms. Chung is a partner of Stephenson Harwood and has been admitted as a solicitor of the High Court of Hong Kong since 2008.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Ong Ciu Hwa, executive Director, has been designated as the primary contact person at the Company who would work and communicate with Ms. Chung on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2023, Ms. Chung has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Under Article 58 of the Articles of Association, any one or more shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Law of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 43/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong (For the attention of the Company Secretary)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CHANGE IN CONSTITUTIONAL DOCUMENTS

In order for the Company to, amongst others, (i) bring the memorandum of association and articles of association of the Company ("**Memorandum and Articles of Association**") in alignment with the Core Shareholder Protection Standards set out in Appendix A1 to the Listing Rules; (ii) reflect certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules; and (iii) make other housekeeping amendments, the Board proposed to seek the approval from the shareholders of the Company at the annual general meeting of the Company held on 21 June 2023 to amend the Memorandum and Articles of Association and to adopt the second amended and restated Memorandum and Articles of Association.

The second amended and restated Memorandum and Articles of Association were adopted upon the passing of a special resolution at the annual general meeting held on 21 June 2023. Details of the amendments to the Memorandum and Articles of Association were set out in Appendix III to the circular of the Company dated 19 May 2023. The second amended and restated Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with shareholders and in particular, through annual general meetings and other general meetings, publication of financial reports, announcements and circulars on a timely basis via the Company's and the Stock Exchange's websites, and the availability of the latest information of the Group on the Company's website. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. The Board reviewed the Company's shareholders and investors engagement and communication activities conducted during the Reporting Period and was satisfied with the implementation and effectiveness of the shareholders' communication policies.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company considers stable and sustainable returns to the shareholders of the Company as its goal. Pursuant to Code provision F.1.1 of the CG Code, the Company has adopted a dividend policy as set forth below:

1. In deciding whether to propose a dividend and in recommending or declaring dividends, the Board shall have absolute discretion to recommend any dividends taking into account, *inter alia*:
 - the results of actual and future operations and earnings of the Group;
 - the Group's development plan;
 - the Group's capital requirements and surplus, cash flows and general financial condition;
 - applicable laws and regulations; and
 - any other factors that the Board deems appropriate.
2. The Directors may recommend distribution to the shareholders based on the distributable net profit attributable to the equity shareholders of the Company in any financial year, whether as interim and/or final dividends.
3. Declaration of the dividend by the Company is also subject to any restrictions under the Laws of the Cayman Islands, the Memorandum and Articles of Association of the Company (as amended from time to time) and any applicable laws, rules and regulations (including but not limited to the Listing Rules from time to time).
4. Dividends shall be paid in Hong Kong dollars.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Mr. Wee Kang Keng resigned as an independent non-executive Director with effect from 3 January 2024. Mr. Hwang Kin Soon Ignatius has been appointed as an independent non-executive Director for a term of three years commencing from 2 April 2024 which may be terminated by either party by giving three months' written notice. Mr. Hwang obtained the legal advice referred to under Rule 3.09D of the Listing Rules and confirmed that he understood his obligations as a Director of the Company on 25 March 2024. For details, please refer to the section headed "Compliance with the Listing Rules and Terms of Reference of Committees after the Reporting Period" and the Company's announcements dated 3 January 2024 and 2 April 2024.

Saved as the above, there was no material subsequent event after the end of the Reporting Period and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 December 2023 is as follows:

- Total revenue was approximately S\$89.5 million (2022: approximately S\$96.5 million), representing a decrease of approximately 7.3% over 2022.
- Gross profit was approximately S\$27.6 million (2022: approximately S\$28.9 million), representing a decrease of approximately 4.3% over 2022.
- Profit for the year attributable to shareholders of the Company was approximately S\$2.9 million (2022: approximately S\$4.5 million).
- The Group had total cash and cash equivalents of approximately S\$28.4 million as at 31 December 2023 (2022: approximately S\$20.9 million), this was after a 2022 final dividend distribution of approximately S\$1.3 million which was paid out in 2023.
- The Board proposed a final dividend of HK0.38 cents per ordinary share for the year ended 31 December 2023 (2022: HK0.38 cents per ordinary share).

BUSINESS REVIEW

Headquartered in Singapore, our 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 financial year ended 31 December 2023 (the “**Reporting Year**” or “**FY2023**”), our revenue amounted to approximately S\$89.5 million, representing a decrease of approximately 7.3% from approximately S\$96.5 million for the year ended 31 December 2022 (“**FY2022**”). This decrease was mainly attributable to the decrease in revenue from U.S. and Singapore furniture sales segments, which was partially offset by the increase in revenue from interior design segment. The Group managed to meet its FY2023 strategic objectives of reducing its inventories from approximately S\$43.5 million in FY2022 to approximately S\$33.2 million in FY2023 and increasing its cash balance from approximately S\$20.9 million in FY2022 to approximately S\$28.4 million in FY2023. Notwithstanding the effort to reduce the inventories, the Group’s gross profit margin increased from 29.9% for the year ended 31 December 2022 to 30.8% for the year ended 31 December 2023.

U.S. Furniture Sales

For the year ended 31 December 2023, we mainly sold our products under the brands “Target Marketing Systems”, “TMS”, “Simple Living” and “Lifestorey” to furniture e-commerce platform customers in the U.S.. Our customers include major e-commerce sales platforms in the U.S. who in turn sell products to end-consumers. The revenue generated from the U.S. furniture sales segment amounted to approximately S\$56.4 million (2022: approximately S\$63.8 million), which represented a decrease of approximately 11.6% over 2022 and accounted for approximately 63.0% of the Group’s revenue. We believe the decrease was mainly attributable to changing consumer spending pattern after the COVID-19 pandemic and also the effect of high interest rate which caused consumer debt servicing to rise sharply and consequently less discretionary spending.

Furniture Sales

To cater to the preferences of our customers at different market segments, we offer a wide range of products with different styles and price levels and showcase them in our points of sale branded under “Marquis”, “Lifestorey” and “OM” in Singapore. As at the date of this report, we operate five points of sale in Singapore, of which two are under the brand “Marquis”, one is under the brand “OM” and two are under the brand “Lifestorey”. We also provide project-based furnishing services (the “**Special Projects**”) for individual and corporate customers in relation to sourcing and installation of furniture items for residential and commercial properties.

The revenue generated from furniture sales segment for the year ended 31 December 2023 amounted to approximately S\$24.5 million (2022: approximately S\$25.8 million). The decrease was mainly due to the decrease in revenue from our mass market segment under the “OM” brand. The brand is currently not contributing positively to the Group’s performance and we are planning to exit from this market segment in the near future. We will continue to focus on the luxury market and expand our range selection in the financial year ended 31 December 2024 (“**FY2024**”). The revenue derived from points of sale in Singapore decreased to approximately S\$14.9 million for the year ended 31 December 2023 (2022: approximately S\$20.3 million).

The revenue from Special Projects under our furniture sales segment increased by approximately S\$4.1 million from approximately S\$5.5 million for the financial year ended 31 December 2022 to approximately S\$9.6 million for the financial year ended 31 December 2023. The increase was mainly due to some big projects which our Special Projects team had secured and completed successfully.

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 international design trends, and leveraging on our team’s design capability, our work has been well received by property developers and homeowners. The revenue generated from interior design and fitting-out services increased by approximately S\$1.7 million from approximately S\$6.9 million for the year ended 31 December 2022 to approximately S\$8.6 million for the year ended 31 December 2023 as a result of an increase in the number of projects awarded to us in Singapore and also overseas consultancy projects.

PROSPECTS

U.S. Furniture Sales

We are mindful that a possible global economic slowdown particularly in USA and Singapore, rising inflation and higher interest rates coupled with global geopolitical tensions in Europe and Middle East will impact consumer sentiment and demand, and this in turn may negatively impact our financial performance in FY2024. We will continue to manage the business prudently and cautiously in FY2024 to deal with global uncertainties and crises.

Furniture Sales

While we continue to operate in an open environment with a threat of a global slowdown, we will continue to focus on curating new brands and new product offerings to provide our customers with unique designs and solutions that set us apart from the competition. We recognise that our mass market segment under the brand “OM” has been negatively affected by slow consumer demand and intense competition from e-commerce retailers, therefore we are taking necessary action to exit from this market segment. The Group will continue to reach out to its customers through active digital and physical marketing campaigns and marketing events to engage its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Interior Design

Our interior design segment continues to be profitable in FY2023 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 FY2024.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 7.3% from approximately S\$96.5 million for the financial year ended 31 December 2022 to approximately S\$89.5 million for the financial year ended 31 December 2023. This decrease was mainly attributable to the decrease in revenue from U.S. and Singapore furniture sales segments, which was partially offset by the increase in revenue from interior design segment.

The Group's gross profit margin increased from approximately 29.9% for the year ended 31 December 2022 to approximately 30.8% for the year ended 31 December 2023 mainly due to the increase in proportion of revenue from interior design segment which has a higher gross profit margin.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately S\$1.3 million or 10.3% from approximately S\$12.5 million for the year ended 31 December 2022 to approximately S\$13.8 million for the year ended 31 December 2023. The increase in selling and distribution expenses was primarily due to the increase in warehouse rental, which was partially offset by the decrease in sales commission and advertising expenses.

Administrative Expenses

The Group's administrative expenses decreased by approximately S\$0.1 million or 0.7% from approximately S\$9.6 million for the year ended 31 December 2022 to approximately S\$9.5 million for the year ended 31 December 2023. This was mainly due to the decrease in staff cost, which was partially offset by the increase in provision for write-down of inventories to net realisable value and depreciation.

Finance Costs

The Group's finance costs decreased by approximately 13.1% from approximately S\$0.9 million for the year ended 31 December 2022 to approximately S\$0.8 million for the year ended 31 December 2023. This was mainly due to the decrease in interest on lease liabilities of approximately S\$0.1 million.

Other Income and Gain

The Group's net other income and gain increased by approximately S\$0.5 million or 85.0% from approximately S\$0.6 million for the year ended 31 December 2022 to approximately S\$1.2 million for the year ended 31 December 2023. The increase in the net other income and gain was primarily due to the increase in interest income of approximately S\$0.5 million.

Income Tax Expense

The Group's income tax expense decreased by approximately S\$0.6 million as compared to the year ended 31 December 2022. The decrease in income tax expense was primarily due to the decrease in current income tax charged in U.S. due to lower profit from U.S. furniture sales segment and the utilisation of the Group tax relief by the Singapore companies.

Profit

The Group's profit for the year decreased by approximately 24.8% from approximately S\$5.2 million for the year ended 31 December 2022 to approximately S\$3.9 million for the year ended 31 December 2023. This is mainly attributable to the decrease in revenue and the increase in selling and distribution expenses, such as warehouse rental, which was partially offset by the increase in other income and gain and decrease in income tax.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overall Financial Position

The Group had total cash and cash equivalents of approximately S\$28.4 million as at 31 December 2023 (2022: approximately S\$20.9 million), most of which were denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 31 December 2023, the cash and bank balances other than time deposits of the Group amounted to approximately S\$15.9 million (2022: approximately S\$13.0 million).

The Group recorded total current assets of approximately S\$72.0 million as at 31 December 2023 (2022: approximately S\$77.3 million) and total current liabilities of approximately S\$18.8 million as at 31 December 2023 (2022: approximately S\$25.2 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 3.8 as at 31 December 2023 (2022: approximately 3.1).

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

In view of the Group's financial position as at 31 December 2023, the Board considered that the Group has sufficient working capital for its operations and future development plans.

Gearing Ratio

As at 31 December 2023, the Group's gearing ratio which was calculated by dividing the total debt (borrowings) by total equity and multiplied by 100% was approximately 0.2% (2022: approximately 0.1%).

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities or guarantees (2022: Nil).

Capital Commitment

As at 31 December 2023, the Group did not have any material capital commitment (2022: Nil).

Capital Structure

As at 31 December 2023 and 2022, the capital structure of the Company comprised mainly issued share capital and reserves.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Market Risks

As the Group is in the retail business, we are exposed to market risks relating to changes in the economic, policy and social conditions in countries where we have business presence including the U.S., Singapore and Malaysia. Any downturn in the economy locally or globally can adversely affect the demand for the Group's products. The Directors regularly monitor the market conditions and adjust our pricing and promotion strategies.

Operational Risks

As the Group's products are mostly sourced from other countries, the Group is under the risk of delay in delivery of products or supply of defective products which may affect our sales. The Group adopted a stringent quality control policy under which the quality control team will perform inspection of products upon delivery to the warehouses or third party order fulfilment centres. The Group's senior management will visit the suppliers' factories from time to time to conduct surprise checks on the quality and manufacture process of the Group's products. In view of this, the Group maintains regular communication with our suppliers in order to keep the Group updated as to any possibility of delay in delivery and the Group also monitors the performance of the shipping agents it engages. The Directors also regularly monitor our sales data and inventory level and in general, the Group maintains an inventory level which the Group's Directors expect to be sufficient for the operation for at least three months and the Group will adjust the inventory level if necessary. While freight availability and associate freight cost has been challenging, the Group continues to mitigate this risk by working with several freight forwarders to ensure we get the most competitive quote and service.

Credit Risks

The Group's credit risks during the year ended 31 December 2023 mainly originated from trade receivables from our U.S. customers. The Group's Directors recognise the importance in improving the credit policy under which it has established credit terms and procedures in recovering trade receivables.

Foreign Currency Risk

The Group's reporting currency is Singapore dollars. For the year ended 31 December 2023, 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 and Euros. The Group is therefore susceptible to currency exchange rate fluctuation of U.S. dollars, Euros 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 31 December 2023, we had 123 (2022: 126) full-time employees, of whom 88 are based in Singapore, 15 are based in the U.S. and 20 are based in Malaysia.

For the year ended 31 December 2023, staff costs (including directors emoluments) amounted to approximately S\$8.8 million (2022: approximately S\$9.3 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 31 December 2023, the Group had aggregate unutilised banking facilities of approximately S\$2.2 million after taking into account of the S\$2.5 million trade line which was cancelled in November 2023. (2022: approximately S\$5.4 million, of which approximately S\$2.5 million were secured by debenture creating a fixed and floating charge over all present and future property and assets of a fellow subsidiary Buylateral Group Pte. Ltd.).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group does not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS

The Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during the financial year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board recommended the declaration and payment of a final dividend of HK0.38 cents per ordinary share for the year ended 31 December 2023 (31 December 2022: HK0.38 cents) (the “**Final Dividend**”). The Final Dividend is subject to approval by the Company’s shareholders at the forthcoming annual general meeting to be held on 20 June 2024 (the “**AGM**”).

In order to offer better returns to Shareholders, the Board recommended the declaration and payment of a Final Dividend of HK0.38 cents per ordinary share out of the share premium account under the reserves of the Company.

The declaration and payment of the Final Dividend out of the share premium account of the Company is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the shareholders at the AGM approving the declaration and payment of the Final Dividend out of the share premium account; and
- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the payment of the Final Dividend, unable to pay its liabilities as they fall due in the ordinary course of business.

The conditions set out above cannot be waived. If such conditions are not satisfied, the Final Dividend will not be paid.

Subject to the fulfillment of the above conditions, it is expected that the Final Dividend will be paid, pursuant to the Articles of Association of the Company and in accordance with the Companies Act of the Cayman Islands, on or about 26 July 2024 to the qualifying shareholders whose names appear on the register of members of the Company on 28 June 2024, being the record date for determination of entitlements to the Final Dividend.

FINANCIAL EFFECT OF THE PAYMENT OF THE FINAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

The implementation of the payment of the Final Dividend out of the share premium account does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the shares or the trading arrangements concerning the shares. Save for the immaterial expenses incurred as a result of the payment of the Final Dividend, the Directors consider that the payment of the Final Dividend out of the share premium account will not have any material adverse effect on the financial position of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Goon Eu Jin Terence (阮友仁先生) (“Mr. Goon”), aged 59, was appointed as our Director, chairman and chief executive officer on 29 March 2018 and re-designated as our executive Director on 13 April 2018. He is the chairman of our Nomination Committee and a member of the Remuneration Committee. Mr. Goon is primarily in charge of the Group’s overall corporate strategy, business development and operation of the Group, including our operation in the U.S.. Mr. Goon has over 20 years of experience in the interior design and furniture industry. Mr. Goon joined the Group on 1 September 1994 as a general manager (director level) and became a director in May 1995. He assumed the role of Group’s chief executive officer and managing director of Nobel Design Holdings Pte Ltd (the former holding company of the operating subsidiaries of the Group) from March 2010 to August 2017.

Mr. Goon was awarded the degree of bachelor of accountancy from the National University of Singapore in June 1989.

Mr. Goon was also an executive director of Nobel Design Holdings Pte Ltd (then SGX: 547) a lifestyle furnishing company, from its listing on the Stock Exchange Dealing and Automation Quotation System (“**SESDAQ**”) (now known as Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 25 November 1996 until its delisting from the Main Board of SGX-ST on 29 August 2017. Mr. Goon remains as a director of Nobel Design Holdings Pte Ltd after its delisting from the SGX-ST.

Ms. Wee Ai Quey (“Ms. Wee”), aged 66, was appointed as our Director and chief operation officer on 29 March 2018, and re-designated as our executive Director on 13 April 2018. Ms. Wee is primarily in charge of the Group’s marketing and operation. Ms. Wee has over 35 years of experience in the interior design and furniture industry. She joined the Group since 13 December 1982 as a director of Nobel Design Holdings Pte Ltd (the former holding company of the operating subsidiaries of the Group).

Ms. Wee graduated with an Industrial Technician Certificate in Furniture Design & Production from the Baharuddin Vocational Institute in Singapore in 1976, and subsequently obtained a Technician Certificate in Architectural Draughtsmanship from Singapore Polytechnic in 1980.

Ms. Wee was also an executive director of Nobel Design Holdings Pte Ltd (then SGX: 547) a lifestyle furnishing company, from its listing on the SESDAQ (now known as Catalist) of the SGX-ST on 25 November 1996 until its delisting from the Main Board of SGX-ST on 29 August 2017. Ms. Wee remains as a director of Nobel Design Holdings Pte Ltd after its delisting from the SGX-ST.

Ms. Ong Ciu Hwa (王秋華女士) (“Ms. Ong”), aged 52, was appointed as our Director on 29 March 2018 and re-designated as our executive Director on 13 April 2018. Ms. Ong is also our finance director. Ms. Ong is primarily in charge of the Group’s financial reporting and accounting functions, taxation, banking, and administration matters. Ms. Ong has over 20 years of experience in accounting and finance. Ms. Ong joined the Group in 8 July 2004 as finance manager.

Ms. Ong assumed the role of an executive director of Nobel Design Holdings Pte Ltd (the former holding company of the operating subsidiaries of the Group, then SGX: 547), a lifestyle furnishing company, from July 2011 until its delisting from the Main Board of SGX-ST on 29 August 2017. Ms. Ong ceased to be a director of Nobel Design Holdings Pte Ltd on 31 August 2017. Ms. Ong has been re-designated as group finance director of Nobel Design Holdings Pte Ltd since September 2017.

Ms. Ong was awarded a national vocational qualification in accounting Level IV by the Association of Accounting Technicians in June 1993 and was admitted as a graduate of the Association of Chartered Certified Accountants (“**ACCA**”) by ACCA and the Institute of Certified Public Accountants of Singapore (now known as the Institute of Singapore Chartered Accountants) in January 1997. Ms. Ong was admitted as a member of ACCA in June 1997 and was admitted as a fellow of ACCA in June 2002. She was qualified as a chartered accountant of Singapore and was admitted as a member of the Institute of Singapore Chartered Accountants in July 2013. She also holds a master of science in professional accountancy from the University of London.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Kho Chuan Thye Patrick (高泉泰先生) (“Mr. Kho”), aged 56, was appointed as a Director on 29 March 2018 and re-designated as a non-executive Director of our Company on 13 April 2018. He is a member of each of our Audit Committee and Nomination Committee. Mr. Kho is responsible for supervising the corporate development and strategic planning of the Group. Mr. Kho has over 25 years of experience in the property and hospitality industries.

Mr. Kho joined Lian Keng Enterprises Pte. Ltd. as a director since March 1996. Lian Keng Enterprises Pte. Ltd. and its group of companies principally engage in property development and investment. Before then, he served in the Air Force of the Republic of Singapore from September 1984 to April 1996, where the highest rank he attained was that of a Major.

Mr. Kho was admitted as a chartered financial analyst in April 1999. He obtained the degree of bachelor of arts and master of arts from the University of Cambridge in the United Kingdom in June 1988 and March 1992, respectively.

Mr. Kho was a director of Nobel Design Holdings Pte Ltd (the former holding company of the operating subsidiaries of the Group, then SGX: 547), a lifestyle furnishing company, from 1 April 2012 to 21 June 2012. He was again appointed as a director of Nobel Design Holdings Pte Ltd on 31 August 2017 after its delisting from the Main Board of the SGX-ST on 29 August 2017.

Mr. Kho had been a non-executive director of Lionhub Group Limited (formerly listed on the Australian Stock Exchange, then ASX: LHB), a real estate development and investment company from September 2014 to March 2019. Besides, he has acted as a non-executive director of Land & Homes Group Limited (listed on the Australian Stock Exchange, ASX: LHM), an Australian focused property investment and development company from January 2016 to 1 April 2022.

Mr. Lim Sooi Kheng Patrick (林瑞慶先生) (“Mr. Patrick Lim”), aged 57, was appointed as a Director on 29 March 2018 and re-designated as a non-executive Director of our Company on 13 April 2018. He is a member of each of our Audit Committee and Remuneration Committee. Mr. Patrick Lim is responsible for supervising the corporate development and strategic planning of the Group. Mr. Patrick Lim has over 20 years of experience in auditing, accounting and finance management.

Mr. Patrick Lim joined Lian Huat Management Services Pte Ltd as a group financial controller for Lian Keng Enterprises Pte. Ltd. and its subsidiaries (“**Lian Huat Group**”) since September 2014. Lian Huat Group principally engages in property development and investment. Between February 2001 and May 2014, Mr. Patrick Lim was a senior manager at Boardroom Business Solutions Pte. Ltd., a company that principally engages in accounting, finance and payroll services. Mr. Patrick Lim began his career at Ernst & Young LLP, Singapore, an international accounting firm, from October 1992 to October 1997 where his last position was assistant manager.

Mr. Patrick Lim was appointed as a director of Nobel Design Holdings Pte Ltd (the former holding company of the operating subsidiaries of the Group) on 3 October 2017 after its delisting from the Main Board of the SGX-ST on 29 August 2017.

Mr. Patrick Lim graduated from Curtin University of Technology in Australia in August 1992 with the degree of bachelor of business, majoring in accounting. He was admitted as a certified practising accountant of the Australian Society of Certified Practising Accountants in October 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Boon Cheng (林文正先生) (“Mr. BC Lim”), aged 68, was appointed as an independent non-executive Director of our Company on 28 March 2019. He is the chairman of our Audit Committee and a member of our Remuneration Committee and Nomination Committee.

Mr. BC Lim is the independent non-executive chairman of Advanced Holdings Ltd (SGX: BLZ), an engineering company listed on the Catalist Board of the SGX-ST and he is also an independent non-executive director of BBR Holdings (S) Ltd (SGX: KJ5), a construction and specialised engineering company listed on the Main Board of the SGX-ST. He was the managing partner of the accounting practice, LTC LLP, in Singapore before his retirement in 2012.

Mr. BC Lim is a panel member of the Strata Titles Boards of Singapore and he is also a lay member of the Inquiry Panel of the Law Society of Singapore. Mr. BC Lim is a fellow member of Chartered Accountants Ireland and a fellow member of the Institute of Singapore Chartered Accountants.

He also holds a master of business administration degree from the University of Ulster in Northern Ireland, United Kingdom.

Mr. Ng Chee Kwong, Colin (吳志光) (“Mr. Ng”), aged 57, was appointed as an independent non-executive Director of our Company on 28 March 2019. He is the chairman of our Remuneration Committee and a member of each of our Audit Committee and Nomination Committee. Mr. Ng is responsible for overseeing the management of the Group independently. Mr. Ng has over 25 years of experience in finance and fund management.

Prior to joining the Group, Mr. Ng worked at the UOB Asset Management Ltd (“**UOB**”) between May 1994 and January 2009, where his last position was senior director. Mr. Ng was the senior portfolio manager at the Manulife Asset Management (HK) Limited in January 2009 to November 2009 and was head of asian equities at Baring Asset Management (Asia) Limited between December 2009 and August 2012. He has been the executive director of UOB since August 2012.

Mr. Ng obtained the degree of bachelor of accountancy from the National University of Singapore in July 1990 and the degree of master of applied finance from the Macquarie University in Australia in June 2000.

Mr. Wee Kang Keng (“Mr. Wee”), aged 58, was appointed as an independent non-executive Director of our Company on 28 March 2019 and had resigned on 3 January 2024 due to his other work commitments. He was a member of each of our Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Wee is a director and chief executive officer of GW Financial Advisory Services Limited, a company specialising in mergers and acquisitions, valuation and financial advisory works, since October 2015. Mr. Wee joined Deloitte & Touche Financial Advisory Services Limited in March 2008 and was admitted as a partner of Deloitte China from June 2010 until May 2015. Mr. Wee started his career in finance in April 1990 with UBS AG until April 1998.

Professionally, Mr. Wee is a full member of the Treasury Markets Association. In terms of public service, Mr. Wee was awarded the long service and good conduct medal for his over 20 years of national service with the Singapore Armed Forces. Mr. Wee graduated from the National University of Singapore in July 1990 with a Bachelor’s degree in Mechanical Engineering.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Hwang Kin Soon Ignatius (黃勤順) (“Mr. Hwang”), aged 60, is appointed as an independent non-executive Director of our Company on 2 April 2024. He is a member of our Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Hwang has sat on boards of both public and private companies, charities and non-profit organisations. He has significant experience serving as independent director of listed companies, serving as chairman of remuneration and nomination committees and being part of audit committees. Mr. Hwang is currently an independent director of Moya Holdings Asia Ltd and was previously an independent director of China Environment Ltd and Nutryfarm International Ltd.

Mr. Hwang was the founder of Magellan Law LLP. He is currently a consultant with Trowers & Hamlins, a UK law firm. He previously set up and was the managing partner of three US law firms in Singapore — McDermott Will & Emery Singapore LLP, Squire Patton Boggs Singapore LLP and Bryan Cave Singapore LLP.

Mr. Hwang is also the founder of a renewable energy development company, Garnet Energie, which is a solar projects developer focussing on projects in Asia.

Mr. Hwang is a qualified lawyer in both Singapore and United Kingdom. He graduated from the National University of Singapore with a Bachelor of Laws degree.

SENIOR MANAGEMENT

Ms. Sharon Wu Pui See (吳佩詩女士) (“Ms. Wu”), aged 55, is an executive director and general manager of Marquis HQO Pte. Ltd. (“**Marquis HQO**”) and is primarily responsible for overseeing project sales and management and implementing marketing strategies for the Special Projects division. She has over 20 years of experience in sales and marketing. Ms. Wu joined the Group on 19 March 2001 as a marketing manager of Marquis Furniture Gallery Pte Ltd. (“**Marquis Furniture Gallery**”). She was later promoted to general manager and executive director of Marquis HQO on 20 March 2008.

Ms. Wu obtained the degree of bachelor of commerce and management from Lincoln University, New Zealand in April 1995.

Ms. Lim Chieh Yin (林潔瑩女士) (“Ms. Lim”), aged 43, is a director of Numero Uno Creative Group Pte. Ltd. and is primarily responsible for business development and interior design.

She has over 15 years of experience in interior design and property development. Ms. Lim joined the Group on 8 April 2009 as a design director in Numero Uno Creative Group Pte. Ltd.. Prior to joining the Group, she served as the head of marketing in The I.D. Dept Pte Ltd from March 2006 to March 2009, a company principally engages in interior design consultancy services.

Ms. Lim obtained the degree of bachelor of arts from National University of Singapore in August 2002.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Foo Kim Soon (符金春女士) (“Ms. Foo”), aged 58, is a director of Marquis HNC Pte. Ltd. (“**Marquis HNC**”) and is primarily responsible for business development and new product sourcing for the Special Projects division, a position she has held since 1 April 2016. She has over 20 years of experience in sales, marketing and business development in the furniture industry. Ms. Foo first joined the Group on 1 March 1999 as a senior marketing manager of Marquis Furniture Gallery. Ms. Foo re-joined the Group in March 2011 as a director of Marquis HQO, and she subsequently was transferred from Marquis HQO to Marquis HNC where she was a director since 1 April 2016.

Prior to joining the Group, Ms. Foo was a property executive at Riverview Development Pte Ltd from February 1986 to April 1987. She worked with Varimerx S.E. Asia Pte. Ltd. for over 11 years from April 1987 to February 1999, where her last position was assistant general manager of furniture and lightings division.

Ms. Foo was awarded the technician diploma in building maintenance and management from Ngee Ann Polytechnic of Singapore in August 1985. In May 1993, she obtained a graduate diploma in marketing management from the Singapore Institute of Management.

COMPANY SECRETARY

Ms. Chung Hei Man Michelle (鍾希汶女士) (“Ms. Chung”), was appointed as the company secretary of the Company on 1 December 2020. Ms. Chung is also one of our authorised representatives.

Ms. Chung is a partner of Stephenson Harwood and has been admitted as a solicitor of the High Court of Hong Kong since 2008. Ms. Chung has over 15 years of experience in the legal field and has been providing legal services to Hong Kong listed companies. She has obtained a Bachelor of Laws degree and a Postgraduate Certificate in Laws from the University of Hong Kong.

REPORT OF THE DIRECTORS

The Board is pleased to present to the shareholders of the Company (the “**Shareholders**”) its report together with the audited financial statements of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and 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 which is headquartered in Singapore. Details of the principal activities of its subsidiaries are set out in Note 1 to the consolidated financial statements.

BUSINESS REVIEW

Fair review of the business of the Group and further discussion and analysis of the business review as required by Schedule 5 to Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong), including future development in the Group’s business, can be found in the “Chairman’s Statement” and “Management Discussion and Analysis” sections of this annual report. The above sections form part of this “Report of the Directors”.

Save as disclosed under the paragraphs headed “Events After the End of the Reporting Period”, no important events affecting the Group have occurred since the end of the financial year and up to the date of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Details of principal risks and uncertainties are set out in the section headed “Management Discussion and Analysis” of this annual report on page 20.

SEGMENT INFORMATION

An analysis of the Group’s operation for the year by business activities is set out in note 4 to the consolidated financial statements and the paragraphs headed “Business Review” under the section of “Management Discussion and Analysis” of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2023 and the state of the Group’s affairs as at 31 December 2023 are set out in the consolidated financial statements on pages 48 to 109 of this annual report.

The Board proposed a final dividend of HK0.38 cents per ordinary share for the year ended 31 December 2023 (2022: HK0.38 cents per ordinary share).

There were no arrangements under which a shareholder has waived or agreed to waive any dividend for the year ended 31 December 2023.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for five financial years, as extracted from the audited consolidated financial statements, is set out on page 110 of this annual report. The summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTY

The Group did not further invest in investment property during the year.

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 Date**”). 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**”) and all the Net Proceeds have been fully utilised by the Group as at 31 December 2022. For details, please refer to the 2022 Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment at cost of approximately S\$1.4 million during the year. Details of the movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

SHARES ISSUED DURING THE YEAR

Details of the shares issued during the year are set out in Note 25 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company’s share capital during the year are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 32 and Note 26 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 51 to 52 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company has reserves available for cash distribution and/or distribution, as computed in accordance with the Companies Law of the Cayman Islands.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association, or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

REPORT OF THE DIRECTORS

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling S\$16,000.

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

During the year ended 31 December 2023, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the Group's largest customer accounted for approximately 26.8% of the Group's revenue and the Group's five largest customers in aggregate accounted for approximately 64.3%.

For the year ended 31 December 2023, the aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 24.4% of the Group's total value of purchases. The Group's largest supplier accounted for approximately 6.9% of the Group's total value of purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interests in the share capital of the five largest customers or suppliers of the Group.

RELATIONSHIP WITH KEY STAKEHOLDERS

The success of the Group depends on the support from key stakeholders which comprise customers, suppliers and employees.

Customers

Our customers primarily include furniture e-commerce sales platforms in the U.S., retail customers who purchase our products at our points of sale for our furniture sales segment in Singapore, and property developers and individual homeowners for our interior design segment. The Group has been devoted to providing good customer services with the purpose of maintaining a stable relationship, increasing sales and improving profitability.

Suppliers

In relation to our U.S. furniture sales and furniture sales segments, our major suppliers include companies which principally engage in manufacturing, trading and export of furniture. In relation to our interior design segment, our major suppliers are subcontractors providing fitting-out services and material suppliers. To achieve positive business growth, the Group maintains close relationship with its major suppliers to ensure stability of supply.

Employees

For the relationship between the Group and its employees, please refer to the paragraph headed "Employees and Remuneration Policy" as set out in the "Management Discussion and Analysis" on page 25 of this annual report.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Goon Eu Jin Terence
Ms. Wee Ai Quey
Ms. Ong Ciu Hwa

Non-executive Directors:

Mr. Kho Chuan Thye Patrick
Mr. Lim Sooi Kheng Patrick

Independent non-executive Directors:

Mr. Lim Boon Cheng
Mr. Ng Chee Kwong, Colin
Mr. Wee Kang Keng (resigned on 3 January 2024)

The biographical details of the Directors and senior management are set on pages 27 to 31 of the annual report. Details of the emoluments of the Directors and the five highest paid individuals are set out in Notes 9 and 10 to the consolidated financial statements, respectively.

The Company has received, from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company for a term of three years commencing from the Listing Date, which upon the expiry of the initial term, had been auto-renewed for a further period of three years. The service contracts may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles of Association.

Pursuant to the letters of appointment between the Company and the non-executive Directors and independent non-executive Directors, they have been appointed for a term of another three years commencing from 25 April 2022 which may be terminated by either party by giving three months' written notice.

None of the Directors has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2023.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There had been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries were a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year ended 31 December 2023.

REPORT OF THE DIRECTORS

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

For the year ended 31 December 2023, none of the Company or any of its subsidiaries had entered into any contract of significance with or contract of significance for the provision of services by any controlling shareholders or any of its subsidiaries.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. Such permitted indemnity provision has been in force since the date of incorporation throughout the year ended 31 December 2023. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set up by the Remuneration Committee and is based on merit, qualifications and competence of employees. The remuneration policies of the Directors are decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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

As at 31 December 2023, the interests and short positions of the directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which will have 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 are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Appendix C3 to 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:

- Nobel Design International Limited beneficially owned 900,000,000 Shares on the Listing Date. It is an investment holding company incorporated in 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.
- Mr. Kho Chuan Thye Patrick, a non-executive Director, directly holds 300,000,000 Shares, representing 15% of the total issued Shares.
- Southern Cross Holdings Pte Ltd beneficially owned 300,000,000 shares on the Listing Date. 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.
- The calculation is based on the total issued 2,000,000,000 Shares as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executive of the Company had 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2023, other than the interests of a Director 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) have an interest or a short position 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	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 31 December 2023, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company 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 the 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 spouse or children under 18 years of age to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

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 (the “**Participants**”) as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of Shares that can be issued according to the Share Option Scheme was 200,000,000 Shares, which is equivalent to 10% of the issued capital of the Company as at the date of this report. Unless otherwise approved by the shareholders of the Company in general meeting, the number of Shares that may be issued upon exercise of the options granted to a Participant shall not exceed 1% within any 12-month period. Prior shareholders’ approval is required if any grant of options to the substantial shareholders (as defined in the Listing Rules) of the Company or the independent non-executive Directors or any of their respective associates (as defined in the Listing Rules), would result in the Share issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of our Shares in issue on the date of such grant; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million.

There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board; however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheets of the Stock Exchange on the date of grant which must be a business day; (b) the average closing price of the Shares on the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share on the date of grant. Each grantee shall pay a consideration of HK\$1.00 for the grant of the option upon acceptance. An offer for the grant of options must be accepted within 28 days from the date of grant. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

No options were granted, exercised, cancelled or lapsed and there were no outstanding options under the Share Option Scheme from the date of its adoption to the date of this annual report. A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix IV to the prospectus of the Company dated 11 April 2019.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

COMPETING INTERESTS

As at 31 December 2023, 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.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, Nobel Design International Limited, Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey (the “**Controlling Shareholders**”) have entered into a deed of non-competition in favour of the Group on 29 March 2019 (the “**Deed of Non-Competition**”), pursuant to which each of the Controlling Shareholders has jointly and severally, irrevocably and unconditionally, undertaken and covenanted with us that each of the Controlling Shareholders will not, and will procure that none of its/his/her respective associates will:

- (a) directly or indirectly carry on, participate or be interested or engage in or acquire or hold any right or interest in or otherwise be involved in any business in competition with or likely to be in competition with our existing business activity or any principal business activity of any member of our Group or be in competition with us in any business activities which we may undertake in the future (the “**Restricted Business**”) save for (i) the holding of not more than 5% of the issued shares in any company engaging any Restricted Business which is listed in Hong Kong; or (ii) not controlling 10% or more of the board of directors of such company; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to our business activities of any member of our Group including, but not limited to, solicitation of our customers, suppliers, directors or staff of any member of our Group.

In addition, each of the Controlling Shareholders has jointly and severally, irrevocably and unconditionally, undertaken and covenanted that if any new business opportunity, which is, or is likely to be in, direct or indirect, competition with the Restricted Business (the “**Business Opportunity**”) is made available to any of the Controlling Shareholders or their respective associates, it/he/she will direct the Restricted Business to us with such required information to enable us to evaluate the merits of the Business Opportunity.

In order to further avoid potential conflicts of interests and ensure compliance of the Deed of Non-Competition, the following measures have been implemented by the Company:

- (a) the independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by each of the Controlling Shareholder during the year ended 31 December 2023, and confirmed that to the best of their knowledge, the Deed of Non-Competition has been duly complied with by each of the Controlling Shareholder for the year ended 31 December 2023;
- (b) no competing business was reported by the Controlling Shareholders for the year ended 31 December 2023, as such there was no matter that required review by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition; and
- (c) each of the Controlling Shareholder has confirmed to the Company that they have complied with their undertaking under the Deed of Non-Competition for the year ended 31 December 2023.

RELATED PARTY TRANSACTIONS

Certain related party transactions which are significant are disclosed in Note 29 to the consolidated financial statements. Such related party transactions do not constitute connected transactions which are subject to the disclosure, annual review and reporting requirements under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Save as disclosed in the report, there were no connected parties transaction or continuing connected transactions under the relevant provisions under Chapter 14A of the Listing Rules regarding connected transaction as at 31 December 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board believes that it is essential for the Group to be as environmentally responsible as possible in the execution of the interior design projects. The fitting-out services provided by the Group's subcontractors in Singapore and Malaysia are subject to certain laws and regulations related to environmental protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the Listing Rules will be published at the same time as the publication of this annual report on the websites of the Company and the Stock Exchange.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by Ernst & Young LLP, Singapore, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting.

On behalf of the Board

Goon Eu Jin Terence

Chairman

Hong Kong, 27 March 2024



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OPINION

We have audited the consolidated financial statements of Design Capital Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 48 to 109, which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for each of the years ended 31 December 2023 (the “**reporting period**”), the consolidated statement of financial position of the Group as at 31 December 2023 and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group gives a true and fair view of the financial position of the Group as at 31 December 2023 and of the financial performance and cash flows of the Group for each of the reporting period in accordance with International Financial Reporting Standards (the “**IFRSs**”) approved by the International Accounting Standards Boards (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (the “**ISAs**”) issued by the International Auditing and Assurance Standards Board (the “**IAASB**”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants (the “**IESBA**”) Code of Ethics for Professional Accountants (the “**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

REVENUE RECOGNITION FOR INTERIOR DESIGN CONTRACTS

The Group enters into interior design contracts with customers for which the Group recognises revenue over time as work progresses using the input method. The measure of work progress is based on the costs incurred to date as a proportion of total estimated contract costs. Management estimates the total revenue and budgeted costs at the commencement of the contracts and regularly assess the progress of interior design works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The determination of total estimated revenue and budgeted costs and the measure of interior design work progress requires management to apply significant judgement and estimates, which has a significant impact on the amount and timing of revenue recognised during the year. In addition, there was a heightened level of estimation uncertainty in determining the total revenue and budgeted costs for ongoing contracts as at 31 December 2023 arising from the volatility in market and economic conditions. For these reasons, we identified revenue recognition from interior design contracts as a key audit matter.

As part of our audit procedures, we understood, evaluated and validated, the internal controls and management processes relating to the contract budgeting. In our testing of the revenue recognition, we selected samples of interior design contracts and discussed with management and the respective project teams about the progress, status and impact of rapid economic changes on the projects. In addition, we assessed management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders. We also tested the costs incurred on interior design works during the financial year against the underlying supporting documents on a sample basis. We have also checked whether interior design revenue was recognised based on the interior design work progress by reference to the costs incurred for work performed to date to the estimated total contract costs. We checked the arithmetic accuracy of the revenue recognised during the year based on the work progress computation for significant projects. We also assessed the adequacy of the disclosure related to revenue in Note 5 to the consolidated financial statements.

ESTIMATE OF SALES RETURNS FROM CUSTOMERS

When the Group recognises revenue from the sale of its furniture, an estimate of sales return is recorded at the same time in arriving at the reported net revenue from furniture sales. In estimating the potential sales return, management considers the historical trends as well as other factors which could significantly influence the quantum of sales returns, such as product quality, fluctuations in consumer demand, changes in customer base and return rights of the respective products. Due to the heightened degree of estimation uncertainty and subjectivity applied by management in determining the provision for sales return, we considered that this is a key audit matter.

We obtained an understanding of the processes and the basis used by management in estimating sales return. We understood, evaluated and validated the internal controls relating to the estimation of sales returns on a sample basis. Our audit procedures included, amongst others, obtaining the schedules for provision for sales returns prepared by management and testing mathematical accuracy of the schedules. We also analysed the methodology and inputs used by management in the estimation process. In addition, we compared the actual sales return to prior year estimate of the provision to assess the reasonableness of key assumptions used to estimate the provision. We also assessed the adequacy of the Group's disclosure on provision for sales returns in Note 20 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY

NET REALISABLE VALUE FOR SLOW MOVING INVENTORIES

The Group sells furniture and related accessories which is subject to changing consumer demands and fashion trends. Management applied significant judgement in estimating the appropriate level of allowance for write-down of inventory which may be ultimately destroyed or sold below cost as a result of a reduction in consumer demand. Such judgements include management's expectations of future sales, inventory liquidation plans, forecast of inventory levels required to meet consumer demand and market condition.

Our procedures in relation to assessment of net realisable value of inventories include, amongst others, assessing the process, methods and assumptions used by management to develop the policy for allowance for inventory obsolescence. We evaluated the accuracy of aging analysis of the inventories by checking, on a sample basis, to the suppliers' invoices and other relevant supporting documents to assess the judgement of the management in estimating the allowance for obsolete and slow-moving inventories based on the aging analysis. We also reviewed the basis for the inventory write-down, the consistency of write-down against the Group's policy and the rationale for recording of specific allowances for inventory obsolescence. In addition, we compared the actual selling prices of the inventories subsequent to year end, on a sample basis, to their carrying amounts to check whether the inventories are stated at the lower of cost and net realisable value. We also assessed the adequacy of the disclosure related to inventories in Note 15 to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the financial statements that gives a true and fair view in accordance with the IFRSs approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP

Public Accountants and

Chartered Accountants

Singapore

27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
REVENUE			
Cost of sales	5(a)	89,506 (61,895)	96,525 (67,661)
Gross profit		27,611	28,864
Other income and gain, net	6	1,151	622
Selling and distribution expenses		(13,797)	(12,509)
Administrative expenses		(9,513)	(9,582)
Finance costs	7	(756)	(870)
PROFIT BEFORE TAX	8	4,696	6,525
Income tax	11	(814)	(1,364)
PROFIT FOR THE YEAR		3,882	5,161
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(582)	(107)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		(582)	(107)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,300	5,054
Profit for the year attributable to:			
Shareholders of the Company		2,892	4,543
Non-controlling interests		990	618
		3,882	5,161
Total comprehensive income for the year attributable to:			
Shareholders of the Company		2,336	4,440
Non-controlling interests		964	614
		3,300	5,054
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	13		
Basic and diluted (cents)		0.14	0.23

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,435	2,204
Right-of-use assets	22	11,514	13,378
Deposits	17	488	363
Deferred tax assets	24	436	444
Total non-current assets		14,873	16,389
CURRENT ASSETS			
Inventories	15	33,171	43,471
Contract assets	5(b)	408	113
Trade receivables	16	8,189	10,179
Prepayments, deposits and other receivables	17	1,926	2,627
Cash and cash equivalents	18	28,350	20,874
Total current assets		72,044	77,264
CURRENT LIABILITIES			
Contract liabilities	5(b)	6,107	8,385
Trade payables	19	2,845	3,516
Other payables and accruals	20	6,185	8,836
Borrowings	21	48	16
Lease liabilities	22	3,100	3,127
Income tax payables		558	1,315
Total current liabilities		18,843	25,195
NET CURRENT ASSETS		53,201	52,069
TOTAL ASSETS LESS CURRENT LIABILITIES		68,074	68,458
NON-CURRENT LIABILITIES			
Borrowings	21	80	39
Provision for reinstatement costs	23	522	534
Lease liabilities	22	10,897	12,724
Deferred tax liabilities	24	25	25
Total non-current liabilities		11,524	13,322
NET ASSETS		56,550	55,136

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	25	3,453	3,453
Share premium	25	9,977	11,283
Reserves	26	40,582	38,246
		54,012	52,982
Non-controlling interests		2,538	2,154
TOTAL EQUITY		56,550	55,136

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Year ended 31 December 2023

	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 2023	3,453	11,283	2,264	291	35,691	52,982	2,154	55,136
Profit for the year	-	-	-	-	2,892	2,892	990	3,882
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	-	-	-	(556)	-	(556)	(26)	(582)
Total comprehensive income for the year	-	-	-	(556)	2,892	2,336	964	3,300
Dividends	-	(1,306)	-	-	-	(1,306)	(580)	(1,886)
At 31 December 2023	3,453	9,977	2,264*	(265)*	38,583*	54,012	2,538	56,550

* These reserves accounts comprise the consolidated reserves of S\$40,582,000 (2022: S\$38,246,000) in the consolidated statements of financial position as at year end.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Year ended 31 December 2022

	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 2022	3,453	14,816	2,264	394	31,148	52,075	2,855	54,930
Profit for the year	–	–	–	–	4,543	4,543	618	5,161
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	(103)	–	(103)	(4)	(107)
Total comprehensive income for the year	–	–	–	(103)	4,543	4,440	614	5,054
Changes in ownership interest in subsidiaries:								
Disposal of non-controlling interest in a subsidiary	–	–	–	–	–	–	(204)	(204)
Disposal of equity interest without a change in control	–	–	–	–	–	–	57	57
Total changes in ownership interest in subsidiaries	–	–	–	–	–	–	(147)	(147)
Dividends	–	(3,533)	–	–	–	(3,533)	(1,168)	(4,701)
At 31 December 2022	3,453	11,283	2,264*	291*	35,691*	52,982	2,154	55,136

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,696	6,525
Adjustments for:			
Interest income	6	(738)	(189)
Finance costs	7	756	870
Depreciation	8	921	814
Amortisation of right-of-use assets	8	3,240	3,258
Gain on disposal of property, plant and equipment, net	6	(141)	–
Loss on disposal of subsidiaries	8	–	16
Write-off of property, plant and equipment	8	61	–
Provision for write-down of inventories to net realisable value, net	8	608	48
Provision for expected credit losses of trade receivables, net	8	150	134
Provision for expected credit losses of other receivables, net	8	10	–
		9,563	11,476
Decrease/(increase) in inventories		9,147	(11,775)
(Increase)/decrease in contract assets		(295)	120
Decrease/(increase) in trade receivables		1,723	(2,304)
Decrease/(increase) in prepayments, deposits and other receivables		734	(1,009)
Decrease in contract liabilities		(2,278)	(433)
Decrease in trade payables		(639)	(2,219)
Decrease in other payables and accruals		(2,615)	(3,487)
		15,340	(9,631)
Cash generated from/(used in) operations		15,340	(9,631)
Income taxes paid		(1,575)	(1,237)
		13,765	(10,868)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		542	158
Purchase of items of property, plant and equipment	28(a)	(1,223)	(208)
Proceeds from disposal of property, plant and equipment		268	–
Proceeds from disposal of a subsidiary		–	90
Proceeds from disposal of equity interest in subsidiary without a change in control		–	45
Decrease in time deposits with maturity of more than three months when acquired		13,937	29,129
Increase in time deposits with maturity of more than three months when acquired		(18,509)	(16,198)
		(4,985)	13,016
Net cash flows (used in)/generated from investing activities		(4,985)	13,016

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	28(b)	(27)	(21)
Payment of principal portion of lease liabilities	28(b)	(3,187)	(2,975)
Interest paid	7	(756)	(870)
Dividends paid		(1,886)	(5,241)
Net cash flows used in financing activities		(5,856)	(9,107)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		12,971	19,828
Effect of foreign exchange rate changes, net		(20)	102
CASH AND CASH EQUIVALENTS AT END OF YEAR		15,875	12,971
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits	18	15,875	12,971
Time deposits	18	12,475	7,903
Cash and cash equivalents as stated in the consolidated statements of financial position		28,350	20,874
Less: Time deposits with maturity of more than three months when acquired		(12,475)	(7,903)
Cash and cash equivalents as stated in the consolidated statements of cash flows		15,875	12,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 listed on Hong Kong Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in (i) interior design, (ii) furniture sales which include both furniture sales and project sales, and (iii) U.S. furniture sales.

Details of subsidiaries held by the Company are as follows:

Company name	Place of incorporation/ place of operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2023 %	2022 %	
Design Capital (BVI) Limited* (Note (a))	BVI/Singapore	S\$1	100	100	Investment holding
Design Capital Pte Ltd (Note (b))	Singapore	S\$1	100	100	Investment holding
Numero Uno Creative Group Pte Ltd (Note (b))	Singapore	S\$100,000	60	60	Interior design
Nobel Reka Cipta Sdn Bhd (Note (c))	Malaysia	RM750,000	100	100	Interior design
Marquis Furniture Gallery Pte Ltd (Note (b))	Singapore	S\$430,000	100	100	Furniture sales and interior design
Momentum Creations Pte Ltd (Note (b))	Singapore	S\$163,000	84.2	84.2	Furniture sales
Marquis HQO Pte Ltd (Note (b) (d))	Singapore	S\$200,000	80	80	Furniture project sales
Marquis HNC Pte Ltd (Note (b))	Singapore	S\$150,000	90	90	Furniture project sales
CASA AEF 1925 Pte. Ltd. (Note (b) (e))	Singapore	S\$100,000	100	–	Furniture sales
Buylateral Group Pte Ltd (“ Buylateral Singapore ”) (Note (b))	Singapore	S\$3,403,436	95.4	95.4	U.S. furniture sales
Buylateral.Com (M) Sdn Bhd (Note (c))	Malaysia	RM2	95.4	95.4	Procurement of furniture
Target Marketing Systems, Inc. (Note (b))	United States of America (“ U.S. ”)	US\$201,000	95.4	95.4	U.S. furniture sales

* Except for this entity which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. CORPORATE INFORMATION *(Continued)*

Notes:

- (a) No audited financial statements have been prepared for this entity as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation.
- (b) The statutory financial statements of these entities for the year ended 31 December 2023 prepared under Singapore Financial Reporting Standards are audited by Ernst & Young LLP, Singapore.
- (c) The statutory financial statements of these entities for the year ended 31 December 2023 prepared under Malaysia Financial Reporting Standards are audited by Roger Yue, Tan & Associates, Malaysia.
- (d) In December 2022, Marquis Furniture Gallery Pte Ltd disposed 10% of its shareholding in Marquis HQO Pte Ltd (“**MHQO**”) to its non-controlling shareholder Ms. Sharon Wu Pui See (“**Ms. Wu**”).

The consideration for 10% owned by the Group was approximately S\$45,000 and this was satisfied by cash. Consequently, a loss of approximately S\$12,000 from this disposal of subsidiary is recognised in the consolidated statement of profit or loss and other comprehensive income of the Group. MHQO remained as an indirect subsidiary of the Group after the disposal.

- (e) Incorporated in July 2023, a 100% owned subsidiary of Marquis Furniture Gallery Pte Ltd and an indirect 100% owned subsidiary of the Group.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”) and the disclosures requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“**SGD**” or “**S\$**”) and all values are rounded to the nearest thousand (S\$’000), except when otherwise indicated.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and exchange fluctuation reserve and recognises the fair value of any investment retained and resulting surplus or deficit in profit and loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation and business combinations *(Continued)*

(b) Business combinations involving businesses or entities under common control

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2.3 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these new standards did not have any material effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.4 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.5 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	January 2024
Amendments to IFRS 16 Leases: <i>Lease Liability in a Sale and Leaseback</i>	January 2024
Amendments to IAS 1 Presentation of Financial Statements: <i>Non-current Liabilities with Covenants</i>	January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: <i>Disclosures: Supplier Finance Arrangements</i>	January 2024
Amendments to IAS 21 The Effects of Changes In Foreign exchange Rates: <i>Lack of Exchangeability</i>	January 2025
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.6 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.7 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.8 Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.8 Property, plant and equipment *(Continued)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Leasehold improvements	3–12.5 years or over the lease terms, whichever is shorter
Property	15 years
Furniture and office equipment	3–5 years
Equipment	3–5 years
Motor vehicles	5 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, as appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.9 Leases *(Continued)*

Group as a lessee *(Continued)*

i) Right-of-use assets (Continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated lives of the assets, as follows:

	Useful lives
Showroom	2–4 years
Warehouse	2–12.5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are subjected to impairment. Refer to accounting policy in Note 2.7 Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Financial instruments — initial recognition and subsequent measurement *(Continued)*

(a) Financial assets *(Continued)*

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises a provision for expected credit losses (“ECL”) for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group makes allowance for expected credit losses based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 to 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Financial instruments — initial recognition and subsequent measurement *(Continued)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are all classified, at initial recognition, as trade and other payables, and borrowings, or as appropriate. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are not recognised for future operating losses.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provision for reinstatement costs

The Group records a provision for reinstatement cost for office, warehouse and showrooms. Provision for reinstatement costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the reinstatement. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of reinstatement are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

2.15 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition or construction of qualifying assets. Borrowing costs that are directly attributable to acquisition and construction of a qualifying asset is capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress until the asset is ready for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.16 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group participates in the national pension scheme in Singapore under which the Group makes contributions to the Central Provident Fund scheme. Contributions are made based on a percentage of the employee's salaries and are recognised as an expense in the period in which the related service is performed.

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.17 Revenue

Revenue is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

(a) Sale of goods — Trading income

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customers which generally coincides with delivery and acceptance of the goods sold.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.17 Revenue *(Continued)*

(b) Rendering of service — Revenue of interior design contracts

Revenue from interior design, renovation and furnishing contracts is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(c) Interest income

Interest income is recognised using the effective interest method.

2.18 Contract balances

(a) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

(b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(c) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.19 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.19 Taxes *(Continued)*

(b) Deferred tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.20 Foreign currencies

The financial statements is presented in S\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(b) Consolidated financial statements

The assets and liabilities of foreign operations are translated into S\$ at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in the exchange fluctuation reserve as other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.21 Dividends

Special dividends and final dividends are recognised as a liability when they have been approved by the shareholders of relevant entities comprising the Group in a general meeting.

Interim dividends are recognised immediately as a liability when they are proposed and declared by directors of relevant entities comprising the Group, as the memorandum and articles of association of these entities grant their directors the authority to declare interim dividends.

2.22 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the 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.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Revenue of interior design contracts*

For the interior design contracts with customers where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring the promised renovation service to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the interior design contracts. The measure of progress is based on the costs incurred to date as a proportion of total contract costs expected to be incurred up to the completion of the interior design contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

3.1 Key sources of estimation uncertainty *(Continued)*

(a) Revenue of interior design contracts *(Continued)*

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the measure of progress and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the total contract values on uncompleted contracts at the end of each of the reporting period had been higher/lower by 10% from management's estimates, the Group's revenue and gross profit would have been higher/lower by S\$560,000 (2022: S\$387,000).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit before income tax would have been lower/higher by S\$233,000 (2022: S\$167,000).

(b) Estimate of sales returns from customers

The Group's gross furniture sales are subject to sales returns deductions in arriving at reported net furniture sales. When the Group recognises revenue from the sale of its furniture, an estimate of sales returns is recorded which reduces furniture sales.

The estimate of sales returns reflects historical experience of sales to customers and is reviewed regularly to ensure that it reflects potential furniture returns. Based on past experience, only the Group's sales of furniture under the U.S. furniture sales segment incurred more than insignificant amount of sales returns. In this regard, the Group recorded a returns provision ranging from 2% to 10% (2022: 2% to 10%) of gross sales under U.S. furniture sales segment. The management reviews the return provision annually and adjust the reserve amounts if actual sales returns differ materially from the reserve percentage.

If the sales return amounts had been higher/lower by 10% from management's estimates, the Group's profit before tax would have been lower/higher by S\$62,000 (2022: S\$223,000).

(c) Net realisable value for slow-moving inventories

The management carries out an inventory review on a product-by-product basis at the end of each reporting period taking into account the age of inventory. Aged inventories with slow turnaround are written down to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the physical conditions of the inventories, expected market selling prices and current market conditions. Management has written down approximately S\$664,000 (2022: S\$259,000) of its slow-moving inventories and reversed provision for slow-moving inventories of S\$56,000 as of 31 December 2023 (2022: S\$211,000). The carrying amount of inventories was S\$33,171,000 (2022: S\$43,471,000). Inventories are disclosed in Note 15.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in a bundled sale of furniture and interior design services*

The Group provides interior design services that are either sold separately or bundled together with the sale of furniture to a customer. The interior design services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the sale of furniture and interior design services are not capable of being distinct. The Group determined that the promises to transfer the furniture and to provide interior design service are not distinct within the context of the contract. The furniture and interior design service are inputs to a combined item in the contract. The Group is providing a significant integration service because the presence of the furniture and interior design together in this contract result in additional or combined functionality and the furniture or the interior design service modify or customise the other. Consequently, the Group considered the sale of furniture and the interior design service as a single performance obligation.

- *Determining the timing of satisfaction of interior design services*

The Group concluded that revenue for interior design services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the interior design that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the interior design services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of cost incurred relative to the total budgeted cost to complete the service.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. SEGMENT INFORMATION

Management has determined operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources, and assess performance. For management purposes, the Group is organised into business units based on their products and services and has 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 represent online sales of furniture in the U.S. market; and
- (d) the “corporate” operations comprise the corporate services and investment holding activities of the Group.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2023

	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	8,605	24,760	56,401	45	89,811
Less: Inter-segment sales	(20)	(240)	–	(45)	(305)
Sales to external customers	8,585	24,520	56,401	–	89,506
Segment results	2,925	2,987	847	(2,063)	4,696
Segment assets	4,484	23,113	42,207	17,113	86,917
Segment liabilities	2,034	11,597	15,473	1,263	30,367
Other segment information:					
Interest income	(79)	(221)	(85)	(353)	(738)
Finance costs**	2	179	572	3	756
Depreciation	46	491	269	115	921
Amortisation of right-of-use assets	5	2,104	1,128	3	3,240
Gain on disposal of property, plant and equipment, net	–	–	(141)	–	(141)
Write-off of property, plant and equipment	–	61	–	–	61
Provision for write-down of inventories to net realisable value, net	–	58	550	–	608
Provision/(reversal of provision) for expected credit losses of trade receivables, net	60	124	(34)	–	150
Provision for expected credit losses of other receivables, net	–	10	–	–	10
Capital expenditure*	35	247	526	555	1,363

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. SEGMENT INFORMATION *(Continued)*

Year ended 31 December 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	6,947	26,004	63,802	–	96,753
Less: Inter-segment sales	(41)	(187)	–	–	(228)
Sales to external customers	6,906	25,817	63,802	–	96,525
Segment results	1,794	4,586	2,562	(2,417)	6,525
Segment assets	3,689	24,677	56,971	8,316	93,653
Segment liabilities	1,975	15,585	19,387	1,570	38,517
Other segment information:					
Interest income	(31)	(61)	(7)	(90)	(189)
Finance costs**	–	231	639	–	870
Depreciation	39	463	259	53	814
Amortisation of right-of-use assets	–	2,100	1,158	–	3,258
Loss on disposal of subsidiaries	–	–	–	16	16
(Reversal of provision)/provision for write-down of inventories to net realisable value, net	(2)	(162)	212	–	48
Provision for expected credit losses of trade receivables, net	31	62	41	–	134
Capital expenditure*	14	134	56	24	228

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

** Finance costs include the interest on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. SEGMENT INFORMATION *(Continued)*

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 — The operations in this area are principally interior design.

Non-current assets

	2023 S\$'000	2022 S\$'000
Singapore	4,790	5,253
U.S.	9,159	10,329
	13,949	15,582

The non-current assets information above is based on the location of the assets, excluding financial assets and deferred tax assets.

Information about major customers

The revenue from top 5 customers and/or customers which individually contributed 10% or more of the Group's revenue and are customers of the U.S. furniture sales segment, interior design segment and furniture sales segment, are as follows:

	2023 S\$'000	2022 S\$'000
Customer A	24,013	24,412
Customer B	4,311	3,171
Customer C	19,921	24,071
Customer E	7,726	11,144
Customer F	—*	690
Customer G	1,570	—*

* These customers are not in the top 5 category in the respective years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. REVENUE

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

(a) Disaggregated revenue information

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

Segments	Year ended 31 December 2023			
	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	–	24,520	56,401	80,921
Service income — interior design	8,585	–	–	8,585
Total revenue from contracts with customers	8,585	24,520	56,401	89,506
Geographical markets				
Singapore	8,578	24,520	–	33,098
U.S.	–	–	56,401	56,401
Malaysia	7	–	–	7
Total revenue from contracts with customers	8,585	24,520	56,401	89,506
Timing of revenue recognition				
Goods transferred at a point in time	–	14,926	56,401	71,327
Goods and services transferred over time	8,585	9,594	–	18,179
Total revenue from contracts with customers	8,585	24,520	56,401	89,506

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. REVENUE (Continued)

(a) Disaggregated revenue information (Continued)

Segments	Year ended 31 December 2022			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	–	25,817	63,802	89,619
Service income — interior design	6,906	–	–	6,906
Total revenue from contracts with customers	6,906	25,817	63,802	96,525
Geographical markets				
Singapore	6,455	25,817	–	32,272
U.S.	–	–	63,802	63,802
Malaysia and Brunei*	451	–	–	451
Total revenue from contracts with customers	6,906	25,817	63,802	96,525
Timing of revenue recognition				
Goods transferred at a point in time	–	20,308	63,802	84,110
Goods and services transferred over time	6,906	5,509	–	12,415
Total revenue from contracts with customers	6,906	25,817	63,802	96,525

* In September 2022, Nobel Design Sdn Bhd, a 52% owned subsidiary of Design Capital Pte Ltd was disposed of.

** Furniture sales business includes both furniture sales and project sales, operates furniture retail shops in Singapore and supplies furniture to individuals and corporate customers; which were recognised at a point in time and over time respectively.

(b) Contract balances

An analysis of contract balances as at the end of each of the reporting period is as follows:

	2023 S\$'000	2022 S\$'000
Contract assets (Note (i))	408	113
Contract liabilities (Note (ii))	(6,107)	(8,385)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. REVENUE (Continued)

(b) Contract balances (Continued)

Notes:

- (i) Contract assets are the Group's rights to consideration for work performed on renovation contracts which will become unconditioned upon successful completion of the interior design services. Contract assets are transferred to trade receivables when the rights to consideration become unconditional.
- (ii) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers, including progress billings received from customers for interior design services in progress and upfront deposits collected from customers prior to the commencement of renovation work or delivery of goods. Contract liabilities are recognised as revenue when the Group performs under the contract.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of each of the reporting period:

	2023 S\$'000	2022 S\$'000
Revenue recognised that was included in contract liabilities at the beginning of the year	7,513	7,666

None of the Group's revenue recognised during each of the reporting period related to performance obligations satisfied in previous years.

(c) Unsatisfied performance obligations

For interior design services, the Group recognises revenue according to the accounting policies as set out in Note 2.17. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts.

Sale of goods were made in a short period of time and the performance obligation is expected to be satisfied within one year.

6. OTHER INCOME AND GAIN, NET

An analysis of the Group's other income and gain, net for each of the reporting period is as follows:

	2023 S\$'000	2022 S\$'000
Commission income	28	6
Interest income	738	189
Gain on disposal of property, plant and equipment, net	141	–
Miscellaneous income	244	427
Other income and gain, net	1,151	622

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2023 S\$'000	2022 S\$'000
Interest on borrowings	6	4
Interest on lease liabilities	750	866
	756	870

8. PROFIT BEFORE TAX

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

	2023 S\$'000	2022 S\$'000
	230	220
	4	6
	5	12
	57,907	64,205
	3,988	3,456
	921	814
	3,240	3,258
	10	76
	3,552	2,559
	6,834	7,124
	760	692
	7,594	7,816
	(141)	–
	–	16
	61	–
	608	48
	150	134
	10	–
	358	290

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Certain of the Company's directors are directors and/or employees of the subsidiaries now comprising the Group during the reporting period. The remuneration of these directors as recorded in the financial statements of the subsidiaries during the reporting period is set out below:

	2023	2022
	S\$'000	S\$'000
Fees*	150	150
Other emoluments:		
Salaries, allowances, benefits in kind and other costs	630	630
Performance related bonuses	412	659
Pension scheme contributions	40	40
	1,082	1,329

* The directors, namely Kho Chuan Thye Patrick, Lim Sooi Kheng Patrick, Lim Boon Cheng, Ng Chee Kwong, Colin and Wee Kang Keng are entitled to a director's fee of S\$30,000 each for the year ended 31 December 2023 (31 December 2022: S\$30,000).

An analysis of the directors' remuneration, on a named basis, is as follows:

	Salaries, allowances, benefits in kind and other costs	Performance related bonuses	Pension scheme contributions	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Year ended 31 December 2023				
<i>Executive directors</i>				
Goon Eu Jin Terence	302	196	14	512
Wee Ai Quey	168	180	9	357
Ong Ciu Hwa	160	36	17	213
	630	412	40	1,082
Year ended 31 December 2022				
<i>Executive directors</i>				
Goon Eu Jin Terence	302	346	14	662
Wee Ai Quey	168	277	9	454
Ong Ciu Hwa	160	36	17	213
	630	659	40	1,329

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

During the year, no remuneration was paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement whereby a director waived or agreed to waive any remuneration during the reporting period.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during each of the reporting period included three directors (2022: three directors), details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining 2 (2022: 2) highest paid employees who are neither a director nor the chief executive are as follows:

	2023 S\$'000	2022 S\$'000
Salaries, allowances, benefits in kind and other costs	405	402
Performance related bonuses	126	178
Pension scheme contributions	17	17
	548	597

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK\$1,000,000 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	–
	2	2

During the year, no remuneration was paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

11. INCOME TAX

(a) Applicable income tax rates

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. The Company is a tax resident in Singapore and is subject to Singapore tax laws.

A summary of applicable income tax rates of the jurisdictions in which the Group has operations during the reporting period is as follows:

	2023	2022
	%	%
Singapore	17	17
U.S. — Federal tax	21	21
U.S. — State tax	7	7
Malaysia	24	24

(b) Income tax in the Consolidated Statements of Profit or Loss and Other Comprehensive Income

	2023	2022
	S\$'000	S\$'000
Current — Singapore:		
Charge for the year	842	1,406
(Over)/under-provision in respect of prior years	(142)	12
Current — U.S.:		
Charge for the year	—	139
Under/(over)-provision in respect of prior years	114	(113)
Deferred tax:		
Charge for the year	—	(80)
	814	1,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

11. INCOME TAX (Continued)

(b) Income tax in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Continued)

A reconciliation of the tax expense applicable to profit before tax at the applicable statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

	2023 S\$'000	2022 S\$'000
Profit before tax	4,696	6,525
Tax expense at the statutory tax rates of the respective jurisdictions	750	1,157
Effects of partial tax exemptions, reliefs and rebates	(87)	(75)
Adjustment in respect of current tax of previous periods	(28)	(101)
Income not subject to tax	(64)	(26)
Expenses not deductible for tax	296	452
Deferred tax assets not recognised	8	30
Benefits from previously unrecognised deferred tax	(21)	(6)
Others	(40)	(67)
Tax expense at the effective tax rate of 17.3% for the year ended 31 December 2023 (2022: 20.9%)	814	1,364

12. DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Proposed dividends not recognised as liability as at 31 December		
Final dividend for 2023: HK0.38 cents (2022: HK0.38 cents) per ordinary share	7,600	7,600

13. 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 year attributable to shareholders of the Company of S\$2,892,000 (2022: S\$4,543,000), and the weighted average number of ordinary shares in issue of 2,000,000,000 (2022: 2,000,000,000) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

Group	Property S\$'000	Leasehold improvements S\$'000	Furniture and office equipment S\$'000	Equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
2023						
At 1 January 2023:						
Cost	185	2,847	1,307	947	665	5,951
Accumulated depreciation	(51)	(1,628)	(940)	(572)	(556)	(3,747)
Net carrying amount	134	1,219	367	375	109	2,204
Net carrying amount At 1 January 2023	134	1,219	367	375	109	2,204
Additions	450	176	72	115	550	1,363
Depreciation provided during the year	(29)	(486)	(139)	(165)	(102)	(921)
Disposal	(127)	–	–	–	–	(127)
Write-off	–	(52)	(9)	–	–	(61)
Exchange realignment	(8)	(6)	(3)	(6)	–	(23)
At 31 December 2023	420	851	288	319	557	2,435
At 31 December 2023:						
Cost	442	2,862	1,157	931	1,186	6,578
Accumulated depreciation	(22)	(2,011)	(869)	(612)	(629)	(4,143)
Net carrying amount	420	851	288	319	557	2,435

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group	Property S\$'000	Leasehold improvements S\$'000	Furniture and office equipment S\$'000	Equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
2022						
At 1 January 2022:						
Cost	187	2,810	1,272	900	666	5,835
Accumulated depreciation	(40)	(1,196)	(881)	(446)	(472)	(3,035)
Net carrying amount	147	1,614	391	454	194	2,800
Net carrying amount:						
At 1 January 2022	147	1,614	391	454	194	2,800
Additions	–	74	99	55	–	228
Depreciation provided during the year	(13)	(464)	(120)	(132)	(85)	(814)
Disposal of a subsidiary	–	(3)	(2)	–	–	(5)
Exchange realignment	–	(2)	(1)	(2)	–	(5)
At 31 December 2022	134	1,219	367	375	109	2,204
At 31 December 2022:						
Cost	185	2,847	1,307	947	665	5,951
Accumulated depreciation	(51)	(1,628)	(940)	(572)	(556)	(3,747)
Net carrying amount	134	1,219	367	375	109	2,204

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15. INVENTORIES

	Group	
	2023	2022
	S\$'000	S\$'000
Merchandised goods	29,793	38,210
Goods in transit	3,378	5,261
	33,171	43,471

16. TRADE RECEIVABLES

	Group	
	2023	2022
	S\$'000	S\$'000
Trade receivables	8,748	10,642
Provision for expected credit losses (Note (d))	(559)	(463)
	8,189	10,179

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 reporting period, based on the invoice date and net of provision for expected credit losses, is as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Within 1 month	5,598	6,054
1 to 2 months	2,501	3,423
2 to 3 months	79	701
Over 3 months	11	1
	8,189	10,179

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

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.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2023	Days past due					Total S\$'000
	Current S\$'000	<30 S\$'000	30-60 S\$'000	61-90 S\$'000	>91 S\$'000	
ECL rate	0.00%	0.43%	0.98%	2.63%	98.53%	
Estimated total gross carrying amount at default	4,189	3,527	410	76	546	8,748
Expected credit loss	-	15	4	2	538	559

31 December 2022	Days past due					Total S\$'000
	Current S\$'000	<30 S\$'000	30-60 S\$'000	61-90 S\$'000	>91 S\$'000	
ECL rate	0.00%	0.70%	2.21%	1.70%	99.52%	
Estimated total gross carrying amount at default	5,200	3,733	588	707	414	10,642
Expected credit loss	-	26	13	12	412	463

(c) Receivables that were neither due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no material provision for expected credit losses is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

	Group	
	2023 S\$'000	2022 S\$'000
As at 1 January	463	1,067
Provision for expected credit losses (Note 8)	150	134
Amount written off as uncollectible	(54)	(719)
Amount written off due to disposal of a subsidiary	-	(30)
Exchange realignment	-	11
As at 31 December	559	463

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 *Financial Instruments*, 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 2023 is 98.53% (2022: 99.52%) for those balances that have been past due for more than 3 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group	
	Notes	2023 S\$'000	2022 S\$'000
Prepayments*		1,216	2,151
Deposits	(a)	937	805
Other receivables	(b)	261	34
		2,414	2,990
Portion classified as current assets		(1,926)	(2,627)
Non-current portion	(a)	488	363

Notes:

(a) The deposits include rental, utilities and security deposits for the leases for points of sale, warehouses and office spaces. The deposits with lease terms of more than 12 months have been classified as non-current assets.

(b) The other receivables are neither past due nor impaired.

* This amount is after a provision for expected credit losses of approximately S\$10,000 (2022: Nil).

18. CASH AND CASH EQUIVALENTS

		Group	
		2023 S\$'000	2022 S\$'000
Cash and bank balances other than time deposits		15,875	12,971
Time deposits		12,475	7,903
Cash and cash equivalents		28,350	20,874

Cash at banks earn interests 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 FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. 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, based on the invoice date, is as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Within 1 month	1,853	2,861
1 to 2 months	650	350
2 to 3 months	133	144
Over 3 months	209	161
	2,845	3,516

20. OTHER PAYABLES AND ACCRUALS

	Group	
	2023 S\$'000	2022 S\$'000
Accruals	5,119	6,175
Estimate of sales returns from customers	621	2,231
Other payables	445	430
	6,185	8,836

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. BORROWINGS

	Interest rate %	Maturity	Group	
			2023 S\$'000	2022 S\$'000
Current interest-bearing loans and borrowings				
S\$86,000 loan	2.99	October 2025	13	13
S\$21,000 loan	3.50	October 2027	3	3
S\$100,000 loan	2.75	August 2026	32	–
			48	16
Non-current interest-bearing loans and borrowings				
S\$86,000 loan	2.99	October 2025	8	21
S\$21,000 loan	3.50	October 2027	15	18
S\$100,000 loan	2.75	August 2026	57	–
			80	39

The effective interest rates of the Group's borrowings for interest-bearing loans as at 31 December 2023 range from 5.21% to 6.77% (2022: 5.26% to 6.77%) per annum. The borrowings are secured by motor vehicles and equipment.

22. LEASES

The Group has lease contracts for various rental of showroom and warehouse used in its operations. Leases of showrooms and warehouses generally have lease terms between 2 to 4 years and 2 to 12.5 years respectively. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of warehouse with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. LEASES (Continued)

Set out below are the carrying amounts of assets recognised and the movements during the year:

Group	Leases of showroom S\$'000	Leases of warehouse and others S\$'000	Total S\$'000
2023			
As at 1 January 2023:			
Cost	4,851	14,768	19,619
Accumulated depreciation	(1,456)	(4,785)	(6,241)
Net carrying amount	3,395	9,983	13,378
Net carrying amount:			
As at 1 January 2023	3,395	9,983	13,378
Additions	82	1,506	1,588
Depreciation provided during the year	(1,511)	(1,729)	(3,240)
Disposal	(58)	–	(58)
Exchange realignment	–	(154)	(154)
As at 31 December 2023	1,908	9,606	11,514
As at 31 December 2023			
Cost	4,569	14,843	19,412
Accumulated depreciation	(2,661)	(5,237)	(7,898)
Net carrying amount	1,908	9,606	11,514
2022			
As at 1 January 2022:			
Cost	4,868	14,777	19,645
Accumulated depreciation	(2,836)	(3,107)	(5,943)
Net carrying amount	2,032	11,670	13,702
Net carrying amount:			
As at 1 January 2022	2,032	11,670	13,702
Additions	2,888	97	2,985
Depreciation provided during the year	(1,525)	(1,733)	(3,258)
Exchange realignment	–	(51)	(51)
As at 31 December 2022	3,395	9,983	13,378
As at 31 December 2022			
Cost	4,851	14,768	19,619
Accumulated depreciation	(1,456)	(4,785)	(6,241)
Net carrying amount	3,395	9,983	13,378

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. LEASES (Continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Leases of showroom S\$'000	Leases of warehouse and others S\$'000	Total S\$'000
As at 1 January 2023	3,621	12,230	15,851
Additions	82	1,506	1,588
Disposal	(58)	–	(58)
Accretion of interest	148	602	750
Payments	(1,711)	(2,226)	(3,937)
Exchange realignment	–	(197)	(197)
As at 31 December 2023	2,082	11,915	13,997
Current	1,447	1,653	3,100
Non-current	635	10,262	10,897
	2,082	11,915	13,997
As at 1 January 2022	2,201	13,710	15,911
Additions	2,888	97	2,985
Accretion of interest	176	690	866
Payments	(1,644)	(2,197)	(3,841)
Exchange realignment	–	(70)	(70)
As at 31 December 2022	3,621	12,230	15,851
Current	1,539	1,588	3,127
Non-current	2,082	10,642	12,724
	3,621	12,230	15,851

The maturity analysis of lease liabilities are disclosed in Note 31(c).

The Group had non-cash additions of S\$1,588,000 to right-of-use assets and lease liabilities during the financial year ended 31 December 2023 (2022: S\$2,985,000). The Group has a lease contract that has not yet commenced as at 31 December 2023 (2022: Nil). The future lease payments for this non-cancellable lease contract after the agreed rent-free period is S\$912,479, which is made up of lease payments within one year of S\$182,496 and within two to five years of S\$729,983.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. LEASES (Continued)

The following are the amounts recognised in profit or loss:

	2023 S\$'000	2022 S\$'000
Depreciation expense on right-of-use assets	3,240	3,258
Interest expense on lease liabilities	750	866
Expense relating to short-term leases	10	76
Variable lease payments	3,552	2,559
Total amount recognised in profit or loss	7,552	6,759

The total cash outflows for all leases, including variable and short-term leases payments, was S\$7,499,000 for the financial year ended 31 December 2023 (2022: S\$6,476,000).

The Group has a lease contract that includes extension options. This option was negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised.

Set out below are the undiscounted potential rental payments relating to periods following the exercise date of extension that are not included in the lease term:

	Within five years S\$'000	More than five years S\$'000	Total S\$'000
2023			
Extension option not included in lease term	3,704	1,612	5,316
2022			
Extension option not included in lease term	3,088	–	3,088

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. PROVISION FOR REINSTATEMENT COSTS

The movements in provision for reinstatement costs during the reporting period are as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
At beginning of year	534	534
Additional provision	40	–
Reversal of provision	(50)	–
Exchange realignment	(2)	–
At end of year	522	534
Non-current portion	522	534

Provision for reinstatement costs consists of necessary costs required to reinstate properties leased by the Group at the expiry of the lease terms. The Group has estimated and provided reinstatement for its offices, points of sale and warehouses under operating lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24. DEFERRED TAX

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Deferred tax assets/(liabilities)				
Depreciation allowance in excess of related depreciation	(211)	(243)	(32)	(79)
Right-of-use assets	(2,280)	(2,645)	(365)	(330)
Leases liabilities	2,931	3,269	338	265
Provision	209	229	20	58
Others	(238)	(191)	39	6
Deferred tax assets/(liabilities), net	411	419		
Deferred tax expense			–	(80)
Reflected in the statement of financial position as follows:				
Deferred tax assets	436	444		
Deferred tax liabilities	(25)	(25)		
Deferred tax assets/(liabilities), net	411	419		

As at 31 December 2023, the Group has tax losses of approximately S\$984,000 (2022: S\$950,000) that are available for offset against future taxable profit of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

25. SHARE CAPITAL

Company

	2023 HK\$'000	2022 HK\$'000
Authorised:		
10,000,000,000 (31 December 2022: 10,000,000,000) ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
2,000,000,000 (31 December 2022: 2,000,000,000) ordinary shares of HK\$0.01 each	3,453	3,453

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. SHARE CAPITAL (Continued)

A summary of movements in the Company's issued capital and share premium account from 1 January 2022 to 31 December 2023 is as follows:

	Number of shares in issue	Issued capital S\$'000	Share premium account S\$'000	Total S\$'000
As at 1 January 2022	2,000,000,000	3,453	14,816	18,269
Final dividend*	–	–	(3,533)	(3,533)
As at 31 December 2022 and 1 January 2023	2,000,000,000	3,453	11,283	14,736
Final dividend**	–	–	(1,306)	(1,306)
As at 31 December 2023	2,000,000,000	3,453	9,977	13,430

* 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 of the Company and in accordance with the Companies Act of the Cayman Islands.

** On 28 March 2023, the Board recommended the payment of a final dividend of HK0.38 cents per Share (the "2022 Final Dividend") for the year ended 31 December 2022. Shareholders approval for the 2022 Final Dividend was obtained on 21 June 2023. The 2022 Final Dividend was paid entirely out of the Share Premium Account pursuant to the Articles of Association of the Company and in accordance with the Companies Act of the Cayman Islands.

26. RESERVES

- (i) The amount of the Group's reserves and the movements therein for the year are presented in the consolidated statements of changes in equity.
- (ii) Capital Reserve

The capital reserve arose from gains on bargain purchase on acquisition of non-controlling interests of a subsidiary and redeemable convertible preference shares of a subsidiary of the Company with a total principal amount of S\$2,499,795 in 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of Buylateral Singapore and its subsidiaries (the “**Buylateral Group**”), which are subsidiaries with material non-controlling interests, are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests	4.57%	4.57%

	2023 S\$'000	2022 S\$'000
Profit for the year allocated to non-controlling interests	13	74
Other comprehensive loss for the year allocated to non-controlling interests	(26)	(4)
Accumulated balances of non-controlling interests at the end of the reporting period	1,217	1,230

The following tables illustrate the summarised financial information of the Buylateral Group:

	2023 S\$'000	2022 S\$'000
Revenue	56,401	63,802
Total expenses	(56,112)	(62,202)
Profit for the year	289	1,600
Other comprehensive loss for the year	(563)	(85)
Total comprehensive income for the year	(274)	1,515

	2023 S\$'000	2022 S\$'000
Current assets	32,445	46,027
Non-current assets	9,762	10,944
Current liabilities	(6,257)	(19,482)
Non-current liabilities	(9,313)	(10,577)

	2023 S\$'000	2022 S\$'000
Net cash flows generated from/(used in) operating activities	1,266	(5,235)
Net cash flows (used in)/generated from investing activities	(173)	5,395
Net cash flows used in financing activities	(1,622)	(2,328)
Net decrease in cash and cash equivalents	(529)	(2,168)

* The amounts disclosed above are before any inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Group	
	2023	2022
	S\$'000	S\$'000
Additions of items of property, plant and equipment (Note 14)	1,363	228
Less: Borrowings for acquisition of motor vehicles and equipment	(100)	(20)
Less: Provision for reinstatement costs (Note 23)	(40)	–
Cash invested in property, plant and equipment	1,223	208

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

Year ended 31 December 2023

	As at 1 January 2023 S\$'000	Changes from financing cash flows S\$'000	New leases and loans S\$'000	Other S\$'000	As at 31 December 2023 S\$'000
Borrowings	55	(27)	100	–	128
Lease liabilities	15,851	(3,187)	1,588	(255)	13,997

The 'Other' column relates to the effect of foreign exchange differences on lease liabilities and disposal of leases.

Year ended 31 December 2022

	As at 1 January 2022 S\$'000	Changes from financing cash flows S\$'000	New leases and loans S\$'000	Other S\$'000	As at 31 December 2022 S\$'000
Borrowings	55	(21)	21	–	55
Lease liabilities	15,911	(2,975)	2,985	(70)	15,851

The 'Other' column relates to the effect of foreign exchange differences on lease liabilities.

- (c) Save as disclosed in Note (a) above regarding financing arrangements of property, plant and equipment and in Note 22 regarding additions to right-of-use assets and to lease liabilities, the Group did not have other material non-cash transactions of investing and financing activities during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

29. RELATED PARTY DISCLOSURES

- (a) The Group had the following material transactions with related parties during the reporting period:

	Group	
	2023	2022
	S\$'000	S\$'000
Joint ventures of Nobel Design Holdings Pte Ltd		
Sales of goods (Note (i))	47	–
Goon Eu Jin Terence		
Sales of goods (Note (i))	5	2
Ong Ciu Hwa		
Sales of goods (Note (i))	–	8
Kho Chuan Thye Patrick		
Sales of goods (Note (i))	25	–

Note:

- (i) The sales were conducted at prices mutually agreed by the relevant parties.
- (b) Other than the balances with related parties as disclosed in the financial statements, the Group had no outstanding balances with related parties as at the end of the reporting period.
- (c) The compensation of the key management personnel of the Group is summarised as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Short term employee benefits	1,816	2,205
Defined contribution scheme contributions	88	97
Total compensation paid and payable to key management personnel	1,904	2,302

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

30. FINANCIAL INSTRUMENTS BY CATEGORIES

All the Group's financial assets of S\$37,737,000 (2022: S\$31,892,000) and financial liabilities of S\$22,928,000 (2022: S\$27,897,000) as at the end of each of the reporting period were debt instruments at amortised cost and financial liabilities stated at amortised cost, respectively.

31. FINANCIAL RISK MANAGEMENT

The Group's financial instruments include trade receivables, deposits and other receivables, cash and bank balances, trade payables, other payables and bank borrowings.

The Group's activities expose it to credit risk, foreign currency risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and bank balances with creditworthy institutions.

The Group applies the simplified approach to provide for expected credit losses prescribed by *IFRS 9 Financial Instruments*, which permits the use of lifetime expected loss provisions for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The expected credit losses also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. The Group recognises lifetime expected credit losses for trade receivables based on individual significant customer or the ageing of customers collectively that are not individually significant.

The Group measures the expected credit losses of trade receivables based on shared credit risk characteristics and the days past due. The details of provision for expected credit losses of trade receivables as at 31 December 2023 is set out in Note 16(d) to the financial statements.

The trade receivables of the Group as at 31 December 2023 comprise 4 (2022: 4) major debtors that individually represented 10%–26% (2022: 11%–22%) trade receivables as at these dates, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit Risk *(Continued)*

The credit risk for trade receivables by geographical area is as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Singapore	2,093	2,500
U.S.	6,096	7,678
Malaysia	–	1
	8,189	10,179

(b) Foreign Currency Risk

The Group has currency exposures arising from purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily Euro, United States Dollar ("US\$") and Hong Kong Dollar ("HK\$").

The following demonstrates the sensitivity to reasonably possible changes in Euro, US\$ and HK\$ with all other variables held constant, of the Group's profit before tax:

	(Decrease)/increase in profit before tax	
	2023	2022
	S\$'000	S\$'000
Euro against S\$		
— Strengthened 5%	(22)	(44)
— Weakened 5%	22	44
US\$ against S\$		
— Strengthened 5%	707	518
— Weakened 5%	(707)	(518)
HK\$ against S\$		
— Strengthened 5%	(5)	42
— Weakened 5%	5	(42)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities. At the end of each of the reporting period, assets held by the Group for managing liquidity risk include cash and bank balances as disclosed in Note 18 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve and cash and bank balances of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, monitoring liquidity ratios and maintaining debt financing plans.

The table below summarises the maturity profile of the financial liabilities of the Group as at the end of the reporting period based on contractual undiscounted repayment cash flows:

	Weighted average effective interest rate %	Carrying amount S\$'000	Contractual cash flows				Total S\$'000
			Within one year S\$'000	One to two years S\$'000	Two to five years S\$'000	More than five years S\$'000	
			Group				
As at 31 December 2023							
Trade payables (excluding sales tax)		2,618	2,618	-	-	-	2,618
Other payables and accruals		6,185	6,185	-	-	-	6,185
Borrowings	5.21-6.77	128	56	53	33	-	142
Leases liabilities	5.25-7.00	13,997	3,745	2,824	4,938	5,057	16,564
		22,928	12,604	2,877	4,971	5,057	25,509

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

	Weighted average effective interest rate %	Contractual cash flows					Total S\$'000
		Carrying amount S\$'000	Within one year S\$'000	One to two years S\$'000	Two to five years S\$'000	More than five years S\$'000	
Group							
As at 31 December 2022							
Trade payables (excluding sales tax)		3,155	3,155	–	–	–	3,155
Other payables and accruals		8,836	8,836	–	–	–	8,836
Borrowings	5.26-6.77	55	20	20	27	–	67
Leases liabilities	5.25-7.00	15,851	3,870	3,292	4,671	5,834	17,667
		27,897	15,881	3,312	4,698	5,834	29,725

(d) Capital Management

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (ii) to provide an adequate return to shareholders by pricing products and services which commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors capital based on gearing ratio.

Gearing ratio, as defined by the management, is calculated as total debt divided by total equity. Total debt only includes bank borrowings.

	2023 S\$'000	2022 S\$'000
Borrowings	128	55
Total debt	128	55
Total equity	56,550	55,136
Gearing ratio	0.2%	0.1%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	As at 31 December 2023 S\$'000	As at 31 December 2022 S\$'000
NON-CURRENT ASSET		
Investment in a subsidiary	—#	—#
CURRENT ASSETS		
Prepayments and other receivable	1,743	12,553
Cash and cash equivalents	14,219	5,202
Total current assets	15,962	17,755
CURRENT LIABILITIES		
Other payables and accruals	429	418
NET CURRENT ASSETS	15,533	17,337
NET ASSETS	15,533	17,337
SURPLUS IN ASSETS		
Issued capital	3,453	3,453
Reserves (<i>note</i>)	12,080	13,884
TOTAL SURPLUS IN ASSETS	15,533	17,337

Less than S\$500.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: A summary of the Company's reserves is as follows:

Company	Share premium account	Retained profits	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
At 1 January 2022	14,816	3,116	17,932
Loss for the period and total comprehensive income for the period	–	(515)	(515)
Dividends	(3,533)	–	(3,533)
<hr/>			
At 31 December 2022 and 1 January 2023	11,283	2,601	13,884
Loss for the period and total comprehensive income for the period	–	(498)	(498)
Dividends	(1,306)	–	(1,306)
<hr/>			
At 31 December 2023	9,977	2,103	12,080

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	2019 S\$'000	2020 S\$'000	2021 S\$'000	2022 S\$'000	2023 S\$'000
REVENUE	115,305	114,284	89,180	96,525	89,506
PROFIT BEFORE TAX	9,294	10,668	7,337	6,525	4,696
Income tax	(1,250)	(1,863)	(1,417)	(1,364)	(814)
PROFIT FOR THE YEAR	8,044	8,805	5,920	5,161	3,882
Attributable to:					
Equity holders of the Company	6,077	7,414	4,804	4,543	2,892
Non-controlling interests	1,967	1,391	1,116	618	990
	8,044	8,805	5,920	5,161	3,882
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	84,552	100,472	100,210	93,653	86,917
TOTAL LIABILITIES	(29,758)	(41,932)	(45,280)	(38,517)	(30,367)
NON-CONTROLLING INTERESTS	(1,850)	(1,807)	(2,855)	(2,154)	(2,538)
	52,944	56,733	52,075	52,982	54,012