

DESIGN CAPITAL LIMITED

設計都會有限公司



INTERIM REPORT 2023

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545



DESIGN CAPITAL LIMITED / INTERIM 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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Chung Hei Man Michelle (鍾希汶女士)

AUTHORISED REPRESENTATIVES

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

AUDITOR

Ernst & Young LLP, Singapore
Recognised Public Interest Entity Auditor

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

130 Joo Seng Road #07-05
Singapore 368357

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, United Centre
95 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG LEGAL ADVISERS

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

PRINCIPAL BANKERS

Malayan Banking Bhd
United Overseas Bank Ltd

STOCK CODE

1545

COMPANY'S WEBSITE

www.designcapital.sg

BUSINESS REVIEW

Headquartered in Singapore, Design Capital Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is a longstanding furniture seller on third party e-commerce platforms in the United States (the “**U.S.**”), a mid to high-end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. For the six months ended 30 June 2023, our revenue amounted to approximately S\$46.3 million, representing an increase of approximately S\$1.6 million or 3.7% from approximately S\$44.7 million for the six months ended 30 June 2022. This increase was mainly attributable to the increase in revenue from furniture sales segment and U.S. furniture sales segment, which was partially offset by the decrease in revenue from the Group’s interior design segment.

The Chairman’s statement contained in the FY2022 annual report of the Company (the “**Annual Report**”) highlighted the following challenges faced by our U.S. division: ultra high interest rates affecting disposable income and consumer spending on furniture; unusually high post-Covid build-up in our inventory position which would require the Group to reduce its inventory position this year through discounts and promotions, resulting in compressed margins and decreased profitability for the first half of FY2023. Profit before tax dropped from approximately S\$2.5 million for the six months ended 30 June 2022 to approximately S\$1.1 million for the six months ended 30 June 2023 as a result of the decrease in margin from the Group’s U.S. furniture sales segment and an increase in selling and distribution expenses.

U.S. Furniture Sales

We have been sourcing quality furniture pieces which are trendy and easy-to-assemble for marketing and selling under our brands “Target Marketing Systems”, “TMS”, “Simple Living” and “Lifestorey” in the U.S. since 2005. These products are sold at affordable prices in the U.S.. Our customers include major e-commerce sales platforms in the U.S. who in turn sell products to end consumers. During the six months ended 30 June 2023, revenue for this segment increased from approximately S\$30.6 million for the six months ended 30 June 2022 to approximately S\$31.0 million.

Furniture Sales

As at the date of this report, we operate six points of sale in Singapore, of which two are under the brand “Marquis”, two are under the brand “OM” and two are under the brand “Lifestorey”, offering furniture pieces with different styles to cater for the preferences of different customers in the market. With our ability to provide our customers with unique designs and solutions that set us apart from the other competitors, the revenue from this segment increased by 19.9% from approximately S\$10.7 million for the six months ended 30 June 2022 to approximately S\$12.9 million for the six months ended 30 June 2023, hence contributing positively to the Group’s profitability. The mass market segment under the brand “OM” continues to be negatively affected by slow consumer demand and intense competition from e-commerce retailers. However, the brands “Lifestorey” and “Marquis” have continued to perform well as a result of our successful curation of imported European furniture brands.

Interior Design

We started in 1981 as an interior design solutions provider which is currently marketed under the brand “SuMisura”. We have developed strong interior design and furniture sourcing capabilities. By focusing on design solutions and home furnishing ideas, and leveraging on our designer team’s acute sense of aesthetics, our work has been well received by property developers and homeowners. Revenue recognition in this segment decreased by 25.2% from approximately S\$3.3 million for the six months ended 30 June 2022 to approximately S\$2.5 million for the six months ended 30 June 2023 as a result of a decrease in Singapore and Malaysia projects and disposal of a subsidiary, Nobel Design Sdn Bhd.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

U.S. Furniture Sales

We anticipate a challenging second half of FY2023 for the U.S. market as rising inflation, higher interest rates, higher recessionary risk, coupled with geopolitical tensions between China and USA will impact consumer sentiment and demand. In addition, we will also continue to focus on reducing our inventory position for this segment in the second half of FY2023 and this may negatively impact the Group's gross margins and financial performance in the second half of FY2023. We will continue to manage the business prudently and cautiously in FY2023 to deal with global uncertainties and crises.

Furniture Sales

While we are mindful of the global economic 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 competitors. We will assess the performance of our mass market segment and take action to consolidate our presence in this market where necessary. We will continue to focus on the luxury market and expand our range selection in the second half of FY2023. We are currently in talks with a prominent fashion furniture brand and if negotiations are successful, we will expand our showroom footprint in FY2024 in order to achieve greater market share in the luxury market.

Interior Design

Our interior design segment continues to be profitable in the first half of 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 the second half of FY2023. In addition, our interior design team will focus not only on designs for new showflats for developers but also on residential projects for high net worth individuals.

FINANCIAL REVIEW

Overall financial review

The Group's revenue increased by approximately S\$1.6 million or 3.7% from approximately S\$44.7 million for the six months ended 30 June 2022 to approximately S\$46.3 million for the six months ended 30 June 2023. This increase was mainly attributable to the increase in revenue from furniture sales segment and U.S. furniture sales segment, which was partially offset by the decrease in revenue from the Group's interior design segment.

The Group's gross profit margin decreased from approximately 29.5% for the six months ended 30 June 2022 to approximately 27.6% for the six months ended 30 June 2023 mainly due to the decrease in margin from the Group's U.S. furniture sales segment.

The Group's profit decreased by approximately 60.9% from approximately S\$1.9 million for the six months ended 30 June 2022 to approximately S\$0.7 million for the six months ended 30 June 2023, mainly due to the decrease in margin from the Group's U.S. furniture sales segment and an increase in selling and distribution expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overall financial position

As at 30 June 2023, total borrowings of the Group amounted to approximately S\$47,000 which were obligations under finance leases (31 December 2022: approximately S\$55,000).

The Group had total cash and cash equivalents of approximately S\$24.3 million as at 30 June 2023 (31 December 2022: approximately S\$20.9 million), most of which were denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 30 June 2023, the cash and bank balances other than time deposits of the Group amounted to approximately S\$14.7 million (31 December 2022: approximately S\$13.0 million).

The Group recorded total current assets of approximately S\$75.6 million as at 30 June 2023 (31 December 2022: approximately S\$77.3 million) and total current liabilities of approximately S\$23.8 million as at 30 June 2023 (31 December 2022: approximately S\$25.2 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 3.2 as at 30 June 2023 (31 December 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 30 June 2023, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio which was calculated by dividing the total borrowings by total equity and multiplied by 100% was approximately 0.1% (31 December 2022: 0.1%).

Contingent liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities or guarantees (31 December 2022: Nil).

Capital commitment

As at 30 June 2023, the Group did not have any material capital commitment (31 December 2022: Nil).

Capital structure

As at 30 June 2023 and 31 December 2022, the capital structure of the Company comprised mainly issued share capital and reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign currency risk

The Group's reporting currency is Singapore dollars. As at 30 June 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 30 June 2023, the Group had 130 (30 June 2022: 122) full-time employees, of whom 96 are based in Singapore, 14 are based in the U.S., 20 are based in Malaysia and nil in Brunei as Nobel Design Sdn Bhd was disposed of in September 2022. For the period ended 30 June 2023, staff costs (excluding directors' fees) amounted to approximately S\$4.4 million (30 June 2022: approximately S\$4.8 million).

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

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

CHARGES ON GROUP'S ASSETS

As at 30 June 2023, the Group had aggregate unutilised banking facilities of approximately S\$4.8 million (31 December 2022: S\$5.4 million), of which approximately S\$2.5 million was secured by a debenture, creating a fixed and floating charge over all present and future property and assets of a subsidiary, Buylateral Group Pte. Ltd..

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group did not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS

Save as otherwise provided in this report, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during the period ended 30 June 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2023 (30 June 2022: Nil).

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 April 2019 (the “**Listing**”). The Company had allotted and issued 500,000,000 ordinary shares with aggregate nominal value of HK\$5.0 million at a price of HK\$0.30 per share and raised HK\$150.0 million (equivalent to approximately S\$25.9 million) in total gross proceeds. The net proceeds from the Listing amounted to HK\$105.2 million (equivalent to approximately S\$18.2 million) after deduction of related Listing expenses (the “**Net Proceeds**”) and all the Net Proceeds have been fully utilised by the Group as at 31 December 2022. For details, please refer to the Annual Report.

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

During the period ended 30 June 2023, there were no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
REVENUE	6	46,345	44,698
Cost of sales		(33,536)	(31,498)
Gross profit		12,809	13,200
Other income and gain, net		407	284
Selling and distribution expenses		(7,232)	(5,805)
Administrative expenses		(4,528)	(4,706)
Finance costs		(395)	(428)
PROFIT BEFORE TAX	7	1,061	2,545
Income tax	8	(328)	(672)
PROFIT FOR THE PERIOD		733	1,873

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		282	877
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		282	877
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,015	2,750
Profit for the period attributable to:			
Shareholders of the Company		656	1,625
Non-controlling interests		77	248
		733	1,873
Total comprehensive income for the period attributable to:			
Shareholders of the Company		924	2,461
Non-controlling interests		91	289
		1,015	2,750
Earnings per share attributable to Shareholders of the Company			
Basic and diluted (<i>cents</i>)	10	0.03	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,450	2,204
Right-of-use assets	12	11,925	13,378
Deposits		350	363
Deferred tax assets		449	444
Total non-current assets		15,174	16,389
CURRENT ASSETS			
Inventories	13	37,824	43,471
Contract assets		791	113
Trade receivables	14	10,256	10,179
Prepayments, deposits and other receivables		2,447	2,627
Cash and cash equivalents	15	24,292	20,874
Total current assets		75,610	77,264
CURRENT LIABILITIES			
Contract liabilities		8,754	8,385
Trade payables	16	3,231	3,516
Other payables and accruals	17	8,100	8,836
Borrowings		16	16
Lease liabilities		2,974	3,127
Income tax payables		769	1,315
Total current liabilities		23,844	25,195
NET CURRENT ASSETS		51,766	52,069
TOTAL ASSETS LESS CURRENT LIABILITIES		66,940	68,458
NON-CURRENT LIABILITIES			
Borrowings		31	39
Provision for reinstatement costs		544	534
Lease liabilities		11,495	12,724
Deferred tax liabilities		25	25
Total non-current liabilities		12,095	13,322
NET ASSETS		54,845	55,136

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	18	3,453	3,453
Share premium		9,977	11,283
Reserves		39,170	38,246
		52,600	52,982
Non-controlling interests		2,245	2,154
TOTAL EQUITY		54,845	55,136

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Six months ended 30 June 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 period	-	-	-	-	656	656	77	733
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	268	-	268	14	282
Total comprehensive income for the period	-	-	-	268	656	924	91	1,015
Dividends	-	(1,306)	-	-	-	(1,306)	-	(1,306)
At 30 June 2023 (unaudited)	3,453	9,977	2,264*	559*	36,347*	52,600	2,245	54,845

* The reserves accounts comprise the consolidated reserves of S\$39,170,000 in the interim condensed consolidated statement of financial position as at 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Six months ended 30 June 2022

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,061	2,545
Adjustments for:			
Interest income		(288)	(56)
Finance costs		395	428
Depreciation	7	452	394
Amortisation of right-of-use assets	7	1,625	1,628
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	7	65	(22)
Provision for expected credit losses of trade receivables, net	7	180	106
Write-off of property, plant and equipment	7	2	–
		3,492	5,023
Decrease/(increase) in inventories		5,902	(12,341)
(Increase)/decrease in contract assets		(678)	5
Increase in trade receivables		(189)	(439)
Decrease/(increase) in prepayments, deposits and other receivables		263	(339)
Increase in contract liabilities		369	292
Decrease in trade payables		(301)	(1,009)
Decrease in other payables and accruals		(2,181)	(435)
		6,677	(9,243)
Cash generated from/(used in) operations		(872)	(843)
Income taxes paid			
		5,805	(10,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		218	41
Purchase of property, plant and equipment	19(a)	(667)	(73)
Decrease in time deposits with maturity of more than three months when acquired		6,876	10,792
Increase in time deposits with maturity of more than three months when acquired		(8,597)	(4,133)
		(2,170)	6,627
Net cash flows (used in)/generated from investing activities			

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(10)	(14)
Payment of principal portion of lease liabilities	19(b)	(1,577)	(1,462)
Payment for interest element of lease liabilities		(393)	(426)
Dividends paid		–	(257)
Net cash flows used in financing activities		(1,980)	(2,159)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		12,971	19,828
Effect of foreign exchange rate changes, net		42	94
CASH AND CASH EQUIVALENTS AT END OF PERIOD		14,668	14,304
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits		14,668	14,304
Time deposits		9,624	14,175
Cash and cash equivalents as stated in the consolidated statements of financial position		24,292	28,479
Less: Time deposits with maturity of more than three months when acquired		(9,624)	(14,175)
Cash and cash equivalents as stated in the consolidated statements of cash flows		14,668	14,304

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 an investment holding company. The Group is principally engaged in (i) interior design, (ii) furniture sales which include both furniture sales and project sales, and (iii) U.S. furniture sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. FINANCIAL RISK MANAGEMENT

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

The unaudited interim condensed consolidated financial statements do not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

There have been no changes in the financial risk management policies of the Group since the financial year ended 31 December 2022.

5. SEGMENT INFORMATION

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 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	2,510	12,994	30,999	45	46,548
Less: Inter-segment sales	(20)	(138)	–	(45)	(203)
Sales to external customers	2,490	12,856	30,999	–	46,345
Segment results	315	1,613	41	(908)	1,061
Segment assets	5,517	22,599	53,719	8,949	90,784
Segment liabilities	3,693	12,256	17,253	2,737	35,939
Other segment information:					
Interest income	(31)	(108)	(39)	(110)	(288)
Finance costs**	1	101	292	1	395
Depreciation	22	257	138	35	452
Provision for write-down of inventories to net realisable value, net	–	65	–	–	65
Provision/(reversal of provision) for expected credit losses of trade receivables, net	96	88	(4)	–	180
Write-off of property, plant and equipment	–	2	–	–	2
Capital expenditure*	19	179	484	5	687
Six months ended 30 June 2022	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	3,330	10,775	30,647	–	44,752
Less: Inter-segment sales	(2)	(52)	–	–	(54)
Sales to external customers	3,328	10,723	30,647	–	44,698
Segment results	765	1,213	1,507	(940)	2,545
Other segment information:					
Interest income	(7)	(10)	(5)	(34)	(56)
Finance costs**	–	105	323	–	428
Depreciation	19	226	128	21	394
Reversal of provision for write-down of inventories to net realisable value, net	–	(22)	–	–	(22)
(Reversal of provision)/provision for expected credit losses of trade receivables, net	(2)	108	–	–	106
Capital expenditure*	1	55	5	12	73

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

** Finance costs include the interest on lease liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. SEGMENT INFORMATION *(Continued)*

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2022:

	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment assets	3,689	24,677	56,971	8,316	93,653
Segment liabilities	1,975	15,585	19,387	1,570	38,517

Geographical information

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

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

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

Non-current assets

	30 June 2023 S\$'000	31 December 2022 S\$'000
Singapore	4,159	5,253
U.S.	10,216	10,329
	14,375	15,582

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. REVENUE

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

Disaggregated revenue information

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

Segments	Six months ended 30 June 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	–	12,856	30,999	43,855
Service income — interior design	2,490	–	–	2,490
Total revenue from contracts with customers	2,490	12,856	30,999	46,345
Geographical markets				
Singapore	2,490	12,856	–	15,346
U.S.	–	–	30,999	30,999
Total revenue from contracts with customers	2,490	12,856	30,999	46,345
Timing of revenue recognition				
Goods transferred at a point in time	–	7,083	30,999	38,082
Goods and services transferred over time	2,490	5,773	–	8,263
Total revenue from contracts with customers	2,490	12,856	30,999	46,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. REVENUE *(Continued)*

Disaggregated revenue information *(Continued)*

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023 S\$'000	2022 S\$'000
Cost of goods sold	32,302	29,884
Cost of services provided	1,234	1,614
Depreciation	452	394
Amortisation of right-of-use assets	1,625	1,628
Expense relating to short-term leases	5	44
Variable lease payments	2,065	1,157
Employee benefit expense (excluding directors' fees):		
Salaries, allowances, benefits in kind and other costs	4,008	4,359
Pension scheme contributions	426	393
	4,434	4,752
Write-off of property, plant and equipment	2	–
Provision/(reversal of provision) for write-down of inventories to net realisable value, net	65	(22)
Provision for expected credit losses of trade receivables, net	180	106
Foreign exchange differences, net	(24)	(279)

8. INCOME TAX

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

	Six months ended 30 June	
	2023 S\$'000	2022 S\$'000
Current — Singapore:		
Charge for the period	338	672
Over-provision in respect of prior years	(10)	–
Current — U.S.:		
Charge for the period	–	142
Over-provision in respect of prior years	–	(142)
	328	672

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

9. DIVIDEND

The board of directors of the Company resolved not to declare any interim dividend for the period ended 30 June 2023 (30 June 2022: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to Shareholders of the Company of S\$656,000 (30 June 2022: S\$1,625,000), and the weighted average number of ordinary shares in issue of 2,000,000,000 (30 June 2022: 2,000,000,000) during the period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2023 and 2022 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these period.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the six months ended 30 June 2023, the Group acquired assets with a cost of approximately S\$687,000 (30 June 2022: approximately S\$73,000).

There were no assets disposed by the Group during the six months ended 30 June 2023 (30 June 2022: Nil).

12. RIGHT-OF-USE ASSETS

Additions

During the six months ended 30 June 2023, the Group entered into new leases and recognised right-of-use assets and lease liabilities of approximately S\$87,000 and approximately S\$87,000 respectively (30 June 2022: approximately S\$1.6 million and approximately S\$1.6 million respectively). The weighted average incremental borrowing rates used range from 5.25% to 7.00% (30 June 2022: 5.25%).

13. INVENTORIES

	30 June 2023	31 December 2022
	S\$'000	S\$'000
Group		
Merchandised goods	33,647	38,210
Goods in transit	4,177	5,261
	37,824	43,471

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. TRADE RECEIVABLES

Group	30 June 2023 S\$'000	31 December 2022 S\$'000
Trade receivables	10,870	10,642
Provision for expected credit losses (Note (c))	(614)	(463)
	10,256	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/year, based on the invoice date and net of provision for expected credit losses, is as follows:

Group	30 June 2023 S\$'000	31 December 2022 S\$'000
Within 1 month	7,559	6,054
1 to 2 months	2,419	3,423
2 to 3 months	43	701
Over 3 months	235	1
	10,256	10,179

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. TRADE RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

Group	30 June 2023 S\$'000	31 December 2022 S\$'000
At beginning of year	463	1,067
Provision for expected credit losses	180	134
Amount written off as uncollectible	(29)	(719)
Amount written off due to disposal of a subsidiary	–	(30)
Exchange realignment	–	11
At end of period/year	614	463

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2022 and 30 June 2023 are 99.52% and 71.91% respectively for those balances that have been past due for more than 3 months.

15. CASH AND CASH EQUIVALENTS

Group	30 June 2023 S\$'000	31 December 2022 S\$'000
Cash and bank balances other than time deposits	14,668	12,971
Time deposits	9,624	7,903
Cash and cash equivalents	24,292	20,874

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. TRADE PAYABLES

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

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

	30 June 2023 S\$'000	31 December 2022 S\$'000
Group		
Within 1 month	2,720	2,861
1 to 2 months	279	350
2 to 3 months	39	144
Over 3 months	193	161
	3,231	3,516

17. OTHER PAYABLES AND ACCRUALS

	30 June 2023 S\$'000	31 December 2022 S\$'000
Group		
Accruals	4,870	6,175
Estimate of sales returns from customers	1,278	2,231
Other payables	646	430
Dividends payable	1,306	–
	8,100	8,836

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. SHARE CAPITAL

	30 June 2023 HK\$'000	31 December 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

	30 June 2023 S\$'000	31 December 2022 S\$'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

A summary of movements in the Company's issued capital and share premium account from 1 January 2022 to 30 June 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 30 June 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 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 and in accordance with the Companies Act of the Cayman Islands.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Six months ended 30 June	
	2023 S\$'000	2022 S\$'000
Additions of property, plant and equipment	687	73
Less: Provision for reinstatement costs	(20)	–
Cash invested in property, plant and equipment	667	73

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

	As at	Changes		As at	
	1 January 2023 S\$'000	from financing cash flows S\$'000	Additions S\$'000	Others S\$'000	30 June 2023 S\$'000
Borrowings	55	(8)	–	–	47
Lease liabilities	15,851	(1,577)	87	108	14,469

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

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

As at 30 June 2023, the interests and short positions of the directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

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

Notes:

1. Nobel Design International Limited beneficially owned 900,000,000 Shares. It is an investment holding company incorporated in the British Virgin Islands and is held as to 67% by Mr. Goon Eu Jin Terence and 33% by Ms. Wee Ai Quey. By virtue of the SFO, both Mr. Goon Eu Jin Terence and Ms. Wee Ai Quey are deemed to be interested in the shares held by Nobel Design International Limited.
2. Mr. Kho Chuan Thye Patrick, a non-executive Director, directly holds 300,000,000 Shares, representing 15% of the total issued Shares.
3. Southern Cross Holdings Pte Ltd beneficially owned 300,000,000 Shares. It is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49.2% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick is deemed to be interested in the Shares held by Southern Cross Holdings Pte Ltd.
4. As at 30 June 2023, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had or were deemed to have any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO.

OTHER INFORMATION

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

As at 30 June 2023, other than interests of the Directors or chief executive of the Company as disclosed under the heading "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, the following persons (not being a Director or the chief executive officer of the Company) had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register to be kept by the Company under Section 336 of the SFO:

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

Notes:

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

4. Southern Cross Holdings Pte Ltd is an investment holding company incorporated in Singapore and is held as to 100% by Lian Huat Group Pte. Ltd., a wholly-owned subsidiary of Lian Keng Enterprises Pte. Ltd., which is held as to 49.2% by Mr. Kho Chuan Thye Patrick and 49% by Mr. Kho Choon Keng. By virtue of the SFO, Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in the shares held by Southern Cross Holdings Pte Ltd.
5. Ms. Yuen Woon Siew Marilyn is the spouse of Mr. Kho Choon Keng and is therefore deemed to be interested in the Shares in which Mr. Kho Choon Keng is deemed to have interest under the SFO.
6. Ms. Sng Su Ying Marian is the spouse of Mr. Kho Chuan Thye Patrick and is therefore deemed to be interested in the Shares in which Mr. Kho Chuan Thye Patrick is deemed to have interest under the SFO.
7. As at 30 June 2023, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SECURITIES

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

SHARE OPTION SCHEME

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

No options have been granted under the Share Option Scheme since its adoption and up to the date of this report, and the outstanding options at the beginning and at the end of the six months ended 30 June 2023 remained at 200,000,000 Shares, equivalent to 10% of the issued Shares of the Company.

COMPETING INTERESTS

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

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code as amended (the "**CG Code**") contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. Amendments to the CG Code apply to corporate governance reports for financial year commencing on or after 1 January 2022.

OTHER INFORMATION

The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code during the six months ended 30 June 2023, save for code provision C.2.1 of the CG Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

As at 30 June 2023, the Company, having made specific enquiry of all the Directors, is not aware of any incident of non-compliance of the Model Code by the Directors.

REVIEW OF INTERIM RESULTS

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

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

BY ORDER OF THE BOARD

Goon Eu Jin Terence

Chairman and Chief Executive Officer

23 August 2023