



DESIGN CAPITAL LIMITED 設計都會有限公司

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE 1545

INTERIM REPORT 2019

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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. Cheung Chit San (張媿珊女士), ACS, ACIS

AUTHORISED REPRESENTATIVES

Mr. Goon Eu Jin Terence (阮友仁先生)
Ms. Cheung Chit San (張媿珊女士)

AUDITOR

Ernst & Young LLP, Singapore

COMPLIANCE ADVISOR

Southwest Securities (HK) Capital Limited

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

16 Tai Seng Street
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Singapore 534138

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hopewell Centre
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

HONG KONG LEGAL ADVISERS

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

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd
Malayan Banking Bhd

STOCK CODE

1545

COMPANY'S WEBSITE

www.designcapital.sg

MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended 30 June 2019, our revenue amounted to approximately S\$55.2 million, representing an increase of approximately S\$3.8 million or 7.3% from approximately S\$51.5 million for the six months ended 30 June 2018. This increase was mainly attributable to the increase in revenue from our U.S. furniture sales and interior design segments.

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.

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.

Furniture Sales

As at the date of this report, we operate seven points of sale in Singapore, of which three 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. Our point of sale at Raffles Hotel Arcade was opened in January 2019 under the brand name “Marquis”. We also sell furniture to corporate customers that include property developers, shopping malls, hotel owners and companies.

PROSPECTS

U.S. Furniture Sales

The ongoing trade tensions and the slowing U.S. economy leads us to be cautious about the growth prospects of our U.S. furniture sales segment in the second half of financial year 2019 (“**FY2019**”).

The U.S. increased the tariffs for furniture imports from China on 10 May 2019, approximately 2 weeks after the shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 April 2019 (the “**Listing Date**”). As such, we are actively reviewing our growth and sourcing strategies, while concurrently resolving operational issues relating to disruption to supply chain, product cost increases and margin management.

While we maintain an asset light strategy and do not own any manufacturing facility in China or elsewhere, it will take time for us to review and implement any new procurement strategy of sourcing from non-tariff countries to maintain our competitiveness in the U.S..

The U.S. economy grew at a significantly slower pace in the second quarter of 2019 in comparison to the first quarter of 2019. While this lower growth trend is expected to continue in the second half of FY2019, the Group will continue to focus on sharpening its marketing and promotion strategies to ride on the seasonal demand in the last quarter.

Furniture Sales

We anticipate a challenging operating environment for our furniture sales segment in the second half of FY2019, the Sino-U.S. trade war continues to weigh on the Singapore economy as the Singapore economy is dependent on global trade. While the sales of consumer durables tend to be affected in periods of economic uncertainty as consumers are able to put off their purchases, the Group will continue to reach out to its customers through active digital marketing campaigns and sharpen its price points to meet customer needs.

Interior Design

Our interior design segment has benefitted from the increase in the number of new property launches in the first half of FY2019, we anticipate that this trend will continue into the second half of FY2019.

In the light of a slowdown and potential recessionary risk in the U.S. and Singapore, we will adopt a cautious and prudent approach in implementing our expansion and growth plans.

FINANCIAL REVIEW

Overall Financial review

The Group's revenue increased by approximately S\$3.8 million or 7.3% from approximately S\$51.5 million for the period ended 30 June 2018 to approximately S\$55.2 million for the period ended 30 June 2019. This increase is mainly attributable to the increase in revenue from U.S. furniture sales and interior design segments. On the other hand, the Group's furniture sales segment recorded lower sales, in line with the slow-down in the Singapore economy and residential property market segment.

The Group's gross profit margin decreased from approximately 31.9% for the period ended 30 June 2018 to approximately 31.3% for the period ended 30 June 2019 mainly due to increase in proportion of the revenue from U.S. furniture sales segment which has a lower gross profit margin as part of our overall revenue.

The Group's profit increased by approximately 51.4% from approximately S\$2.2 million for the period ended 30 June 2018 to approximately S\$3.4 million for the period ended 30 June 2019, mainly attributable to the decrease in the non-recurring Listing expenses and income tax expenses of approximately S\$1.2 million and S\$0.6 million respectively in 2019 and partially off set by the increase in selling and distribution expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overall financial position

As at 30 June 2019, total debt of the Group amounted to approximately S\$157,000 (31 December 2018: approximately S\$186,000) which were obligations under finance leases.

The Group had total cash and cash equivalents of approximately S\$32.7 million as at 30 June 2019 (31 December 2018: approximately S\$15.5 million), most of which were denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 30 June 2019, the cash and bank balances other than time deposits of the Group amounted to approximately S\$29.1 million (31 December 2018: approximately S\$7.8 million).

The Group recorded total current assets of approximately S\$73.2 million as at 30 June 2019 (31 December 2018: approximately S\$63.4 million) and total current liabilities of approximately S\$26.0 million as at 30 June 2019 (31 December 2018: approximately S\$37.6 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.8 as at 30 June 2019 (31 December 2018: approximately 1.7).

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

In view of the Group's financial position as at 30 June 2019, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Gearing ratio

As at 30 June 2019, the Group's gearing ratio which was calculated by dividing the total debt (being sum of bank borrowings and obligations under finance lease) by total equity and multiplied by 100% was approximately 0.3% (31 December 2018: 0.7%). The gearing ratio decreased mainly due to the proceeds from the Listing.

Contingent liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities or guarantees (31 December 2018: Nil).

Capital commitment

As at 30 June 2019, the Group did not have any material capital commitment (31 December 2018: Nil).

Capital Structure

As at 30 June 2019 and 31 December 2018, the capital structure of the Company comprised mainly issued share capital and reserves.

Foreign Currency Risk

The Group's reporting currency is Singapore dollars. The Group's sales are mainly in U.S. dollars and Singapore dollars. However, most of the purchases are settled in U.S. dollars. The Group is therefore susceptible to currency exchange rate fluctuation of U.S. dollars 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 2019, we had 144 (30 June 2018: 138) full-time employees, of whom 108 are based in Singapore, 21 are based in the U.S., 10 are based in Malaysia and 5 are based in Brunei. For the period ended 30 June 2019, staff costs (including directors' emoluments) amounted to approximately S\$4.9 million (30 June 2018: approximately S\$4.4 million).

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

The Group also provides internal training programme to our employees from time to time. The training programme includes industry trend in furnishing and interior design, product knowledge, sale 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 2019, the Group had aggregate unutilised banking facilities of approximately S\$6.5 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. and a floating charge over bank accounts and deposits of Buylateral Group Pte. Ltd. (31 December 2018: S\$6.2 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2019, 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 period ended 30 June 2019.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2019.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Stock Exchange on 25 April 2019. The Company had allotted and issued 500,000,000 ordinary shares 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**”) as at 30 June 2019.

With reference to the prospectus of the Company dated 11 April 2019 (the “**Prospectus**”) and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HK\$0.345 per share, being the mid-point of the then indicative offer price range of HK\$0.30 to HK\$0.39 per share, net of the estimated Listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

The following table sets out the breakdown of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and remaining amount of the Net Proceeds from the Listing as at 30 June 2019:

	Percentage	Original allocation of Net Proceeds as disclosed in the Prospectus <i>Approximate HK\$'000</i>	Revised allocation based on the actual Net Proceeds <i>Approximate HK\$'000</i>	Amount utilised <i>Approximate HK\$'000</i>	Balance <i>Approximate HK\$'000</i>
	%				
U.S. furniture sales segment:					
procurement of inventory	62.10%	79,700	65,351	2,862	62,489
increase our sales and marketing efforts to further enhance brand loyalty, reputation and brand recognition	8.40%	10,800	8,840	416	8,424
storage of new products to be procured	3.50%	4,400	3,683	–	3,683
Furniture sales segment:					
paying the rental expenses, overhead expenses and capital expenditure for opening two new points of sale in Singapore under the brands “OM” and “Lifestorey” to be opened during the years in 2020 and 2021, respectively	10.30%	13,200	10,839	–	10,839

MANAGEMENT DISCUSSION AND ANALYSIS

	Percentage	Original allocation of Net Proceeds as disclosed in the Prospectus	Revised allocation based on the actual Net Proceeds	Amount utilised	Balance
	<i>%</i>	<i>Approximate HK\$'000</i>	<i>Approximate HK\$'000</i>	<i>Approximate HK\$'000</i>	<i>Approximate HK\$'000</i>
procurement of inventory for our new points of sale	2.90%	3,800	3,052	–	3,052
enhancing our brand awareness including brand building campaign	2.50%	3,100	2,631	–	2,631
expansion of our warehouse in Singapore	2.00%	2,600	2,105	–	2,105
General working capital of our Group	8.30%	10,700	8,734	46	8,688
	100.00%	128,300	105,235	3,324	101,911

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

During the period from the Listing Date to 30 June 2019, 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 2019

	Notes	Six months ended 30 June	
		2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
REVENUE	6	55,224	51,459
Cost of sales		(37,950)	(35,043)
Gross profit		17,274	16,416
Other income and gain, net		394	226
Selling and distribution expenses		(6,832)	(6,480)
Administrative expenses		(6,542)	(6,565)
Finance costs		(131)	(2)
PROFIT BEFORE TAX	7	4,163	3,595
Income tax	8	(789)	(1,367)
PROFIT FOR THE PERIOD		3,374	2,228

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
<hr/>			
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(210)	769
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OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF INCOME TAX		(210)	769
<hr/>			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,164	2,997
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Profit for the period attributable to:			
Shareholders of the Company		2,584	1,615
Non-controlling interests		790	613
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		3,374	2,228
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Total comprehensive income for the period attributable to:			
Shareholders of the Company		2,383	2,349
Non-controlling interests		781	648
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		3,164	2,997
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Earnings per share attributable to Shareholders of the Company			
Basic and diluted (cents)	<i>10</i>	0.15	0.11
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	30 June 2019 (unaudited) S\$'000	31 December 2018 (audited) S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,440	1,629
Right-of-use assets		3,498	–
Deposits		686	686
Total non-current assets		5,624	2,315
CURRENT ASSETS			
Inventories	12	29,156	30,891
Contract assets		81	34
Trade receivables	13	10,287	15,143
Prepayments, deposits and other receivables		960	1,899
Cash and cash equivalents	14	32,675	15,469
Total current assets		73,159	63,436
CURRENT LIABILITIES			
Contract liabilities		6,441	6,054
Trade payables	15	6,152	8,305
Other payables and accruals	16	7,735	18,506
Obligations under finance leases		46	54
Lease liabilities		3,026	–
Income tax payables		2,567	4,669
Total current liabilities		25,967	37,588
NET CURRENT ASSETS		47,192	25,848
TOTAL ASSETS LESS CURRENT LIABILITIES		52,816	28,163

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	30 June 2019 (unaudited) S\$'000	31 December 2018 (audited) S\$'000
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NON-CURRENT LIABILITIES			
Obligations under finance leases		111	132
Provision for reinstatement costs		271	222
Lease liabilities		527	–
Deferred tax liabilities		25	25
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Total non-current liabilities		934	379
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NET ASSETS		51,882	27,784
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EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	<i>17</i>	3,453	–
Reserves		46,021	24,965
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		49,474	24,965
Non-controlling interests		2,408	2,819
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TOTAL EQUITY		51,882	27,784
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Six months ended 30 June 2019	Attributable to owners of the Company						Non – controlling		
	Issued capital	Share premium account	Capital reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	-	1,679	2,264	-	570	20,452	24,965	2,819	27,784
Profit for the period	-	-	-	-	-	2,584	2,584	790	3,374
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(201)	-	(201)	(9)	(210)
Total comprehensive income/(loss) for the period	-	-	-	-	(201)	2,584	2,383	781	3,164
New Shares issued pursuant to Listing	3,453	22,445	-	-	-	-	25,898	-	25,898
Share Issued cost	-	(3,772)	-	-	-	-	(3,772)	-	(3,772)
Dividends declared by subsidiaries to their then shareholders	-	-	-	-	-	-	-	(1,192)	(1,192)
At 30 June 2019 (unaudited)	3,453	20,352	2,264	-	369	23,036	49,474	2,408	51,882

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019

Six months ended 30 June 2018	Attributable to owners of the Company						Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Issued capital S\$'000	Share premium account S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Exchange fluctuation reserve S\$'000	Retained profits S\$'000			
At 1 January 2018	-	-	2,264	5,687	(110)	14,796	22,637	1,717	24,354
Profit for the period	-	-	-	-	-	1,615	1,615	613	2,228
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	734	-	734	35	769
Total comprehensive income for the period	-	-	-	-	734	1,615	2,349	648	2,997
Issue of new shares for acquisition of subsidiaries pursuant to the Reorganisation	-	1,679	-	(1,679)	-	-	-	-	-
Capital distribution by a subsidiary to its then shareholders	-	-	-	(4,008)	-	-	(4,008)	(192)	(4,200)
At 30 June 2018 (unaudited)	-	1,679	2,264	-	624	16,411	20,978	2,173	23,151

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,163	3,595
Adjustments for:			
Interest income		(220)	(121)
Finance costs		131	2
Depreciation	7	1,974	282
Gain on disposal of items of property, plant and equipment, net	11	–	8
(Reversal of provision)/provision for write-down of inventories to net realisable value, net	7	(33)	301
Provision/(reversal of provision) for expected credit losses of trade receivable, net	7	68	(83)
		6,083	3,984
Decrease in inventories		1,495	838
(Increase)/decrease in contract assets		(47)	2
Decrease/(increase) in trade receivables		4,685	(85)
Decrease/(increase) in prepayments, deposits and other receivables		845	(885)
Increase in contract liabilities		387	337
Decrease in trade payables		(2,099)	(739)
(Decrease)/increase in other payable and accruals		(1,862)	1,879
		9,487	5,331
Cash generated from operations		9,487	5,331
Income taxes paid		(2,857)	(2,130)
		6,630	3,201
Net cash flows generated from operating activities		6,630	3,201

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Interest received		307	173
Purchase of items of property, plant and equipment	<i>18(a)</i>	(100)	(521)
Proceeds from disposal of items of property, plant and equipment		–	11
Decrease in time deposits with maturity of more than three months when acquired		6,832	7,329
Increase in time deposits with maturity of more than three months when acquired		(2,770)	(5,090)
Net cash flows generated from investing activities		4,269	1,902
CASH FLOWS FROM FINANCING			
ACTIVITIES			
New trust receipt loans		–	346
Repayment of trust receipt loans		–	(346)
Capital element of finance leases rental payments	<i>18(b)</i>	(29)	(16)
Interest element of finance leases rental payments		(4)	(2)
Other interest paid		(12)	–
Dividends paid to the then shareholders of subsidiaries		(4,391)	(1,740)
Proceeds from issuance of shares		25,898	–
Share issue expense		(3,772)	–
Payment of lease liabilities		(1,704)	–
Capital distribution by a subsidiary to its then shareholders		(4,200)	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
Repayment of advances to the then shareholder of subsidiaries		(1,406)	–
Net cash flows generated from/ (used in) financing activities		10,380	(1,758)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,279	3,345
Cash and cash equivalents at beginning of period		7,809	10,049
Effect of foreign exchange rate changes, net		(13)	386
CASH AND CASH EQUIVALENTS AT END OF PERIOD		29,075	13,780
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits		29,075	13,780
Time deposits		3,600	8,602
Cash and cash equivalents as stated in the consolidated statement of financial position		32,675	22,382
Less: Time deposits with maturity of more than three months when acquired		(3,600)	(8,602)
Cash and cash equivalents as stated in the consolidated statement of cash flows		29,075	13,780

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

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

The 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 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.

In the opinion of the directors of the Company, Nobel Design International Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate holding company and the ultimate holding company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 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 2018.

The unaudited condensed consolidated interim financial information is presented in Singapore Dollars (“**SGD of S\$**”) and all value are rounded to the nearest thousand (“**S\$’000**”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases* using the modified retrospective method of adoption without the need to restate previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for premises for their points of sale, warehouses and office spaces. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

a) *Nature of the effect of adoption of IFRS 16 (continued)*

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16 (continued)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

a) *Nature of the effect of adoption of IFRS 16 (continued)*

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of S\$5,071,000 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of S\$5,071,000 were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	S\$'000
Operating lease commitments as at 31 December 2018	5,423
Weighted average incremental borrowing rate as at 1 January 2019	5.25%
Discounted operating lease commitments at 1 January 2019	5,180
Less:	
Commitments relating to short-term leases	(109)
Lease liabilities as at 1 January 2019	5,071

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- 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 any 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

b) Summary of new accounting policies (continued)

- 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

- c) *Amounts recognised in the statement of financial position and profit or loss*

Set out below, are the carrying amounts movements during the period:

	Right-of-use assets	Lease liabilities
	<i>S\$'000</i>	<i>S\$'000</i>
As at 1 January 2019	5,071	5,071
Addition	71	71
Depreciation	(1,639)	–
Interest expense	–	115
Payment	–	(1,704)
Exchange realignment	(5)	–
As at 30 June 2019	3,498	3,553

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

- c) *Amounts recognised in the statement of financial position and profit or loss (continued)*

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

- c) *Amounts recognised in the statement of financial position and profit or loss (continued)*

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (continued)

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the 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 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 this unaudited condensed consolidated interim financial information, 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 2018.

4. FINANCIAL RISK MANAGEMENT

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

The unaudited condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statement for the year ended 31 December 2018.

There have been no changes in the financial risk management policies of the Group since the financial year ended 31 December 2018.

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 three reportable operating segments as follows:

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

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the 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.

5. SEGMENT INFORMATION (continued)

Six months ended 30 June 2019	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	6,875	9,043	40,001	–	55,919
Less: Inter-segment sales	(97)	(113)	(485)	–	(695)
Sales to external customers	6,778	8,930	39,516	–	55,224
Segment results	2,036	(392)	4,096	(1,577)	4,163
Segment assets	6,225	13,219	37,187	22,152	78,783
Segment liabilities	4,634	7,996	12,441	1,830	26,901
Other segment information:					
Interest income	(35)	(14)	(83)	(88)	(220)
Finance costs	4	88	33	6	131
Depreciation	47	1,368	471	88	1,974
Capital expenditure*	3	124	23	–	150

5. SEGMENT INFORMATION (continued)

Six months ended 30 June 2018	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment revenue:					
Segment revenue	5,033	10,339	36,585	–	51,957
Less: Inter-segment sales	(151)	(347)	–	–	(498)
Sales to external customers	4,882	9,992	36,585	–	51,459
Segment results					
	1,156	(382)	5,039	(2,218)	3,595
Other segment information:					
Interest income	(17)	(26)	(78)	–	(121)
Finance costs	–	2	–	–	2
Depreciation	16	194	72	–	282
Capital expenditure*	50	499	34	–	583

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

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2018:

	Interior design S\$'000	Furniture sales S\$'000	U.S. furniture sales S\$'000	Corporate S\$'000	Total S\$'000
Segment assets	7,314	12,559	44,372	1,506	65,751
Segment liabilities	3,425	2,890	23,528	8,124	37,967

5. 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 and Brunei – The operations in these areas are principally interior design.

Non-current assets

	30 June 2019 S\$'000	31 December 2018 S\$'000
Singapore	3,576	1,137
U.S.	1,358	487
Malaysia and Brunei	4	5
	4,938	1,629

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

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.

6. REVENUE (continued)

Disaggregated revenue information

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

Segments	Six months ended 30 June 2019			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	–	8,930	39,516	48,446
Service income – interior design	6,778	–	–	6,778
Total revenue from contracts with customers	6,778	8,930	39,516	55,224
Geographical markets				
Singapore	6,413	8,930	–	15,343
U.S.	–	–	39,516	39,516
Malaysia and Brunei	365	–	–	365
Total revenue from contracts with customers	6,778	8,930	39,516	55,224
Timing of revenue recognition				
Goods transferred at a point in time	–	6,507	39,516	46,023
Goods and services transferred over time	6,778	2,423	–	9,201
Total revenue from contracts with customers	6,778	8,930	39,516	55,224

6. REVENUE (continued)

Disaggregated revenue information (continued)

Segments	Six months ended 30 June 2018			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	–	9,992	36,585	46,577
Service income – interior design	4,882	–	–	4,882
<hr/>				
Total revenue from contracts with customers	4,882	9,992	36,585	51,459
<hr/>				
Geographical markets				
Singapore	4,395	9,992	–	14,387
U.S.	–	–	36,585	36,585
Malaysia and Brunei	487	–	–	487
<hr/>				
Total revenue from contracts with customers	4,882	9,992	36,585	51,459
<hr/>				
Timing of revenue recognition				
Goods transferred at a point in time	–	6,824	36,585	43,409
Goods and services transferred over time	4,882	3,168	–	8,050
<hr/>				
Total revenue from contracts with customers	4,882	9,992	36,585	51,459

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
Cost of goods sold	34,482	32,584
Cost of services provided	3,468	2,459
Depreciation*	1,974	282
Minimum lease payment under operating leases	1,541	2,737
Employee benefit expense (including directors' remuneration)	4,865	4,375
Loss on disposal of items of property, plant and equipment, net	–	8
(Reversal of provision)/provision for write-down of inventories to net realisable value, net	(33)	301
Provision/(reversal of provision) for expected credit losses of trade receivables, net	68	(83)
Foreign exchange differences, net	23	(32)
Listing expenses	984	2,217

* Depreciation for the six months ended 30 June 2019 comprise of depreciation of property, plant and equipment of S\$335,000 (30 June 2018: S\$282,000) and depreciation of right-of-use assets of S\$1,639,000 (30 June 2018: Nil).

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	
	2019 S\$'000	2018 S\$'000
Current – Singapore:		
Charge for the period	676	848
(Over)/Under – provision in respect of prior years	(24)	10
Current – U.S.:		
Charge for the period	137	440
Underprovision in respect of prior years	–	69
	789	1,367

9. DIVIDEND

The board of directors of the Company resolved not to declare any interim dividend for the period ended 30 June 2019 (30 June 2018: 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\$2,584,000 (30 June 2018: S\$1,615,000), and the weighted average number of ordinary shares in issue of 1,685,083,000 (30 June 2018: 1,500,000,000) during the period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2019 and 2018 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these periods.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the six months ended 30 June 2019, the Group acquired assets with a cost of S\$150,000 (30 June 2018: S\$583,000).

Assets with a net book value of S\$20,000 were disposed by the Group during the six months ended 30 June 2018, resulting in a net loss on disposal of S\$8,000.

12. INVENTORIES

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
Merchandised goods	22,125	21,822
Goods in transit	7,031	9,069
	29,156	30,891

13. TRADE RECEIVABLES

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
Trade receivables	10,905	15,695
Provision for expected credit losses (<i>note (c)</i>)	(618)	(552)
	10,287	15,143

13. TRADE RECEIVABLES (continued)

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 segment.

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

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

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

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
Within 1 month	6,847	7,838
1 to 2 months	2,655	6,616
2 to 3 months	449	520
Over 3 months	336	169
	10,287	15,143

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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

13. TRADE RECEIVABLES (continued)

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

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
At beginning of year	552	533
Provision for expected credit losses	68	35
Amount written off as uncollectible	–	(22)
Exchange realignment	(2)	6
At end of period/year	618	552

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 2018 and 30 June 2019 are 75.2% and 78.3% respectively for those balances that have been past due for more than 3 months.

14. PLEDGED DEPOSITS, AND CASH AND CASH EQUIVALENTS

Group	<i>Notes</i>	30 June 2019 S\$'000	31 December 2018 S\$'000
Cash and bank balances			
other than time deposits		29,075	7,809
Time deposits		3,600	7,660
Cash and cash equivalents	<i>(a)</i>	32,675	15,469

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

15. 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 period/year, based on the invoice date, is as follows:

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
Within 1 month	5,253	7,046
1 to 2 months	582	893
2 to 3 months	33	201
Over 3 months	284	165
	6,152	8,305

16. OTHER PAYABLES AND ACCRUALS

Group	30 June 2019 S\$'000	31 December 2018 S\$'000
Accruals	6,545	7,924
Other payables	1,190	1,777
Due to related parties	–	8,805
	7,735	18,506

17. SHARE CAPITAL

	30 June 2019 <i>HK\$'000</i>	31 December 2018 <i>HK\$'000</i>
Authorised:		
10,000,000,000		
(31 December 2018: 38,000,000)		
ordinary shares of HK\$0.01 each	100,000	380
	30 June 2019 <i>S\$'000</i>	31 December 2018 <i>S\$'000</i>
Issued and fully paid:		
2,000,000,000		
(31 December 2018: 3,800)		
ordinary shares of HK\$0.01 each	3,453	—*

* Less than HK\$500 or S\$500.

17. SHARE CAPITAL (continued)

A summary of movements in the Company's issued capital and share premium account from its date of incorporation of 29 March 2018 to 30 June 2019 is as follows:

	Number of shares in issue	Issued capital S\$'000	Share premium account S\$'000	Total S\$'000
Issue of new shares upon incorporation on 29 March 2018 (note (a))	10	-#	-	-#
Issue of new shares for acquisition of subsidiaries pursuant to the Reorganisation (note (b))	3,790	-#	1,679	1,679
As at 31 December 2018	3,800	-#	1,679	1,679
Issue of new shares pursuant to the Capitalisation Issue (note (d))	1,499,996,200	2,590	(2,590)	-
Issue of new shares in connection with the Listing (note (e))	500,000,000	863	25,035	25,898
Expenses incurred in connection with the Listing (note (e))	-	-	(3,772)	(3,772)
As at 30 June 2019	2,000,000,000	3,453	20,352	23,805

Less than HK\$500 or S\$500.

17. SHARE CAPITAL (continued)

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which 10 shares were allotted and issued at par value on the same date.
- (b) On 16 April 2018, pursuant to a sale and purchase agreement entered into between the Group and Nobel Design Holdings Pte Ltd on 16 April 2018 as part of the Reorganisation, the Company issued a total of 3,790 ordinary shares of HK\$0.01 each to Nobel Design Holdings Pte Ltd as consideration for the acquisition of all the equity interests in the operating subsidiaries of the Group held by Nobel Design Holdings Pte Ltd, as further detailed in the section headed “History, Development and Reorganisation – Reorganisation” in the Prospectus. For accounting purposes, the value of the shares issued was determined to be S\$1,679,000, which was based on the original carrying amount of the investments in those subsidiaries in the separate financial statements of Nobel Design Holdings Pte Ltd, after taking into account the capital distribution of S\$4,200,000 by Buylateral Group Pte. Ltd. approved on 16 April 2018.
- (c) On 28 March 2019, the Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.
- (d) Pursuant to the written resolutions passed by the shareholders of the Company on 28 March 2019, the Directors were authorised to capitalise an aggregate amount of HK\$14,999,962 standing to the credit of the share premium of the Company as a result of the Share Offer and to appropriate such amount as capital to pay up in full at par 1,499,996,200 shares of HK\$0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company immediately prior to the listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Listing**”), each ranking *pari passu* in all respects with the then existing issued shares (the “**Capitalisation Issue**”). The Capitalisation Issue had been completed on 25 April 2019.
- (e) On 24 April 2019, 500,000,000 ordinary shares of par value HK\$0.01 each were issued at a price of HK\$0.30 per share in connection with the Listing for a total proceeds of approximately S\$22,126,000, net of listing expenses of S\$3,772,000, of which HK\$5,000,000 (equivalent to approximately S\$863,000) representing the par value were credited to the Company’s share capital and the remaining proceeds of HK\$123,042,000 (equivalent to approximately S\$21,263,000) were credited to the share premium account. The shares of the Company have been listed on the Main Board of the Stock Exchange since 25 April 2019.

18. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
Additions of items of property, plant and equipment	150	583
Less: Finance lease arrangements	–	(42)
Less: Provision for reinstatement costs	(50)	(20)
Cash invested in property, plant and equipment	100	521

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

Six months ended	As at	Changes	Acquisitions	As at
30 June 2019	1 January	from	of property,	30 June
	2019	financing	plant and	2019
	S\$'000	cash flows	equipment	S\$'000
		S\$'000	S\$'000	
Obligations under finance leases	186	(29)	–	157

Six months ended	As at	Changes	Acquisitions	As at
30 June 2018	1 January	from	of property,	30 June
	2018	financing	plant and	2018
	S\$'000	cash flows	equipment	S\$'000
		S\$'000	S\$'000	
Obligations under finance leases	53	(16)	42	79

19. RELATED PARTY DISCLOSURES

The Group had the following material transactions with related parties during the periods:

Group	Six months ended 30 June	
	2019 S\$'000	2018 S\$'000
Nobel Design Holdings Pte Ltd		
Purchases of goods (<i>note (i)</i>)	–	426
Rental and utilities paid (<i>note (ii)</i>)	–	1,061
Management fee paid (<i>note (iii)</i>)	321	422
Joint ventures of Nobel Design Holdings Pte Ltd		
Sales of goods (<i>note (iv)</i>)	2	–

Notes:

- (i) The purchases were conducted at prices mutually agreed by both parties.
- (ii) The rental and utilities expenses paid for an office premise, point of sales and warehouses in Singapore were mutually agreed by both parties.
- (iii) The management fee paid relates to the provision of services which included (i) accounting services, financial reports and general administration by finance department, (ii) preparation of payroll and handling of payroll matters by human resource department, (iii) IT service by IT department, (iv) provision of advertising, marketing and branding development services by marketing communications department, and (v) director's involvement in the strategic business and market development of the subsidiaries. These transactions were conducted at terms and conditions mutually agreed between the relevant parties.
- (iv) The sales to certain joint ventures of Nobel Design Holdings Pte Ltd were conducted at prices mutually agreed by the relevant parties.

OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 are 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	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 of the Company. 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 of the Company, 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% 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 2019, the total number of issued shares of the Company was 2,000,000,000.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2019, 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.

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

As at 30 June 2019, the following persons (other than 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), had interests or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as follows:

Name	Capacity/ Nature of interests	Position	Number of shares	Approximate percentage of the total issued shares <i>(Note 7)</i>
Nobel Design International Limited <i>(Note 1)</i>	Beneficial owner	Long	900,000,000	45%
Ms. Beh Pur-Lin Elaine <i>(Notes 1 and 2)</i>	Interest of spouse	Long	900,000,000	45%
Mr. Tan Thiam Siew <i>(Notes 1 and 3)</i>	Interest of spouse	Long	900,000,000	45%
Southern Cross Holdings Pte Ltd <i>(Note 4)</i>	Beneficial owner	Long	300,000,000	15%
Ms. Yuen Woon Siew Marilyn <i>(Notes 4 and 5)</i>	Interest of spouse	Long	300,000,000	15%
Ms. Sng Su Ying Marian <i>(Notes 4 and 6)</i>	Interest of spouse	Long	600,000,000	30%

Name	Capacity/ Nature of interests	Position	Number of shares	Approximate percentage of the total issued shares (Note 7)
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% 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 2019, the total number of issued shares of the Company was 2,000,000,000.

Save as disclosed above, as at 30 June 2019, 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 securities 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.

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.

COMPETING INTERESTS

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

CORPORATE GOVERNANCE

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

The Board is of the view that the Company had complied with the applicable code provisions set out in the CG Code during the period from the Listing Date to 30 June 2019, save for code provision A.2.1 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered the nature and extent of the Group’s operations, Mr. Goon Eu Jin Terence’s extensive experience in the industry and familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to have Mr. Goon Eu Jin Terence taking up both roles and this will not impair the balance of power and authority of the Board, which currently comprises a majority of non-executive Directors and independent non-executive Directors who will bring independent judgment. 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 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 2019, 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 has been reviewed by the Audit Committee of the Company.

BY ORDER OF THE BOARD

Goon Eu Jin Terence

Chairman and Chief Executive Officer

29 August 2019