NOBEL DESIGN HOLDINGS LTD
Company Registration No. 198104591E

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NOBEL DESIGN HOLDINGS LTD

ANNUAL REPORT 2016

NOBEL DESIGN HOLDINGS LTD | ANNUAL REPORT 2016

DIGITALLY ENABLED; GLOBALLY CONNECTED

purchase

delivery

cart


Penthouse @ Cluny Park Residence


The Fernhill Collection


Gramercy Park


Penthouse @ Hallmark Residences


The East Coast Collection


One Shenton Sky Villa


Penthouse @ Starlight Residences

CONTENTS

Lifestorey

MARQUIS | H°O

MARQUIS HOMESTYLING

MARQUIS STUDIO

MARQUIS HC

Q2 MARQUIS

WHITEBOARD

SuMISURA NUMERO UNO CREATIVE GROUP

Minotti SINGAPORE BY MARQUIS INTERIORS

extremely fashionable furniture om

buylateral group

MINOTTI
"FREEMAN SEATING SYSTEM" RODOLFO DORDONI DESIGN

CHAIRMAN'S STATEMENT

"IN THE BUSINESS WORLD, THE REARVIEW MIRROR IS ALWAYS CLEARER THAN THE WINDSHIELD." **– Warren Buffett**

Dear Valued Shareholders,

2016 has been a difficult year. While there is still a great amount of economic uncertainty globally, the economic recovery in the US continues and policy stimulus in China has shown some success in stabilising the Chinese economy.

Although as a Group we have managed to remain profitable, our interior design and retail businesses bore the brunt of the slowdown of the Singapore economy. The malaise within the retail industry is a global phenomenon and even venerable names such as Macy's, Sears and Target are not immune to fierce competition from online stores and the changing habits of consumers. Traditional brick and mortar retailers are under tremendous pressure to reinvent themselves and to engage with consumers on digital platforms.

I would like to take this opportunity to acknowledge the efforts put in by our retail divisions to rationalise their operations and respond to competition from the digital realm.

The cooling measures on the property market and the reduced inflow of foreigners into Singapore will continue to have a negative impact on our retail operations and we anticipate the possibility of some store closures to further rein in our costs. Such decisions are not taken lightly but they are necessary for us to ensure that we have the ability to retain a strong core so that we can be in a good position to take advantage of any market recovery in the future.

I have every confidence that our experienced management team will exercise prudence while they continue to pursue every opportunity to maintain and grow our business and I am happy to note that some of our operating divisions continue to thrive. Our overseas investments in the supply chain business in the USA and property market in the UK are contributing to Group revenues and profits amidst the slowdown in domestic business. Going forward, we shall be redoubling our efforts to diversify and explore growth in the global arena by adding to our investments in the USA and the UK.

Navigating the uncertain geo-political and economic environment over the next few years will be challenging. However, we can rely on the wealth of experience of my fellow board members and the management team and we shall do our best to remain nimble to react to the constantly changing conditions.

Note of Appreciation

I am humbled by the resilience and the diligence shown by our management team and employees. I am proud to be part of an organisation that continues to strive to stay relevant in such times of great disruption.

I am also fortunate to work alongside my fellow directors who are committed to delivering value to our shareholders who have placed their trust in us.

Adrian Chan
Chairman

CEO'S STATEMENT

"WE COME THROUGH THINGS, BUT IT'S NOT ALWAYS A SMOOTH RIDE." **– Warren Buffett**

Growth in Revenue in 2016
Revenue for the Group grew in 2016. Revenue in the financial year ended 31 December 2016 (FY2016) was $92.63 million, an increase of 9% from $84.69 million in the financial year ended 31 December 2015 (FY2015).

The Group's net profit for FY2016 decreased to $17.21 million from $18.14 million a year ago. The decrease is due to the weakness in the furniture retail business. Our operating divisions in interior design, supply chain management and property development contributed positively to both the Group's top and bottom lines in 2016.

Furniture Retail and Interior Design
The slowdown in the Singapore economy weighed heavily on our retail divisions in 2016 with the cooling measures on property continuing to weaken demand. Purchasing power and lending restrictions have affected spending power and reduced spending on discretionary purchases. We have begun to consolidate and streamline our retail operations by closing the OM showroom at Liang Court. We shall continue to pursue measures to reduce our fixed overheads in the local retail market in 2017.

In the final quarter of 2016 we launched two new e-commerce websites namely Lifestorey.com and OM-Home.com. The launch of these websites has had an impact on the way we advertise and reach out to consumers and preliminary results are encouraging.

In May 2016, Marquis relaunched the MisuraEmme showroom, this event featured world renowned designer Mauro Lipparini and was well received by the Singapore design community.

The focus for our retail operating divisions in 2017 will be to consolidate and streamline operations to reduce expenses and to leverage digital media to reach out to the increasingly tech-savvy Singapore consumer base.

SuMisura, our interior design division, had a modest 2016 but continued to be recognised for its achievements in design, SuMisura had 7 design projects shortlisted as finalists of the prestigious International Design Et Al awards. More notably, SuMisura's work at the One Shenton Sky Suite was one of ten homes featured in The World's Most Glamorous Homes 2016 by Design Et Al.

USA Supply Chain
As the US economy edges towards full employment and wages continue to rise our supply chain management business in the US continues to thrive. Revenues grew a healthy 18% year-on-year. This growth was a result of our efforts to widen our product range by diversifying into different furniture segments such as upholstery and beds, our early investments in branding are also paying dividends.

Hotel Investment
As anticipated, we incurred some operating losses in our hotel investment, the 298-room Ibis Styles Macpherson which opened in April 2016. The hotel is a long term investment and shall require time to stabilise occupancy and room rates. The Ibis Styles brand is gaining traction globally and we have a strong management team to build the hotel into a valuable long term asset.

Property Development
Given the volatility and uncertainty of the property market, this is an area in which we are proceeding with caution.

As at 31 December 2016, we have sold 11 out of 27 units at One Surin Avenue, where we have a 35% stake in. Out of the 142 units we have at Marine Wharf East, London, where we have a 25% stake in, 90 units were sold as at 31 December 2016.

Going forward we shall continue to look for property development investment opportunities in Singapore, the United Kingdom and the United States of America.

Corporate Social Responsibility
OM collaborated with Maybank to improve the lives of lonely seniors and vulnerable families in August 2016. The home improvement projects included cleaning, painting, repairing and replacement of essential furniture and electrical appliances – OM supplied new mattresses and wardrobes.

Conclusion
As we continue on our journey to building shareholder value, we are mindful that no journey will be a smooth ride and we will always encounter some bumps but we shall do our best to persevere and overcome. My management team has been with me through times of prosperity and adversity, we shall continue to forge ahead together. I am grateful for the continued support of my colleagues, the board of directors, shareholders and business partners.

Terence Goon
Group CEO and Group Managing Director

NOBEL'S CORPORATE SOCIAL RESPONSIBILITY INITIATIVE WITH MAYBANK

BOARD OF DIRECTORS

MR. CHAN PENGEE ADRIAN
Non-Executive Chairman and Independent Director

Mr. Adrian Chan was appointed to the Board on 24 June 2013. Adrian is the Non-Executive Chairman of the Board and the Chairman of the Nominating Committee. Adrian is also a member of the Audit Committee and Remuneration Committee.

He is the Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He serves on the board of the Accounting and Corporate Regulatory Authority of Singapore (ACRA) and chairs its Institute of Corporate Law Panel. He is the Prime Minister's nominee on the Legal Service Commission. He serves on the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary, the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce and was the First Vice-Chairman of the Singapore Institute of Directors.

He is a director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the Boards of Hong Fok Corporation Ltd, Ascendas Funds Management (S) Ltd, Global Investments Ltd and Yoma Strategic Holdings Ltd, all of which are listed on the Singapore Exchange (SGX).

He serves on the board of the charity, Shared Services for Charities Limited, the Ethics Review Committee of the Singapore Polytechnic and has been appointed by the SGX onto its Catalist Advisory Panel.

He is the Chairman of the Corporate Practice Committee of the Law Society of Singapore and was appointed to the Audit Committee Guidance Committee, established by the MAS, ACRA and the SGX.

MR. GOON EU JIN TERENCE
Group CEO and Group Managing Director

Mr. Terence Goon is the Group CEO and Group Managing Director. Apart from overseeing the daily operations of the Group, his responsibilities include corporate planning, strategic planning and business development, and the management of functional areas including finance, investor relations, human resources and marketing communications. He is also the Chief Executive Officer of Buylateral Group, the Group's operating division responsible for supply chain management, sourcing and distribution of furniture for the USA market. Mr. Goon also spearheads the Group's property development division. Mr. Goon graduated with a Bachelor of Accountancy (2nd Class Honors) from the National University of Singapore and was formerly with the Economic Development Board and Arthur Andersen.

MS. WEE AI QUEY
Chief Operating Officer and Executive Director

Ms. Wee Ai Quey, a co-founding member of the Group, is an Executive Director of the Group. Ms. Wee is responsible for the marketing, sourcing, operations and brand development of the Group's imported furniture business. With over 25 years' experience in interior design and furniture retail, Ms. Wee is the driving force behind the Group's success in the luxury furniture business and is responsible for the management of Marquis Furniture Gallery Pte Ltd which carries the brands Minotti, Porada, Meridiani, MisuraEmme, Cierre, Visionnaire and Lifestorey.

KARTELL

DR. TEH BAN LIAN
Non-Executive and Independent Director

Dr. Teh Ban Lian is an Independent and Non-Executive Director of the Company since 13 June 2005 and is the chairman of the Risk Management Sub-Committee and a member of the Audit Committee and Nominating Committee.

Dr. Teh has been holding senior corporate executive positions for over thirty years. He last served as Vice-Chairman of Chesterton International Property Consultants Pte Ltd. Amongst his previous other appointments, he was the Managing Director of Emporium Group, Executive Director of China Everbright Ltd and a former Independent Director of Japan Land Ltd. He was President of the Singapore Retailers Association for eight years.

Dr. Teh holds a PhD. (Bus. Admin.) (Hon) from an American university and was nominated in 'Who's Who of the Asian Pacific Rim' – 1999/2000 International Edition by Barons, USA. Dr. Teh was conferred the Public Service Medal – PBM (Pingat Bakti Masyarakat) National Day Awards in 2003.

MR. HENG CHYE YAM
Non-Executive and Independent Director

Mr. Heng Chye Yam is an Independent and Non-Executive Director of the Company since 26 April 2005 and is the chairman of the Remuneration Committee. Mr. Heng is also a member of the Audit Committee and Risk Management Sub-Committee. Mr. Heng is presently the Managing Director of Metalwood Pte Ltd. Mr. Heng holds an MBA from the University of Hull, Graduate Diploma in both Marketing and Personnel Management and a Bachelor of Science (Hons) in Computer Science.

MR. WONG SOON CHIU
Non-Executive and Independent Director

Mr. Wong Soon Chiu is a Non-Executive Director of the Company since 08 January 2003 and was re-designated as an Independent and Non-Executive Director on 25 February 2014. Mr. Wong is the chairman of the Audit Committee and a member of the Risk Management Sub-Committee. Mr. Wong holds an MBA from Brunel University of Reading. He is a Fellow member of the Association of International Accountants of UK, and an Associate of the Institute of Secretaries and Administrators, UK and a Fellow member of the Association of Taxation and Management Accountants, Australia.

MR. CHAN KUM LEONG
Non-Executive Director

Mr. Chan Kum Leong is a Chartered Accountant and an Associate Member of the Institute of Chartered Accountants of England and Wales. He joined the Board on 21 June 2012 and is a member of the Remuneration Committee and also a member of the Risk Management Sub-Committee. He was the Group Financial Controller of the Lian Huat Group – a substantial shareholder of the Company.

MS. ONG CIU HWA
Executive Director

Ms. Ong Ciu Hwa joined the Company in 2004 as the Finance Manager of the Company and is responsible for the Group financial reporting and accounting function, taxation, banking, and administration matters. She is a Chartered Accountant and has over 10 years accounting and finance experience.

KEY MANAGEMENT

MR. MIKE CHUA SEOW CHANG

Director, Numero Uno Creative Group Pte Ltd

Mr. Chua joined the Company in 1987. He is currently a director of Numero Uno Creative Group Pte Ltd. He is responsible for directing business operations, implementing marketing strategies, and managing the day-to-day operations of the company. With over 25 years' experience, he provides his team members with strong leadership and deep knowledge in residential design and build projects.

MR. ROLAND TOH POH SOON

General Manager, Momentum Creations Pte Ltd

Mr. Toh joined the Company in 1989. He is the General Manager of Momentum Creations Pte Ltd. He is responsible for the implementation of marketing strategies, sales and project management and day-to-day operations.

MS. FRANCES LEE WOON YEONG

President, Buylateral Group Pte Ltd and Target Marketing Systems, Inc.

Ms. Lee joined the Company in 2003. She is the President of Buylateral Group Pte Ltd and Target Marketing Systems, Inc. She is responsible for directing business operations, overall management, implementation of marketing strategies and the day-to-day operations of the companies.

MS. FOO KIM SOON

Director and General Manager, Marquis HNC Pte Ltd

Ms. Foo has been in the hospitality and commercial sector since 1988 and holds an Advanced Diploma in International Marketing and Building Management and Maintenance. Her responsibilities include business development and new product sourcing for the company. She is actively involved in direct sales, marketing and project management for Marquis HNC Pte Ltd.

MISURAEMME

MS. SHARON WU PUI SEE

Director and General Manager, Marquis HQO Pte Ltd

Ms. Wu is responsible for directing business operations, implementing marketing strategies, and managing the day-to-day operations of the company. She is an industry veteran with over 15 years' experience in the industry. Ms. Wu joined the Company in 2001 as Marketing Manager of Marquis HQO Pte Ltd, and has a Bachelor of Commerce and Management from Lincoln University, New Zealand.

MS. RACHEL FOONG SU MIN

Marketing and Business Development Director, Nobel Design Holdings Ltd

Ms. Foong joined the Company in 2012 as the Group Marketing Communications and Business Development Manager before moving to Marquis Furniture Gallery Pte Ltd as General Manager where she was responsible for the business operations and development, marketing and brand building of Lifestorey and Marquis Studio. She is now heading the corporate marketing and communications for the Group, with responsibility for digital marketing.

She has past experience in branding and business development in a regional capacity and has a Bachelor of Science in Business Management Studies from Bradford University, United Kingdom.

MR. BEN HOW TI BENG

Business Architect, Nobel Design Holdings Ltd

Mr. How has served in various capacities at Nobel Design Holdings Ltd since 2001 including stints at the US supply chain and the Singapore retail operations. He is currently responsible for developing new business opportunities for the Group. Mr. How graduated with a Bachelor of Business Administration (2nd Class Honours) from the National University of Singapore.

MS. JUDY TAN SIEW BENG

Assistant General Manager, Momentum Creations Pte Ltd

Ms. Tan joined the Company in 2007. She is the Assistant General Manager of Momentum Creations Pte Ltd. Her responsibilities include business development, new product sourcing for the company and day-to-day operations of the logistic department.

ENTUNE LIVING

GROUP STRUCTURE AND ACTIVITIES

COMPANIES	PRINCIPAL ACTIVITIES	% OF EFFECTIVE OWNERSHIP
NOBEL DESIGN HOLDINGS LTD	**Holding Company and Corporate** Senior Management, Human Resources, Sales and Marketing, Marketing and Communications, Finance and Administrative functions.	
NUMERO UNO CREATIVE GROUP PTE LTD	Interior design and renovation services for homes, supply and installation of custom-made furniture and fittings, turnkey projects and project management.	60%
MARQUIS FURNITURE GALLERY PTE LTD	Retail of upmarket European furniture and accessories to end-users and specifier market. Provide homestyling services and retail soft furnishing products.	100%
MARQUIS HQO PTE LTD (1)	Supplies furniture to hotels, service apartments, clubs, restaurants, showflats, offices and homes.	90%
MARQUIS HNC PTE LTD (1)	Interior renovation contractors, furniture, furnishing, lighting and building material manufacture and supplier, turnkey projects and project management.	90%
BOSS DESIGN INTERNATIONAL PTE LTD (5)	Provides corporate interior design and contract services for offices and retail outlets.	100%
MOMENTUM CREATIONS PTE LTD	Retailer of designer furniture.	84.20%
HOME2BE PTE LTD (5)	Retailing furniture and household accessories.	75.20%
BUYLATERAL GROUP PTE LTD	Sourcing and supply chain management of furniture, accessories, fabric and furnishings for the USA market.	78.20%
TARGET MARKETING SYSTEMS, INC. (2)	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market.	78.20%
BUYLATERAL.COM (M) SDN BHD (2)	Engaged in wholesaling and internet retail of furniture, accessories, fabric and furnishings.	78.20%
NOBEL DESIGN HOUSE (M) SDN BHD	Total interior design and renovation for homes, supply and installation of custom-made furniture and fittings and project management.	100%
SENI REKA NOBEL SDN BHD (5)	Supply of furniture, decorative accessories and interior design contract services.	100%
NOBEL REKA CIPTA SDN BHD	Interior design contractors.	100%
NOBEL DESIGN SDN BHD (BRUNEI)	Provides total interior design and renovation services for homes, offices and commercial projects, supply and installation of custom-made furniture and project management.	52%
AFFLUENT APEX LTD	Investment holdings.	100%
URBAN LOFTS PTE LTD	Property development.	35%
LVND HOMES PTE LTD	Property development.	25%
ALLIANCE LAND PTE LTD	Property development.	25%
LVND HOLDINGS PTE LTD	Investment holdings.	25%
LVND INVESTMENTS PTE LTD (4)	Property development.	25%
LVND HOTELS PTE LTD (4)	Hotel management consultancy services.	25%
COVE CITY LTD (3)	Investment holdings.	25%
COVENT GARDEN DEVELOPMENT PTE LTD	Property development in United Kingdom.	40%
ENGLISH ROSE ESTATES (TS HOLDINGS) LTD (6)	Property development in United Kingdom.	20%
ENGLISH ROSE ESTATES (TOWER STREET) LTD (7)	Property development in United Kingdom.	20%

(1) Marquis HQO Pte Ltd and Marquis HNC Pte Ltd are 90% owned subsidiaries of Marquis Furniture Gallery Pte Ltd.
(2) Target Marketing Systems, Inc. and Buylateral.Com (M) Sdn Bhd are 100% owned subsidiaries of Buylateral Group Pte Ltd.
(3) Cove City Ltd is a 25% associated company of Affluent Apex Ltd.
(4) LVND Investments Pte Ltd and LVND Hotels Pte Ltd are 100% owned subsidiaries of LVND Holdings Pte Ltd.
(5) These companies are presently dormant.
(6) English Rose Estates (TS Holdings) Ltd is a 50% joint venture of Covent Garden Development Pte Ltd.
(7) English Rose Estates (Tower Street) Ltd is a 100% owned subsidiary of English Rose Estates (TS Holdings) Ltd.

CORPORATE INFORMATION

Board of Directors

Chan Pengee Adrian
Non-Executive Chairman
and Independent Director

Goon Eu Jin Terence
Group Chief Executive Officer and
Group Managing Director

Wee Ai Quey
Chief Operating Officer
and Executive Director

Dr. Teh Ban Lian
Non-Executive and Independent
Director

Heng Chye Yam
Non-Executive and Independent
Director

Wong Soon Chiu
Non-Executive and Independent
Director

Chan Kum Leong
Non-Executive Director

Ong Ciu Hwa
Executive Director

Audit Committee

Wong Soon Chiu (Chairman)
Dr. Teh Ban Lian (Member)
Chan Pengee Adrian (Member)
Heng Chye Yam (Member)

Remuneration Committee

Heng Chye Yam (Chairman)
Chan Pengee Adrian (Member)
Chan Kum Leong (Member)

Nominating Committee

Chan Pengee Adrian (Chairman)
Dr. Teh Ban Lian (Member)
Goon Eu Jin Terence (Member)

Risk Management Sub-Committee (under the Audit Committee)

Dr. Teh Ban Lian (Chairman)
Chan Kum Leong (Member)
Heng Chye Yam (Member)
Wong Soon Chiu (Member)

Company Secretary

Lee Bee Fong

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Eleanor Lee Kim Lin
Date of Appointment: Since financial
year 31 December 2015

Registrar and Share Registration Office

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

Registered Office

16 Tai Seng Street, #07-09
Singapore 534138
Tel No: 65 6383 2222
Fax No: 65 6383 0115

Nobel Design Holdings Ltd (the "**Company**") is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). The board of directors of the Company (the "**Board**") recognises the importance of good corporate governance and the offering of high standards of accountability to its shareholders.

This report describes the Group's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited.

The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report. The Board considers that its corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term value and returns for its shareholders. Apart from its statutory duties and responsibilities, the Board sets the strategies for the Group and oversees the executive management and affairs of the Group. It reviews and advises on overall strategies, policies and objectives, sets goals, supervises Management, monitors business performance and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the interests of the Company and its shareholders. The Board manages the Group in the best interests of shareholders as well as the interest of other stakeholders and pursues the continual enhancement of long-term shareholder value.

All Directors exercise due diligence, objectivity and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and at all times in the best interest of the Company.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**"), Nominating Committee ("**NC**") and Risk-Management Sub-Committee ("**RMC**") have been constituted with clearly defined terms of reference. Please refer to "**Table 1** – Board and Board Committees" for the members of each of these Board Committees.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Minutes of the Board Committee meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The schedule of all the Board and Board Committee meetings for the calendar year 2017 has been given to all the Directors in advance. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

The Constitution of the Company provides for Directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

Please refer to "**Table 2** – Attendance at Board and Board Committee Meetings" for details on the number of meetings of the Board and Board Committees held in the financial year ended 31 December 2016 ("**FY2016**"), as well as the attendance of every Director at these meetings.

The Board's approval is required for the following matters that are likely to have a material impact on the Group's operations as well as matters other than in the ordinary course of business:

1. Major investment and funding
2. Interested Person Transactions
3. Material acquisition and disposal of assets
4. Corporate strategic direction and strategic action plans
5. Key business initiatives and policies
6. Issuance of shares
7. Declaration of interim dividends and proposal of final dividends
8. Announcement of the Group's quarterly, half year and full year results and the release of the Annual Report.

The Board as a whole is updated regularly on risk management, corporate governance and key changes to companies and securities legislation, rules and regulations and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

The Company has an on-going annual budget for all Directors to attend appropriate training courses, seminars and conferences for them to stay abreast of these changes and other relevant business developments. The Directors are regularly kept informed of the availability of appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors and the Directors are encouraged to attend such training at the Company's expense. During FY2016, training was conducted by the Chairman for the Board on the following topics:-

1. New enforcement powers of the SGX
2. Financial Reporting Surveillance Programme
3. Audit Quality Indicators Framework
4. Enhanced Auditor's Report
5. Appendix 7.7 - Undertaking by Directors and Executive Officers to the SGX
6. Sustainability Reporting

In addition, in-house briefings were conducted by the Group CEO on significant developments affecting the Group and the industry in which it operates. The external auditors also provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

There were no incoming directors during the course of FY2016. When the existing Directors were appointed, they were briefed on the business and organisation structure of the Group, key areas of the Company's operations and on their duties and obligations as directors. The Company seeks to familiarise new directors with the Group's principal businesses, the Company's board processes, internal controls and governance practices, including meetings with various key executives of Management to allow the new directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises eight Directors, three of whom are executive directors, four of whom are independent and non-executive directors, and one of whom is a non-executive, non-independent director. The NC conducted its annual review of the Directors' independence and was satisfied that the Company not only complies with the guideline of the Code that at least one-third of the Board is made up of independent directors but exceeds the Code's requirements as to independence as half of the Board comprises independent non-executive directors, notwithstanding that the Chairman of the Board is also an independent non-executive director. Please refer to "**Table 1** – Board and Board Committees" for the names of the executive, non-executive and independent directors.

The NC, which reviews the independence of each Director on an annual basis, adopts a definition of an independent director that is even stricter than that in the Code, as the Company's independent directors must also be independent from substantial shareholders (i.e. 5% shareholders), not just from 10% shareholders. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

In addition to the annual review by the NC of the independence of the independent directors, each independent director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. Directors are required to disclose to the Board any such relationship identified in the Code as and when it arises. As such, the Board is satisfied that the independent directors are able to act with independent judgement.

The NC is responsible for examining the size and composition of the Board and Board Committees. Taking into account the scope and nature of the Group's businesses and operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board considers a board size of between 6 to 9 members as appropriate. The Board believes that its current board size and composition effectively serves the Group and is not so large as to be unwieldy. It provides sufficient diversity without interfering with efficient discussion and decision-making.

The NC also aims to maintain a diversity of expertise, skills and attributes among the Directors and is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. The NC reviews the Board's collective skills matrix regularly. Any potential conflicts of interest are taken into consideration. Each Director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategy and the performance of its business. Currently, the Board comprises individuals with diverse qualifications and backgrounds, including in law, accounting, finance, investments and the relevant business industry that the Group is in.

In this connection, the Company has adopted a Board Diversity Policy pursuant to which the Board recognises that Board diversity enhances decision-making capacity and a diverse Board is more effective in dealing with organisational changes and less likely to suffer from group thinking. Annually, the NC will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Board may, at any time, seek to improve one or more aspects of its diversity and measure progress accordingly. With regard to gender diversity, the Company currently has two female Directors, which represents 25% of the Board, a percentage significantly higher than the national average of about 11% in terms of female Board representation according to the SID-ISCA Singapore Directorship Report 2016. The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

1. drive business results;
2. make corporate governance more effective;
3. enhance responsible decision-making capability;
4. ensure sustainable development; and
5. enhance the reputation of the Company.

The Company's Board Diversity Policy can be found on its website at *www.nobel.com.sg*.

The independent directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development. The non-executive directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The non-executive and independent directors meet regularly without the presence of Management to discuss matters such as Board effectiveness and Management's performance.

The Board has no dissenting view on the Chairman's Statement to the shareholders as set out on page 2 of this Annual Report for the financial year under review.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution to the Group. The independence of the independent directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form, such as the number of years which they have served on the Board.

Currently, Dr. Teh Ban Lian and Mr. Heng Chye Yam have served as independent directors on the Board for more than nine years from the date of their first appointment ("Long-Tenured Independent Directors"). The NC recognises that for Long-Tenured Independent Directors, there is a need for a higher standard of review, through a particularly rigorous review, compared to that of the normal review of the independence of Directors. The NC has prepared a separate checklist to assess the independence of Long-Tenured Independent Directors based on the following criteria:

(a) Whether the Long-Tenured Independent Director has made decisions on matters with the interest of the Company at heart without undue reliance, influence or consideration of the Company's interested parties such as the Chairman and CEO of the Board, other non-independent directors, controlling shareholders and/or their associates and the Company's Management.

(b) Whether the Long-Tenured Independent Director has expressed his individual viewpoints, objectively scrutinised and debated issues constructively during meetings of the Board and Board Committees.

(c) Whether the Long-Tenured Independent Director has constructively questioned and sought clarification on issues when necessary.

(d) Whether the Long-Tenured Independent Director has avoided apparent conflicts of interest by abstaining from deliberation on matters in which he has an interest in.

(e) Whether there are any circumstances that could have materially interfered with the Long-Tenured Independent Director's exercise of unfettered and independent judgement which appear relevant to the assessment of his independence that should be brought to the Board's attention.

The Long-Tenured Independent Directors checklist was completed by the Long-Tenured Independent Directors and there was also a peer-to-peer review of the Long-Tenured Independent Directors with each other Director completing the Long-Tenured Independent Directors checklist for the assessment of the independence of the Long-Tenured Independent Directors. The NC then reviewed the checklists in arriving at its recommendations to the Board on the independence of the Long-Tenured Independent Directors. Based on these recommendations from the NC, the Board deliberated on whether each Long-Tenured Independent Director was indeed independent.

The Board, having considered the assessment made by the NC, is of the view (with each of the Long-Tenured Independent Directors abstaining from such discussions and deliberations) that the Long-Tenured Independent Directors continued to demonstrate their abilities to exercise strong independent judgement in their deliberations and act in the best interests of the Company and that their length of service on the Board has not affected their independence from Management and from substantial shareholders. The Long-Tenured Independent Directors continued to express their views and debate issues in connection with the Company's matters and Management's actions, both at Board and Board Committee meetings and in separate discussions with Management and other directors. Further, having gained in-depth understanding of the business and operating environment of the Group over the years, they provided the Company with relevant experience and knowledge of the industry. After taking all these factors into account, the NC and the Board (save for the Long-Tenured Independent Directors who abstained from deliberation of this matter) have reviewed and determined that the Long-Tenured Independent Directors continued to be independent, notwithstanding that their services on the Board have been more than nine years and they shall continue to hold the position of Independent Directors of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and the Chief Executive Officer. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC, NC and RMC are chaired by Independent Directors.

Mr. Chan Pengee Adrian is currently the Group Non-Executive Chairman of the Board (the "**Chairman**"), whilst Mr. Goon Eu Jin Terence fulfills the role of the Group Chief Executive Officer ("**CEO**"). As Chairman, Mr. Chan Pengee Adrian is responsible for, amongst other things, leadership of the Board and is pivotal in creating the conditions for overall Board, committee and individual Director effectiveness, both inside and outside the boardroom. This includes setting the agenda of the Board in consultation with the Directors and the Group CEO, and promoting active engagement and an open dialogue among the Directors, as well as between the Board and the Group CEO.

The Chairman ensures that the performance of the Board is evaluated regularly, and guides the development needs of the Board. The scope and extent of the Chairman's and the Board's responsibilities and obligations have been expanding due to the increased focus on corporate governance, risk management, regulation and compliance. Given the increased demands, the Chairman in particular spends more time on, and is more hands-on in, the affairs of the Group. The Board has agreed with the Chairman that he will commit a significant proportion of his time to his role and will manage his other time commitments accordingly.

The CEO plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. He manages the businesses of the Company and implements the Board's decisions. He also ensures that the Directors are kept updated and informed of the Group's businesses and developments.

The Company is not required to appoint a lead independent director as the Chairman and CEO are separate persons and not immediate family members and the Chairman is an independent and non-executive director.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The selection of Board Committee members requires careful management to ensure that each Committee comprises Directors with appropriate qualifications and skills, and that there is an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board, and encourage active participation and contribution from Board members, is also taken into consideration.

The NC comprises three Directors of the Company, two of whom (including the Chairman of the NC) are independent directors. The Chairman of the NC is Mr. Chan Pengee Adrian. The other members are Dr. Teh Ban Lian and Mr. Goon Eu Jin Terence. The NC has adopted specific written terms of reference.

According to the terms of reference of the NC, the members of the NC are responsible for, amongst others, the appointment, re-nomination and retirement of Directors having regard to their independence, qualifications, performance and contributions. The NC also ensures that the Board as a whole, possesses the core competencies required by the Code.

The NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director for recommendation to the Board. However, the re-nomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board.

The NC is of the view that the Company is headed and controlled by an effective Board, as:-

(a) the Board has four non-executive directors of the Company who are independent (as defined in the Code) and able to exercise objective judgement on corporate affairs of the Group independently from Management;

(b) there is no individual or small group of individuals on the Board who dominate the Board's decision making process;

(c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations of the Group; and

(d) the current size of the Board is adequate for the purposes of the Group.

The principal functions of the NC is to establish a formal and transparent process for:

(a) reviewing nominations of new director appointments based on selection criteria such as his/her credentials, skill sets and contributions required by the Company;

(b) reviewing and recommending to the Board the re-election of directors in accordance with the Company's Constitution;

(c) determining annually whether a director is "independent";

(d) deciding whether a director is able to and has adequately carried out his/her duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and

(e) deciding how the Board's performance may be evaluated and propose objective performance criteria.

All Directors are subject to retirement in accordance with the provisions of the Company's Constitution whereby one third of the Directors are required to retire (or if their number is not a multiple of three, the number nearest to but not less than one third) and subject themselves to re-election by shareholders at every annual general meeting ("AGM"). No Director shall stay in office for more than 3 years without being re-elected by the shareholders except for the Managing Director who is not required to submit himself for retirement and re-election.

The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group.

New directors are appointed by way of a Board Resolution, after the NC has approved their nomination. In its search and selection process for new directors, other than through a formal search process, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the skills, experience and other requirements sought by the Group.

A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation.

At the forthcoming AGM, Ms. Wee Ai Quey, Mr. Wong Soon Chiu and Dr. Teh Ban Lian will be retiring by rotation pursuant to Article 107 of the Company's Constitution. All of them, being eligible for re-election, have offered themselves for re-election.

The Company's current policy stipulates that a director should not have in aggregate more than six listed company board representations concurrently so as to be able to devote sufficient time and attention to the affairs of the Company to adequately discharge his/her duties as director of the Company.

All Directors are required to declare their board representations and other principal commitments. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Mr. Chan Pengee Adrian, who abstained from the deliberations, has been able to devote sufficient time and attention to the Company to adequately discharge his duties as director of the Company, notwithstanding his multiple board appointments and other principal commitments.

No alternate director has been appointed to the Board.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC then meets with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidate to the Board for approval and appointment as director.

The profiles of all Board members, including each Board member's academic and professional qualifications, are set out in the section entitled 'Board of Directors'.

Please refer to "**Table 3** – Date of director's initial appointment, last re-election, their listed directorships and other principal commitments" for information on the Directors' date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments.

Except as disclosed in **Table 3**, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and its Board Committees, and the contribution by individual directors to the effectiveness of the Board.

During the financial year, all Directors are requested to complete a Board Evaluation Questionnaire designed to seek their views on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board. The assessment criteria include directors' attendance records at Board and Committee meetings and the contributions of the Board members. The responses are sent directly to the externally appointed Company Secretary and the Company Secretary prepares a summary for the NC to review before submitting it to the Board for discussion and for it to determine the areas for improvement and enhancement of the Board's effectiveness. Following the review, the NC and the Board are of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The performance criteria for the evaluation include board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging their responsibilities as set out in their respective terms of reference with the ultimate goal of enhancing long-term shareholder value.

Each individual Director's performance is evaluated annually and on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and business knowledge and experience each Director possesses which are crucial to the Group's business.

The primary objective of the board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as directors of the Company. Nonetheless, the replacement of a director, when it happens, does not necessarily reflect the Director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

As described in the section on "Board Composition and Guidance" above, the NC has conducted a particularly rigorous review on the independence of Dr. Teh Ban Lian and Mr. Heng Chye Yam (involving both peer and self-assessments), and has concluded that each of them has been independent notwithstanding their long terms of service on the Board.

For FY2016, the NC conducted a self-review against its responsibilities and concluded that the NC had been adequately fulfilling its duties.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors have unrestricted access to the Company's records and information. They are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management.

As a general rule, detailed Board and Board Committee papers prepared for each meeting are normally circulated in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board and Board Committee meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the Directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to senior management executives of the Group at all times in carrying out their duties. Management provides Board members with the management accounts, as well as adequate information prior to Board meetings and updates on initiatives and developments of the Group's business whenever possible, on an on-going basis. Directors may also request from Management such additional information as needed to make informed decisions, such information to be provided in a timely manner.

The Board has separate and independent access to the Company Secretary at all times in carrying out their duties. The Company Secretary administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary ensures good information flows within the Board and the Board Committees and between Management and non-executive directors. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Board members (whether individually or as a group) have, in the furtherance of their duties, access to independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three non-executive Directors, the majority of whom, including the Chairman of the RC, are independent. The RC is chaired by an independent non-executive director, Mr. Heng Chye Yam. The other members are Mr. Chan Pengee Adrian and Mr. Chan Kum Leong.

According to the terms of reference of the RC, the main responsibilities of the RC, as delegated by the Board, are to oversee the remuneration of the Board and senior management. It is responsible for ensuring that a formal and transparent procedure is in place for developing the appropriate remuneration framework and policies. The RC recommends for the Board's endorsement a general framework of remuneration for the Board and key management personnel, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind. The RC also recommends for the Board's endorsement the specific remuneration packages for the executive directors and key management personnel, with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies so as to achieve the Group's goals and deliver sustainable shareholder value. No Director or member of the RC will be involved in deciding his own remuneration and will abstain from voting at RC meetings when their own remuneration is being deliberated.

The Group does not currently appoint an external remuneration consultant. However, if an external remuneration consultant is appointed in the future, it will ensure that such external remuneration consultant will not have relationships with the Group that will affect the independence and objectivity of the remuneration consultant.

The RC also reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

For FY2016, the RC conducted a self-review against its responsibilities and concluded that the RC had been adequately fulfilling its duties.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration policy in respect of executive directors and other key management personnel

The Company's executive directors' and key management personnel's remuneration consists of salary, bonuses and other benefits. A significant and appropriate proportion of such remuneration is linked to corporate and individual performance in the form of performance bonuses, thereby aligning remuneration with the interests of shareholders and promoting the long-term success of the Company.

In setting remuneration packages, the Group takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

The Group has also entered into letters of employment with all of the executive officers. Their compensation consists of salary, bonuses and performance awards that are dependent on the performance of the Group.

Executive directors do not receive directors' fees. The non-executive directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Group recognises the need to pay competitive fees to attract, motivate and retain non-executive directors, without being excessive to the extent that their independence is compromised, and thereby maximising shareholder value. Prior to leaving the Company, non-executive directors are encouraged not to sell their shares in the Company, to align their interests with the Company's.

The Company currently does not use any contractual provisions that allows it to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company. However, the Company will consider adopting such contractual provisions should the need arise in future.

Directors' fees are recommended by the Board for approval at the Company's AGM.

The RC has evaluated the remuneration structure of the Board and is confident that the overall level and structure of remuneration is aligned with the long-term interests and risk management policy of the Company.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Level and Mix of remuneration of directors and key management personnel (who are not also directors or the CEO) for the year ended 31 December 2016.

Please refer to "**Table 4** – Remuneration Table" for the level and mix of remuneration of Directors and key management personnel (who are not also directors or the CEO) for FY2016. For FY2016, there were no termination, retirement or post-employment benefits granted to Directors and key management personnel. There was also no special retirement plan, 'golden parachute' or special severance package for the Directors and key management personnel.

Except as disclosed in **Table 4** of this report, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Although the Code recommends that the exact remuneration of the executive directors and at least the top five key executives' aggregate remuneration be disclosed, the Board believes that such disclosure would be disadvantageous to the Group's business interests, given the confidential and sensitive nature of the information, the highly competitive conditions in the industry where poaching of executives is commonplace and to preserve and maintain team spirit and morale amongst the key executives and key management personnel. Nevertheless, in **Table 4**, the Company has made disclosures of the exact remuneration of the non-executive directors and the director fee structure for the Board. In addition, disclosures for the remuneration of the executive directors and the top eight key executives are made in bands.

The Company has adopted the Nobel Employee Share Option Scheme (the "**Scheme**"), which has been approved by shareholders, and the Group has granted options to executive directors under the Scheme. Matters relating to the Scheme were administered by the RC. Details of the options granted under the scheme to the controlling shareholders and Directors are set out in the "Directors' Statement" on pages 30 to 34 of this Annual Report.

Date of grant	Exercise Period		
05.03.2008*	05.03.2010	to	05.03.2013
25.05.2009#	25.05.2010	to	25.05.2014
27.07.2009#	27.07.2010	to	27.07.2014
08.12.2010*	08.12.2012	to	08.12.2015
29.03.2012*	29.03.2014	to	29.03.2017
09.01.2013*	09.01.2015	to	09.01.2018

*The option was granted at a discount of 20% off market price on the average exercise price.
#The option was granted at market price on the average exercise price.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide shareholders with detailed analysis and a balanced and understandable assessment of the company's performance, position and prospects.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and the Finance Director have provided assurance to the Board on the integrity of the Group's financial statements.

The Board has adopted policies and procedures to ensure compliance with legislative and regulatory requirements such as the Nobel Code of Conduct. For further details, please see page 23 below.

On a monthly basis and as and when the Board may require from time to time, the Board and the Board committees are furnished with management reports containing complete, adequate and timely information, as well as papers containing relevant background or explanatory information required to support the decision-making process. Management and the Company's auditors would also provide additional information on the matters for discussion.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risks and the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The AC engages an external independent firm to conduct an internal audit review based upon an agreed scope of work. The external auditors, during the conduct of their normal audit procedures, may also report on matters relating to internal controls. Any material non-compliance and recommendation for improvement will be reported to the AC.

Based on the reviews by the external firm conducting the internal audit review, the external auditors, the various audit reports and management controls in place, the Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board, with the concurrence of the AC, is therefore of the opinion that the Group's system of internal controls and risk management systems are adequate and effective to address financial, operational, compliance and information technology risks of the Group in its current business environment.

The AC and the Board has received written assurance and confirmation from the CEO and the Finance Director:

(a) that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk management and internal control systems.

The Company has established the RMC as a sub-committee under the AC with effect from 25 February 2014. The RMC is chaired by Dr. Teh Ban Lian and the members of the RMC are Mr. Heng Chye Yam, Mr. Chan Kum Leong and Mr. Wong Soon Chiu. The RMC has adopted specific written terms of reference. Under these terms of reference, the RMC is responsible for:-

- determining the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

- at least annually, reviewing and reporting to the Board on the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls; and

- commenting on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report.

In connection with risk management and setting risk tolerances, the Board determines the nature and extent of the significant risks it is willing to tolerate in achieving its strategic objectives and the conduct of its business activities. The risk appetite is translated into risk tolerances which are determined by establishing target control levels and target residual risk ratings for each identified risk. The decision can then be made to accept/tolerate the resulting residual risk level or implement treatment plans or strategies in addition to those already underway or planned to minimise the risk exposure. To assist the Board with determining the tolerance for various classes of risk, the Company has adopted a Risk Management Policy, details of which can be found on the Company's website at *www.nobel.com.sg.* In carrying out its oversight responsibilities, each RMC member shall be entitled to rely on the expertise and information provided by the CEO and/or any management staff of the Group.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four members, all of whom (including the Chairman of the AC) are non-executive and independent directors. The Chairman of the AC is Mr. Wong Soon Chiu. The other members are Mr. Chan Pengee Adrian, Mr. Heng Chye Yam and Dr. Teh Ban Lian. The AC has adopted specific written terms of reference.

The Board is of the view that all the members of the AC (including the Chairman of the AC) have recent and relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC meets on a quarterly basis to review the quarterly and audited annual financial statements, announcements released on the Singapore Exchange Network (the "**SGXNET**") and all related disclosures to shareholders before submission to the Board for approval. In the process, the AC reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance so as to ensure the integrity of the financial statements.

According to the terms of reference of the AC, the main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance and finance risk management.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any director or executive officer to attend its meetings. The AC has reasonable resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

External Auditors

In FY2016, the AC reviewed together with the external auditors:-

(i) the audit plan (including, amongst others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);
(ii) the balance sheet of the Company and the consolidated financial statements of the Group; and
(iii) the assistance given to them by the Company's officers.

The AC continues to monitor and review, the scope and results of the external audit, its cost effectiveness and the independence and the objectivity of the external auditors and the nature and extent of the non-audit services provided by the external auditors to ensure that the independence of the external auditors is not compromised. The aggregate amount of agreed fees to be paid to the external auditing firms of the Group for FY2016 is $135,600 which comprises audit fees of $126,600 and non-audit fees of $9,000. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of the non-audit services. The external auditors have also provided confirmation of their independence to the AC.

The AC has recommended the reappointment of the external auditors at the forthcoming AGM. The re-appointment of the external auditors is always subject to shareholders' approval at the Company's AGM. The external auditors hold office until their removal or resignation.

As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern.

Whistle-blowing Policy

The Company has put in place a whistle-blowing policy, endorsed by the AC, which provides the mechanisms where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to the AC.

Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well-defined process which ensures independent investigation of such matters and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. Anonymous complaints are not disregarded and will also be investigated. The whistle-blowing policy is available on the Company's website at *www.nobel.com.sg/asset/pdf/ND-Whistle_Blowing_Policy.pdf.*

There were no reported incidents pertaining to whistle-blowing for FY2016.

The AC is satisfied and the Company confirms that it has complied with Rules 712 and 715 and/or 716 of the SGX Listing Rules for FY2016.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements. In FY2016, the Company's external auditors Ernst & Young LLP conducted a briefing session for the Board on the changes to the accounting standards, laws and regulations during the quarterly AC meetings. Continuing education is also provided to update and enhance the skills and knowledge of members in the AC. Following a self-review, AC is satisfied that it had been adequately fulfilling its duties.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced on a project by project basis to an external independent firm, ARC of Business Pte Ltd, reporting directly to the AC and the RMC, and indirectly to the CEO. The AC approves the hiring, removal, evaluation and compensation of this external independent firm.

ARC of Business Pte Ltd is staffed with persons with the relevant qualifications and experience. It is adequately resourced and has appropriate standing within the Company. To ensure its ability to discharge its functions satisfactorily, the external independent firm is given unfettered access to all the Company's documents, records, properties and personnel (including access to the AC and the RMC).

In FY2016, the AC met with the internal auditors without the presence of Management. Together with the RMC, the AC will continue to review specific audit risk areas and ensure that the internal audit function as discharged by the external independent firm is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

The Company's shareholders have one vote for one share. This is stated in the Annual Report and publicly-released to all shareholders together with the Notice of AGM.

The Company's shareholders are given the right, among other rights, to participate in the approval of directors' fees for the non-executive directors. The Company's voting and vote tabulation procedures are properly disclosed and explained by the Scrutineer during the AGM. Voting results on all matters for shareholder approval during the AGM are announced by way of announcements made on SGXNET on the same day, including approving, dissenting and abstaining votes.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company allows each shareholder to appoint up to two proxies to attend AGMs. The Proxy Form is included in the Annual Report and sent out to all shareholders prior to the AGM.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Information on the Company, including pertinent information to be disclosed to shareholders, can be found on the Company website at *www.nobel.com.sg*, which is promptly updated and well-maintained. Further, shareholders and other investors are able to access the annual reports of the Company under the link, "About Us". The Company discloses its top 20 shareholders and its distribution of shareholdings in its annual reports, together with the direct and indirect shareholdings of its directors.

Shareholders and investors are also encouraged to contact the Group's investor relations contact, being the CEO, at this email address: *enquiry@nobel.com.sg*. This channel of communication is designed to facilitate regular and effective communication in an open and non-discriminatory approach on changes to the Company as well as its performance or business developments which would be likely to materially affect the price or value of the shares. The Group's investor relations contact endeavours to respond to shareholder queries promptly and effectively, and usually does so within a week of receiving such queries.

The Company has adopted an Investor Relations Policy, which can be found on the Company's website at *www.nobel.com.sg*. In disclosing information, the Company is dedicated to avoid boilerplate disclosures, and instead ensures that such information is as descriptive, detailed and forthcoming as possible.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the SGX Listing Rules and the Companies Act (Chapter 50 of Singapore), the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through SGXNET and the press. The Company reports its financial results on a quarterly basis, within 45 days from the end of each financial quarter and within 60 days of the financial year end, in each case through SGXNET.

The Company always makes itself available to answer queries and questions from both media and analysts upon release of its full year results. If any accompanying materials are used, such materials will also be made available on the Company's website at *www.nobel.com.sg*.

The Company has also adopted a Dividend Policy. Pursuant to the Dividend Policy, the Company aims to provide stable returns to Shareholders at least once a year through the payment of dividends, after taking into account the Group's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions and any regulatory factors.

A summary of dividends given out throughout the year is also included in the Company's financial statements and annual reports, which are also available through the company website. Where dividends are not paid, reasons are similarly disclosed in the annual reports. The Company practices payment of dividends in an equitable and timely manner where all shareholders are treated equally. The Company also ensures that shareholders are paid within thirty (30) days after the declaration of dividends.

Further details of the Company's Dividend Policy can be found on its website at *www.nobel.com.sg*.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company strongly encourages and supports shareholder participation at AGMs. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto SGXNET.

If shareholders are unable to attend the meetings, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

Resolutions at AGM are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

All Directors, including the Chairmen of the Board, AC, NC, RC and RMC, are in attendance at the Company's AGM to address shareholders' questions. The Company's external auditors, Ernst & Young LLP, are also invited to attend the AGM and are available to assist the Directors in addressing any shareholders queries and the preparation and content of the auditors' report. At the AGM, the CEO delivers a presentation to update shareholders on the Company's progress over the past year.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the Directors or the Management questions regarding the Company and its operations. Shareholders are encouraged to pose questions, and are given ample opportunity to do so at the AGM.

Minutes of general meetings are prepared, which includes substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, as well as responses from the Board and Management. Such meeting minutes are made available to shareholders upon their request.

To promote greater transparency in the voting process and in accordance with the Listing Manual, the Company conducts the voting of all its resolutions by poll at all its AGMs and EGMs. The detailed voting results of each of the resolutions tabled, including the number of votes cast for and against each resolution and the respective percentages, are announced immediately at the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

SHARE TRADING POLICY - DEALINGS IN SECURITIES

As at the date of this Annual Report, the Company has adopted a Share Trading Policy on dealings in securities. Directors, senior management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's securities during the periods commencing two weeks before announcement of the Group's quarterly results and one month before announcement of the Group's half-yearly results and one month before the announcement of the Group's yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities for a short term consideration and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the Group Finance Director/Company Secretary before trading in Company's securities and to confirm annually that they have complied with and are not in breach of the Share Trading Policy. Directors are required to report dealings in the Company's shares immediately as specified in the Company's Share Trading Policy. Prior Board approval is required for trading by Directors, and the Board is kept informed when a Director trades in the Company's securities. The company practices sending out regular emails to all Directors and Officers as reminder against Dealing in Securities prior to any financial results announcement period.

The Company's Share Trading Policy is available on its website at *www.nobel.com.sg.*

NOBEL CODE OF CONDUCT

The Company has established a Nobel Code of Conduct that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in the workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. Directors, key executives and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates. To ensure adherence to corporate policies and best practices, a Compliance Officer was designated by the Board of Directors. One of the functions of the Compliance Officer is to determine violations of the Code of Conduct and create a system for according due notice and hearing, or due process in dealing with violations of the Manual. The Nobel Code of Conduct is available on the Company's website at *www.nobel.com.sg/asset/pdf/Nobel_Code_of_Conduct.pdf.*

CONFLICT OF INTERESTS POLICY

The Company has adopted a Conflict of Interests Policy. The Directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole free of any actual or possible conflicts of interest. The Company's Conflict of Interests Policy is available on the Company's website at *www.nobel.com.sg*.

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders subsisting at the end of FY2016.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has established an Interested Person Transactions Policy setting out procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

This disclosure if any will be included in its quarterly SGX announcement as well as in its annual reports. It is the obligation of every employee, including key officers and Directors, to declare and divulge in writing to the Company his own involvement in any conflict of interest with the Company. Failure on the part of an employee to divulge the same to the Company shall be treated seriously and will be subject to grave penalties.

The Company's Interested Person Transactions Policy requires Board members to abstain from participating in any Board discussion on a particular agenda if and when they are conflicted. One of the specific responsibilities of each Director is to ensure that his personal interest does not affect or prejudice Board decisions. A Director shall not use his position to make any profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality and should observe the conflict of interest policies of the Company. Directors are required to complete an annual conflict of interest disclosure and voluntarily disclose any conflict of interest that may arise within the year. If an actual or potential conflict of interest arises on the part of a Director, he is required to fully and immediately disclose it and must not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Company, or he stands to acquire or gain financial advantage at the expense of the Company.

In compliance with Rule 907 of the SGX Listing Rules, there were no transactions with interested persons for FY2016 which exceeds the stipulated threshold. The Company's Interested Person Transactions Policy is available on its website at *www.nobel.com.sg.*

ANTI-CORRUPTION POLICY

The Company has adopted an Anti-Corruption Policy to reiterate its commitment to compliance with the Prevention of Corruption Act (Chapter 241 of Singapore) and any other applicable anti-bribery or anti-corruption laws. Further details of the Company's Anti-Corruption Policy can be found on its website at *www.nobel.com.sg*.

PROTECTION OF CREDITORS' RIGHTS

The Company recognises the rights of creditors. In this connection, the Company's corporate governance framework is complemented by an effective cash and liquidity management system that protects creditors' rights. Further, the Company ensures that an effective internal audit system is in place to reasonably assure all stakeholders that the audited financial statements are complete and correct in all material aspects and have been prepared in compliance with applicable financial reporting standards and fairly represent the financial condition of the Company and the results of its operations.

HEALTH, SAFETY AND WELFARE POLICY

The health and safety of its employees and customers is of utmost importance to the Company, and the Company is vigilant about controlling health, safety and environmental risks. To this end, the Company has adopted a Health, Safety and Welfare Policy, further details of which can be found on its website *at www.nobel.com.sg*.

ENVIRONMENT SUSTAINABILITY POLICY

Acting responsibly has always been one of the principles of the Company, which strives for a balance between environmental, economic and social considerations in its business activities. As such, the Company has adopted an Environment Sustainability Policy, further details of which can be found on its website at *www.nobel.com.sg*.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")	Risk Management Sub-Committee ("RMC")
Chan Pengee Adrian	Non-Executive Chairman/ Independent	Member	Chairman	Member	-
Dr. Teh Ban Lian	Non-Executive/Independent	Member	Member	-	Chairman
Heng Chye Yam	Non-Executive/Independent	Member	-	Chairman	Member
Wong Soon Chiu	Non-Executive/Independent	Chairman	-	-	Member
Chan Kum Leong	Non-Executive/Non-Independent	-	-	Member	Member
Wee Ai Quey	Executive/Non-Independent	-	-	-	-
Goon Eu Jin Terence	Executive/Non-Independent	-	Member	-	-
Ong Ciu Hwa	Executive/Non-Independent	-	-	-	-

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board		Audit		Remuneration		Nominating		Risk Management	
	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended
Chan Pengee Adrian	5	5	4	4	2	2	2	2	-	-
Dr. Teh Ban Lian	5	3	4	2	-	-	2	1	3	2
Heng Chye Yam	5	5	4	4	2	2	-	-	3	3
Wong Soon Chiu*	5	5	4	4	-	-	-	-	2	2
Chan Kum Leong	5	5	-	-	2	2	-	-	3	3
Wee Ai Quey	5	4	-	-	-	-	-	-	-	-
Goon Eu Jin Terence	5	5	-	-	-	-	2	2	-	-
Ong Ciu Hwa*	5	5	-	-	-	-	-	-	1	1

#No. of meetings held whilst a member.
*Mr. Wong was appointed a member of the Risk Management Sub-Committee in place of Ms. Ong with effect from 1 September 2016.

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION, THEIR LISTED DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

Name of Director	Appointment	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies	Other Principal Commitments
Chan Pengee Adrian	Independent Director and Non-Executive Chairman	24 June 2013	22 April 2016	1. Global Investments Limited 2. Yoma Strategic Holdings Ltd 3. Ascendas Funds Management (S) Ltd 4. Hong Fok Corporation Ltd	1. AEM Holdings Ltd 2. Isetan (Singapore) Limited 3. Biosensors International Group, Ltd.	1. Lee & Lee – Senior Partner, Head of Corporate Department 2. Hogan Lovells Lee & Lee – Non-Executive Director 3. Law Society of Singapore – Committee Member, Corporate Practice Committee and Audit Committee 4. Association of Small and Medium Enterprises – Honorary Secretary 5. Singapore International Chamber of Commerce – Committee Member, Corporate Governance and Regulations Committee 6. Pro-Enterprise Panel – Panel Member 7. Shared Services for Charities Limited – Board Member 8. Accounting and Corporate Regulatory Authority – Board Member 9. Astrea III Pte Ltd – Non-Executive Director 10. Azalea Asset Management Pte Ltd – Non-Executive Director 11. Want Want Holdings Ltd – Non-Executive Director 12. Legal Service Commission – Member
Dr. Teh Ban Lian	Independent Director	13 June 2005	29 April 2014	Nil	Nil	
Heng Chye Yam	Independent Director	26 April 2005	28 April 2015	Nil	Nil	

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION, THEIR LISTED DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS (continued)

Name of Director	Appointment	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies	Other Principal Commitments
Wong Soon Chiu	Independent Director	08 January 2003	29 April 2014	Nil	Nil	
Chan Kum Leong	Non-Executive Director	21 June 2012	22 April 2016	Nil	LionHub Group Ltd, Australia	
Wee Ai Quey	Executive Director	13 December 1982	29 April 2014	Nil	Nil	
	Chief Operating Officer	28 May 2013				
Goon Eu Jin Terence	Group Chief Executive Officer and Group Managing Director	10 March 2010	Not subject to rotation	Nil	Nil	
Ong Ciu Hwa	Executive Director	08 July 2011	28 April 2015	Nil	Nil	

TABLE 4 – REMUNERATION TABLE

a) Directors' remuneration

A breakdown of the level and mix of remuneration paid to each Director in remuneration bands of $250,000 for FY2016 are as follows:-

	Remuneration band	Fees	Salary	Bonus	Other benefits
	$	%	%	%	%
Executive Directors					
Goon Eu Jin Terence	1,000,000 and above	-	13	87	-
Wee Ai Quey	1,000,000 and above	-	13	87	-
Ong Ciu Hwa	0 to 249,999	-	82	18	-

A breakdown of the level and mix of remuneration payable to each Non-Executive Director for FY2016 are as follows:-

	Fees	Salary	Bonus	Other benefits
	$	%	%	%
Non-Executive Directors				
Chan Pengee Adrian	93,000	-	-	-
Dr. Teh Ban Lian	54,250	-	-	-
Heng Chye Yam	58,125	-	-	-
Wong Soon Chiu	47,792	-	-	-
Chan Kum Leong	42,625	-	-	-

Fee: Fees are subject to the approval of the Shareholders at the AGM for FY2016.

TABLE 4 – REMUNERATION TABLE (continued)

a) Directors' remuneration (continued)

The structure of the fees paid or payable to Directors of the Company for FY2016 is as follows:

Type of appointment	Fee per annum $
Board of Directors	
- Base fee	31,000
Board Chairman	31,000
Audit Committee	
- AC Chairman's fee	15,500
- AC Member's fee	7,750
Nominating Committee	
- NC Chairman's fee	15,500
- NC Member's fee	7,750
Remuneration Committee	
- RC Chairman's fee	15,500
- RC Member's fee	7,750
Risk Management Sub-Committee	
- RMC Chairman's fee	7,750
- RMC Member's fee	3,875

b) Top Eight Key Executives' Remuneration

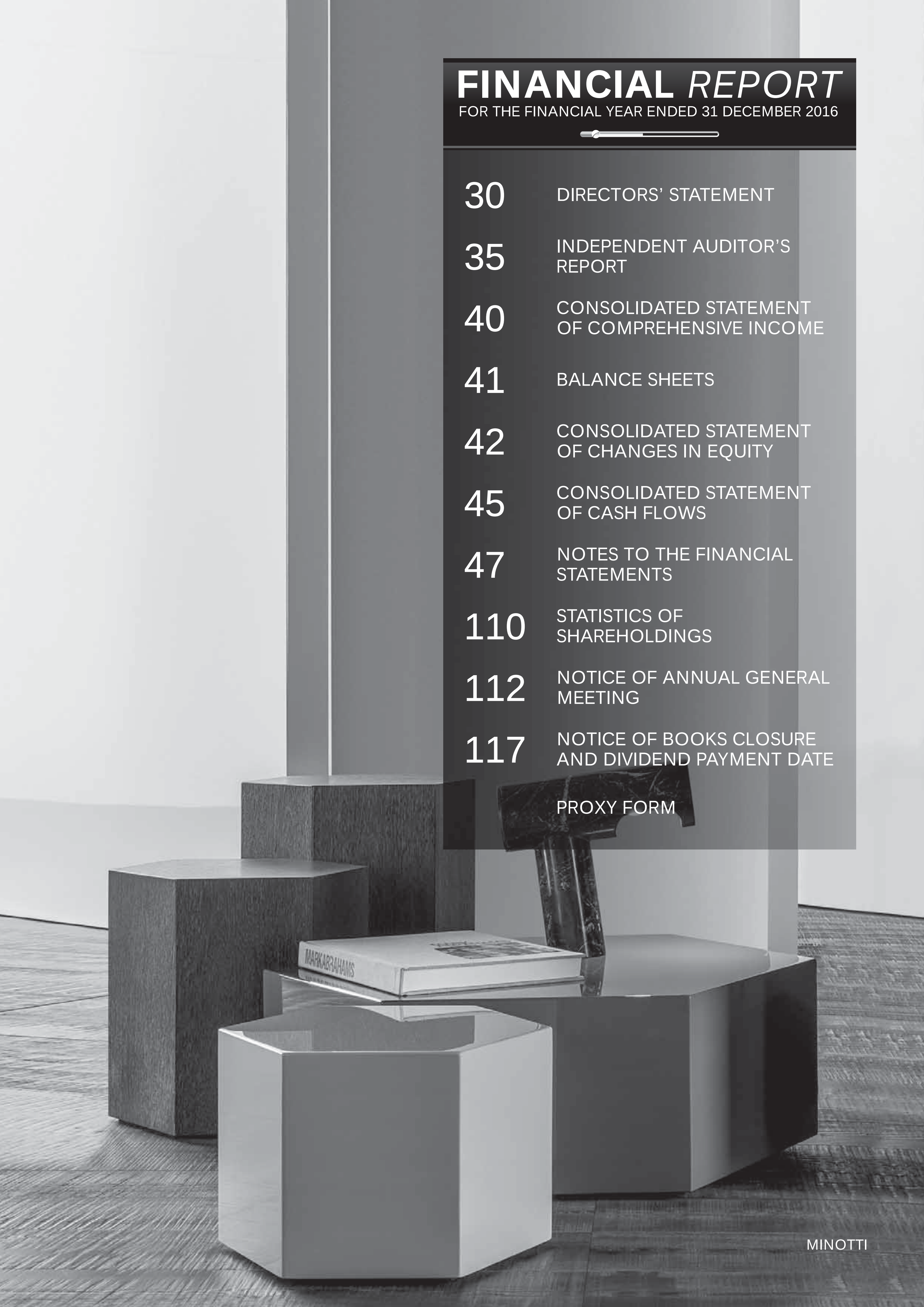
	Remuneration band	Fees	Salary	Bonus	Other benefits
	$	%	%	%	%
Key Executives					
Foo Kim Soon	0 to 250,000	-	84	7	9
Mike Chua Seow Chang	0 to 250,000	-	70	23	7
Roland Toh Poh Soon	0 to 250,000	-	84	7	9
Sharon Wu Pui See	0 to 250,000	-	85	7	8
Rachel Foong Su Min	0 to 250,000	-	89	11	-
Judy Tan Siew Beng	0 to 250,000	-	83	4	13
Ben How Ti Beng	0 to 250,000	-	82	4	14
Frances Lee Woon Yeong	250,000 to 500,000	-	34	64	2

c) Immediate families of Directors

There is no immediate family member of a Director or the CEO in the employment of the Company whose annual remuneration exceeded $50,000 during FY2016.

FINANCIAL *REPORT*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016



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DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Chan Pengee Adrian
Goon Eu Jin Terence
Wee Ai Quey
Wong Soon Chiu
Dr. Teh Ban Lian
Heng Chye Yam
Chan Kum Leong
Ong Ciu Hwa

In accordance with Article 107 of the Company's Constitution, Wee Ai Quey, Wong Soon Chiu and Dr. Teh Ban Lian retire and, being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph five below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

4. Directors' interests in shares and debentures (continued)

	Direct interest			Deemed interest		
	At 21 January 2017	At 31 December 2016	At 1 January 2016	At 21 January 2017	At 31 December 2016	At 1 January 2016
Company						
Ordinary shares						
Wee Ai Quey	25,132,000	25,132,000	23,645,000	–	–	–
Goon Eu Jin Terence	31,181,000	30,772,000	22,978,000	–	–	–
Wong Soon Chiu	6,626,000	6,676,000	6,726,000	–	–	–
Ong Ciu Hwa	1,415,000	1,415,000	1,115,000	–	–	–
Dr. Teh Ban Lian	102,000	102,000	362,000	–	–	–
Heng Chye Yam	19,000	19,000	89,000	–	–	–
Shares options						
Wee Ai Quey	217,000	217,000	1,704,000	–	–	–
Goon Eu Jin Terence	270,000	270,000	2,114,000	–	–	–
Dr. Teh Ban Lian	300,000	300,000	300,000	–	–	–
Heng Chye Yam	250,000	250,000	250,000	–	–	–
Wong Soon Chiu	250,000	250,000	250,000	–	–	–
Ong Ciu Hwa	1,905,000	1,905,000	2,205,000	–	–	–
Chan Kum Leong	75,000	75,000	75,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Wee Ai Quey and Mr. Goon Eu Jin Terence are deemed to have an interest in the shares of all the related corporations to the extent held by the Company.

5. Share options

(a) Nobel Employee Share Option Scheme

The Nobel Employee Share Option Scheme (the "Scheme") was approved by members of the Company at an Extraordinary General Meeting on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme.

The Scheme serves to motivate employees, directors and associated company employees to perform their utmost best and to maintain a high level of contribution for the benefits of the Group as well as to retain key employees whose contribution are important to the long term growth and profitability of the Group.

The Scheme is administered by the Remuneration Committee (the "RC"). The members of the RC are as follows:

Heng Chye Yam, Chairman
Chan Pengee Adrian, member
Chan Kum Leong, member

5. Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

The details of the options granted under the scheme to the directors of the Company as at 31 December 2016 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Wee Ai Quey	(a)	5-Mar-08	$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	1,050,000	30,000	1,080,000	(1,080,000)	–	–
	(a)	29-Mar-12	$0.3120 *	1,634,000	–	1,634,000	(1,634,000)	–	–
	(a)	9-Jan-13	$0.4000 *	723,000	–	723,000	(506,000)	–	217,000
Goon Eu Jin Terence	(a)	5-Mar-08	$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	1,300,000	37,143	1,337,143	(1,337,000)	(143)	–
	(a)	29-Mar-12	$0.3120 *	2,023,000	–	2,023,000	(2,023,000)	–	–
	(a)	9-Jan-13	$0.4000 *	900,000	–	900,000	(630,000)	–	270,000
Ong Ciu Hwa	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	980,000	28,000	1,008,000	(1,008,000)	–	–
	(a)	29-Mar-12	$0.3120 *	1,525,000	–	1,525,000	(300,000)	–	1,225,000
	(a)	9-Jan-13	$0.4000 *	680,000	–	680,000	–	–	680,000
Dr. Teh Ban Lian	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	180,000	5,143	185,143	(185,000)	(143)	–
	(a)	29-Mar-12	$0.3120 *	300,000	–	300,000	(120,000)	–	180,000
	(a)	9-Jan-13	$0.4000 *	120,000	–	120,000	–	–	120,000
Heng Chye Yam	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	$0.4000 *	100,000	–	100,000	–	–	100,000
Wong Soon Chiu	(b)	25-May-09	$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	$0.4000 *	100,000	–	100,000	–	–	100,000
Chan Kum Leong	(a)	9-Jan-13	$0.4000 *	75,000	–	75,000	–	–	75,000

* The option was granted at a discount of 20% off market price of $0.130, $0.265, $0.390 and $0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to $0.1011 and $0.2061 as a result of warrant issue.

^ The option was granted at market price of $0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to $0.0875 as a result of warrant issue.

5. Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

(a) The options are exercisable in 3 tranches as follows:

(i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;

(ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and

(iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

(b) The options are exercisable in 4 tranches as follows:

(i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;

(ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;

(iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and

(iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

(b) Share options outstanding

As at 31 December 2016, there are 5,533,000 outstanding options for the employees of the Company, the associated company, the executive and non-executive directors under the Scheme. Details of options granted to the directors up to 31 December 2016, have been disclosed in paragraphs four and five of this statement. Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6. Audit Committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Wong Soon Chiu (Chairman) – Non-Executive and Independent Director
Chan Pengee Adrian – Non-Executive and Independent Director
Heng Chye Yam – Non-Executive and Independent Director
Dr. Teh Ban Lian – Non-Executive and Independent Director

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the Listing Manual of the SGX-ST and the Singapore Code of Corporate Governance 2012. In performing those functions, the AC reviewed:

- the reliability and integrity of financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations in relation to financial reporting, particularly those of the Act, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full-year announcements and reports;

6. **Audit Committee** (continued)

- the adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

The Audit Committee also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the Audit Committee has introduced a Whistle Blowing Policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal. The Audit Committee met four times in 2016.

The Audit Committee has recommended to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

7. **Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of directors

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

Singapore
31 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

We were appointed auditors of the Group on 7 September 2015. Consequently we were not able to observe the counting of the physical inventories as at 1 January 2015 or satisfy ourselves concerning those inventory quantities via alternative means. The closing balance of the inventories as at 31 December 2014 was carried forward to form the opening balance of the inventories for the year ended 31 December 2015. Since opening inventories affect the determination of the cost of sales for the year ended 31 December 2015, we were unable to determine whether adjustments to the cost of sales and opening retained earnings might be necessary for 2015. Any adjustment to this figure would have a consequential effect on the results of the operations for the year ended 31 December 2015. This resulted in us qualifying our audit opinion on the financial statements for the year ended 31 December 2015. Our opinion on the current year's financial statements is also qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures on the cost of sales reported in the consolidated statement of comprehensive income and related notes.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Key audit matters

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

1. Revenue recognition for rendering of service for project contracts

The Group enters into renovation contracts for which the Group applies the percentage of completion method. The amount of revenue and profit recognised in a year on such renovation contracts is dependent, inter alia, on the actual cost accounted for, the estimates made on total contract costs, the assessment of the percentage of completion, and the expected revenue of each contract. Furthermore, the amount of revenue and profit is influenced by the estimates being made to assess the total variation orders and claims, and appropriately provide for loss making contracts. Significant management judgement is involved in estimating the cost to complete including the assessment of the remaining contingencies that a project is or could be facing until delivery. Reference is made to Note 3.1 to the consolidated financial statements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

1. Revenue recognition for rendering of service for project contracts (continued)

In our audit we tested the Group's processes and controls regarding the accounting for work in progress. We performed procedures to determine that the expected revenue has been properly reconciled to signed contracts and variation orders, the correct cost categories have been included in work in progress and that variation orders and claims have been properly taken into account when determining the valuation of work in progress and the resulting estimated cumulative result on contracts. We considered the appropriateness of the estimates made for significant projects and assessed whether or not these estimates showed any evidence of management bias. We have also reviewed the accuracy of management's estimates in previous period, identification and analysis of changes in assumptions from prior periods and the consistency of assumptions across projects. In detailed discussions with management, we considered the achievability of the estimated results of significant contracts, including the effect of variation orders and contingencies. We also tested the mathematical accuracy of the revenue and profit based on the percentage of completion calculations. Additionally, we assessed the adequacy of the Group's disclosure made in Note 4 to the consolidated financial statements.

2. Impairment of trade receivables

The Group had trade receivables of $10,369,973 before allowance for impairment of $608,693 as at 31 December 2016. The determination as to whether trade receivables are collectable involves management judgement. Specific factors management considers include the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether an allowance for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.

We reviewed trade receivables through verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. We selected a sample of the larger trade receivable balances where an allowance for impairment of trade receivables was recognised, and understood the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements, we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also circularised confirmations for larger trade receivable balances. In addition, we performed inquiry of management to obtain understanding of any disputes between the Group and counterparties, attempts by management to recover the amounts outstanding and on the financial conditions as well as credit status of significant counterparties. In assessing the appropriateness of the overall allowance for impairment, we considered the consistency of management's application of policy for recognising allowance for impairment with the prior year. Specifically we considered how much of prior years' allowance for impairment had been utilised for bad debt write offs during the year and how much of prior years' allowance for impairment were released due to customers' subsequent repayment. We also assessed the adequacy of the disclosures on trade receivables and the related risks such as credit risk and liquidity risk made in Note 32(b) and Note 32(c) to the consolidated financial statements.

3. Net realisable value for slow moving inventories

The Group sells furniture and related accessories which is subject to changing consumer demands and fashion trends. Significant judgement is involved in estimating the write-down of inventory. Judgement is required to assess the appropriate level of write-down for items which may be ultimately destroyed or sold below cost as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales and inventory liquidation plans.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

3. Net realisable value for slow moving inventories (continued)

For slow moving inventories, we reviewed the basis for the inventory write-down, the consistency of write-down in line with policy and the rationale for the recording of specific allowance for inventory obsolescence. We assessed management's write-down methodology which has been updated to reflect historical information. In doing so we understood the ageing profile of inventory, the process for identifying specific problem inventory and levels of demand for significant items. Based on our review, we assessed whether the inventory obsolescence allowance were valid and appropriate. In addition, we assessed the adequacy of the disclosures made in Note 14 to the consolidated financial statements.

4. Equity accounting for the results of and investment in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. The accounting for the results of and investment in joint ventures is significant to our audit due to the significant share in joint ventures' net profit and net assets. At year ended 31 December 2016, the Group's share of profit of joint ventures amounted to $12,903,187 which is 75% of the Group's net profit, and the Group's investments in joint ventures amounted to $29,760,653 which is 93% of the Group's total non-current assets.

Joint ventures of the Group are involved in the business of property development. Significant management estimation is involved in estimating the cost to complete including the assessment of the remaining contingencies that the development projects could be facing till their development and sales completion. Significant management judgement is involved in assessing the collectability of trade receivables from specific customers.

As we are the auditor of significant joint ventures, amongst other audit procedures, we assessed the significant judgements made by management through examination of project documentation and discussion of the status of projects under construction with management. For significant contract costs and revenues, we performed test of details by vouching to supplier invoices and contracts to verify their occurrence. In addition, we reviewed significant construction contracts, examined various claims between the Company, subcontractors, and customers and responses thereto. We also verified the updated budgeted costs to complete the projects by checking to the contracts and variation orders. In addition, we have tested the robustness of management's forecast of budgeted costs by comparing prior year estimation against actual cost incurred and investigate if there was any significant discrepancy noted.

For significant trade receivables, we performed inquiry of management to obtain understanding of any disputes between the Group and counterparties, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties. We reviewed the equity accounting adjustments prepared by management in respect of these joint ventures and assessed if the effects of the transactions between the Group and the joint ventures for the financial year are appropriately reflected. We also evaluated the significant accounting policies of the joint ventures to ensure alignment with group accounting policy. Additionally, we assessed the adequacy of the disclosures made in Note 17 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2016

Report on the audit of the financial statements (continued)

Other information (continued)

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor’s responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner of the audit resulting in this independent auditor’s report is Eleanor Lee Kim Lin.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	GROUP	
		2016	2015
		$	$
Revenue	4	**92,625,257**	84,691,626
Cost of sales		**(59,955,178)**	(54,161,014)
Gross profit		**32,670,079**	30,530,612
Other income	5	**8,547,592**	9,614,025
Expenses			
- Distribution and marketing		**(13,027,822)**	(13,205,392)
- Administrative		**(22,363,390)**	(20,736,384)
- Finance	6	**(102,429)**	(176,854)
Share of profit of joint ventures – net of tax		**12,903,187**	12,268,382
Profit before income tax	7	**18,627,217**	18,294,389
Income tax expense	9	**(1,414,924)**	(152,575)
Net profit		**17,212,293**	18,141,814
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – gains, representing other comprehensive income, net of tax		**694,438**	1,279,667
Total comprehensive income		**17,906,731**	19,421,481
Profit attributable to:			
Equity holders of the Company		**15,315,158**	16,674,682
Non-controlling interests		**1,897,135**	1,467,132
		17,212,293	18,141,814
Total comprehensive income attributable to:			
Equity holders of the Company		**15,824,298**	17,617,248
Non-controlling interests		**2,082,433**	1,804,233
		17,906,731	19,421,481
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	10(a)	**7.19**	7.87
Diluted earnings per share	10(b)	**6.97**	7.68

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

BALANCE SHEETS

As at 31 December 2016

	Note	GROUP		COMPANY	
		2016	2015	**2016**	2015
		$	$	**$**	$
ASSETS					
Current assets					
Cash and bank balances	11	**134,822,321**	108,247,413	**117,068,229**	95,943,642
Available-for-sale financial assets	12	**552**	18,795	**552**	18,795
Trade and other receivables	13	**19,809,094**	20,047,836	**9,102,084**	10,561,460
Inventories	14	**19,733,189**	19,772,928	**–**	–
Gross amount due from customers for contract work-in-progress	15	**319,278**	164,184	**–**	–
		174,684,434	148,251,156	**126,170,865**	106,523,897
Non-current assets					
Trade and other receivables	13	**139,906**	336,707	**–**	–
Investments in associated companies	16	**4**	6	**4**	4
Investments in joint ventures	17	**29,760,653**	38,400,651	**850,002**	1,137,502
Investments in subsidiaries	18	**–**	–	**4,155,027**	3,935,623
Property, plant and equipment	19	**1,878,768**	1,969,578	**632,582**	529,963
Intangible assets	20	**161,000**	161,000	**161,000**	161,000
		31,940,331	40,867,942	**5,798,615**	5,764,092
Total assets		**206,624,765**	189,119,098	**131,969,480**	112,287,989
LIABILITIES					
Current liabilities					
Trade and other payables	21	**25,106,504**	21,081,688	**10,018,082**	6,781,851
Borrowings	22	**8,970,588**	9,896,927	**8,600,048**	9,636,201
Obligations under finance leases	23	**33,865**	31,148	**–**	–
Gross amount due to customers for contract work-in-progress	15	**1,746,754**	2,657,913	**–**	–
Current income tax liabilities		**1,280,634**	419,692	**–**	–
Deferred income	24	**3,249,874**	3,249,874	**3,249,874**	3,249,874
		40,388,219	37,337,242	**21,868,004**	19,667,926
Non-current liabilities					
Obligations under finance leases	23	**53,366**	8,391	**–**	–
Deferred income	24	**1,354,113**	4,603,987	**1,354,113**	4,603,987
Deferred income tax liabilities	25	**24,531**	24,531	**–**	–
		1,432,010	4,636,909	**1,354,113**	4,603,987
Total liabilities		**41,820,229**	41,974,151	**23,222,117**	24,271,913
Net assets		**164,804,536**	147,144,947	**108,747,363**	88,016,076
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**35,747,385**	33,744,505	**35,747,385**	33,744,505
Other reserves	27	**2,694,138**	2,149,836	**811,970**	1,426,935
Retained earnings	28	**121,314,054**	107,084,549	**72,188,008**	52,844,636
		159,755,577	142,978,890	**108,747,363**	88,016,076
Non-controlling interests		**5,048,959**	4,166,057	**–**	–
Total equity		**164,804,536**	147,144,947	**108,747,363**	88,016,076

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$	$
2016								
Opening balance at 1 January 2016	33,744,505	1,426,935	722,901	–	107,084,549	142,978,890	4,166,057	147,144,947
Profit for the year	–	–	–	–	15,315,158	15,315,158	1,897,135	17,212,293
Other comprehensive income, net of tax								
Currency translation differences arising from consolidation – gains	–	–	509,140	–	–	509,140	185,298	694,438
Total comprehensive income for the year	–	–	509,140	–	15,315,158	15,824,298	2,082,433	17,906,731
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary (Note 18)	–	–	–	657,313	–	657,313	(896,717)	(239,404)
Disposal of equity interests without a change in control (Note 18)	–	–	–	(7,186)	–	(7,186)	27,186	20,000
Total changes in ownership interests in subsidiaries	–	–	–	650,127	–	650,127	(869,531)	(219,404)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$	$
2016								
Contributions by and distributions to owners								
Employee share option scheme (Note 27(b))	–	73,469	–	–	–	73,469	–	73,469
Employee share options lapsed in prior years	–	(105,594)	–	–	105,594	–	–	–
Issue of new shares	2,002,880	(582,840)	–	–	–	1,420,040	–	1,420,040
Dividend paid (Note 29)	–	–	–	–	(1,191,247)	(1,191,247)	(345,000)	(1,536,247)
Contributions from non-controlling interests	–	–	–	–	–	–	15,000	15,000
Total contributions by and distributions to owners	2,002,880	(614,965)	–	–	(1,085,653)	302,262	(330,000)	(27,738)
Total transactions with owners in their capacity as owners	2,002,880	(614,965)	–	650,127	(1,085,653)	952,389	(1,199,531)	(247,142)
Closing balance at 31 December 2016	**35,747,385**	**811,970**	**1,232,041**	**650,127**	**121,314,054**	**159,755,577**	**5,048,959**	**164,804,536**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$	$
2015								
Opening balance at 1 January 2015	32,459,456	1,656,152	(219,665)	–	91,790,907	125,686,850	2,709,824	128,396,674
Profit for the year	–	–	–	–	16,674,682	16,674,682	1,467,132	18,141,814
Other comprehensive income, net of tax								
Currency translation differences arising from consolidation – gains	–	–	942,566	–	–	942,566	337,101	1,279,667
Total comprehensive income for the year	–	–	942,566	–	16,674,682	17,617,248	1,804,233	19,421,481
Contributions by and distributions to owners								
Employee share option scheme (Note 27 (b))	–	230,633	–	–	–	230,633	–	230,633
Issue of new shares	1,285,049	(459,850)	–	–	–	825,199	–	825,199
Dividend paid (Note 29)	–	–	–	–	(1,381,040)	(1,381,040)	(348,000)	(1,729,040)
Total transactions with owners in their capacity as owners	1,285,049	(229,217)	–	–	(1,381,040)	(325,208)	(348,000)	(673,208)
Closing balance at 31 December 2015	**33,744,505**	**1,426,935**	**722,901**	**–**	**107,084,549**	**142,978,890**	**4,166,057**	**147,144,947**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	GROUP	
		2016	2015
		$	$
Operating activities			
Net profit		**17,212,293**	18,141,814
Adjustments for:			
- Income tax expense	9	**1,414,924**	152,575
- Employee share option expense	8	**73,469**	230,633
- Amortisation of deferred income	5	**(3,249,874)**	(3,249,873)
- Allowance for impairment of trade and other receivables	32(b)	**1,108,375**	540,956
- Bad debts recovered	5	**(300,006)**	(242,878)
- Depreciation	7	**890,723**	887,283
- Dividend income from investment in quoted shares – available-for-sale financial assets	5	**(172)**	(342)
- Property, plant and equipment written off	7	**952**	–
- Investment in an associated company written off	7	**2**	–
- Allowance for stock obsolescence	7	**739,868**	130,765
- Gain on disposal of property, plant and equipment	5	**(83,131)**	(35,705)
- Loss on disposal of available-for-sale financial assets	7	**925**	–
- Impairment loss on available-for-sale financial assets	12	**2,105**	5,184
- Interest income		**(2,018,398)**	(1,405,221)
- Finance expenses	6	**102,429**	176,854
- Share of profit of joint ventures – net of tax		**(12,903,187)**	(12,268,382)
- Unrealised exchange differences		**813,180**	1,268,130
Operating cash flows before changes in working capital		**3,804,477**	4,331,793
Changes in working capital:			
- Trade and other receivables		**(710,110)**	(541,292)
- Inventories		**(700,129)**	(1,446,723)
- Contract work-in-progress		**(1,066,253)**	(1,165,506)
- Trade and other payables		**(60,184)**	(2,615,972)
Cash flows provided by/(used in) operations		**1,267,801**	(1,437,700)
Income tax paid		**(553,982)**	(345,988)
Net cash flows provided by/(used in) operating activities		**713,819**	(1,783,688)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	GROUP 2016 $	GROUP 2015 $
Investing activities			
Dividend income received from investment in quoted shares – available-for-sale financial assets	5	**172**	342
Dividend income received from joint ventures		**21,246,400**	4,893,750
Acquisition of non-controlling interests in a subsidiary	18	**(239,404)**	–
Proceeds from voluntary liquidation of a joint venture		**287,500**	–
Disposal of available-for-sale financial assets		**15,213**	–
Loans to associated companies		**–**	(831,118)
Repayment of loans by associated companies		**616,191**	–
Repayment of loans by joint ventures		**–**	14,010,398
Disposal of property, plant and equipment		**123,659**	42,143
Additions to property, plant and equipment		**(745,999)**	(188,739)
Fixed deposits with maturity of more than three months		**(24,168,037)**	(13,890,098)
Interest received		**1,748,776**	1,082,556
Net cash flows (used in)/provided by investing activities		**(1,115,529)**	5,119,234
Financing activities			
Advances from joint ventures		**4,085,000**	2,450,000
Proceeds from bank borrowings		**7,303,887**	34,412,963
Repayment of bank borrowings		**(8,230,226)**	(36,911,505)
Net proceeds from issuance of shares		**1,420,040**	825,199
Fixed deposits pledged		**454,919**	(2,041,242)
Repayment of finance leases		**(43,452)**	(63,580)
Interest paid		**(102,429)**	(176,854)
Dividends paid to equity holders of the Company	29	**(1,191,247)**	(1,381,040)
Dividends paid to non-controlling interests		**(345,000)**	(348,000)
Proceeds from disposal of equity interests in a subsidiary without a change in control	18	**20,000**	–
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		**15,000**	–
Net cash flows provided by/(used in) financing activities		**3,386,492**	(3,234,059)
Net increase in cash and cash equivalents		**2,984,782**	101,487
Cash and cash equivalents at beginning of financial year		**10,367,589**	10,279,156
Effect of currency translation on cash and cash equivalents		**(122,992)**	(13,054)
Cash and cash equivalents at end of financial year	11	**13,229,379**	10,367,589

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

1. Corporate information

Nobel Design Holdings Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 16 Tai Seng Street, Singapore 534138.

The principal activities of the Company are those of interior designers and renovators and manufacturers of furniture. The principal activities of its associated companies, joint ventures and subsidiaries are disclosed in Notes 16, 17 and 18 respectively in the notes to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised losses*	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 *Disclosure of Interest in Other Entities*	1 January 2017
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its available-for-sale financial assets and loans and trade receivables either on a 12-month of lifetime basis. The Group expects to adopt the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect any significant impact to arise from this change, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115.

The adoption of FRS 115 has an impact on the Group's recognition of revenue from interior design, renovation and furnishing projects. The Group has to allocate the contract sum to the separately identifiable performance obligations within each project and recognise revenue only upon the satisfaction of the performance obligations. The Group is currently assessing the impact of FRS 115 on the recognition of revenue from interior design, renovation and furnishing projects.

The adoption of FRS 115 has an impact on the Group's joint ventures' recognition of revenue for sale of completed development property and pre-completion contracts for sale of development properties. The joint ventures have assessed that for their commercial development, performance obligations for the sale of pre-completion units will be satisfied over time. As all the development projects have been completed and there are no projects in progress, this is not expected to have a significant impact to the Group's share of profits of joint ventures.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– derecognises the carrying amount of any non-controlling interest;
– derecognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (continued)

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associated companies

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associated companies and joint ventures using the equity method from the date on which it becomes an associated company or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company and joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated companies or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies or joint ventures. The profit or loss reflects the share of results of the operations of the associated companies or joint ventures. Distributions received from associated companies or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated companies or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated company or joint venture are eliminated to the extent of the interest in the associated companies or joint ventures.

When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

2. Summary of significant accounting policies (continued)

2.8 Joint ventures and associated companies (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated companies or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies and joint ventures are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Foreign currency

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

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

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

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Summary of significant accounting policies (continued)

2.10 Property, plant and equipment (continued)

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

	Useful lives
Leasehold improvements	3 – 5 years
Equipment	3 – 5 years
Furniture and office equipment	3 – 5 years
Motor vehicles	5 years

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

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

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss within "Other income" in the year the asset is derecognised.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

<u>Club memberships</u>

Club memberships were acquired separately, and the useful lives of the club memberships are estimated to be indefinite because they are lifetime memberships and do not expire.

2. Summary of significant accounting policies (continued)

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

(ii) Available-for-sale financial assets (continued)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

De-recognition

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

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions and net of bank overdrafts (if any).

2. Summary of significant accounting policies (continued)

2.16 Construction contracts – renovation contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method").

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as gross amount due from customers for contract work-in-progress within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as gross amount due to customers for contract work-in-progress within current liabilities.

2.17 Inventories

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

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

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

2.18 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

2. Summary of significant accounting policies (continued)

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant relating to an asset is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grant relating to income is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate. Government grants relating to income are included in other income.

2.20 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings.

2.21 Borrowing costs

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

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

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

(a) Defined contribution plans

The Group participates in the national pension scheme in Singapore under which the Group makes contributions to the Central Provident Fund scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

2. Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(c) Profit-sharing and bonus plans

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

2.23 Leases

(a) When the Group is the lessee

The Group leases motor vehicles under finance leases and warehouses, showrooms, land and office space under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases office space under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases of leasehold land and building in which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

2. Summary of significant accounting policies (continued)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, net of rebates, discounts and goods and services tax.

(a) Sale of goods – Trading income

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

(b) Rendering of service – Revenue on project contracts

Revenue from interior design, renovation and furnishing contracts is recognised using the percentage of completion method. Under the percentage of completion method, contract income is recognised by reference to proportion of the total services to be performed on each contract, after making appropriate provision for uncertainties and estimated costs to complete. Progress billings are shown as a deduction from costs. Contract costs comprise direct materials, direct labour costs, sub-contractors' costs and those indirect costs related to contract performance. General and administrative costs are expensed when incurred. Provision for foreseeable losses on uncompleted contracts is made in the financial year in which such losses are determined.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Commission income, parking fee income and management fee

Commission income, parking fee income and management fee are recognised when services are rendered.

2.25 Taxes

(a) Current income tax

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

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

2. Summary of significant accounting policies (continued)

2.25 Taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (continued)

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors whom are responsible for allocating resources and assessing performance of the operating segments.

3. Significant accounting judgements and estimates

The preparation of the Group's 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 reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

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

(a) Revenue on renovation contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

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

If the total contract values on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue and gross profit before income tax would have been higher/lower by $1,188,742 (2015: $1,327,426).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit before income tax would have been lower/higher by $734,979 (2015: $842,070).

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3. Significant accounting judgements and estimates (continued)

3.1 Key sources of estimation uncertainty (continued)

(b) Impairment of loans and receivables (continued)

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher/lower by $11,146 (2015: $16,673).

(c) Equity accounting for the results of and investment in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. Joint ventures of the Group are involved in the business of property development.

For residential development projects under progressive payment scheme in Singapore, the joint ventures recognise revenue and cost of sales from partially completed development property held for sale based on the percentage of completion method. The stage of completion is measured by reference to the professional's certification of value of work done-to-date. For commercial development projects, the joint ventures recognise revenue and cost of sales upon the completion of construction.

Significant estimates are required in determining the cost to complete including the assessment of the remaining contingencies that the development projects could be facing till their development and sales completion. In making the assumption, the joint ventures rely on reference to information such as current offers and/or recent contracts with contractors and suppliers, estimation on cost of construction and material costs based on historical experience, and the work of professional surveyors and architects.

3.2 Judgements made in applying accounting policies

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

Net realisable value for slow moving inventories

The management carries out an inventory review on a product-by-product basis at the end of each reporting period taking into account the age of inventory. Aged inventories with slow turnaround are written down to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2016, management has written down approximately $739,868 (2015: $130,765) of its slow moving inventories. The carrying amount of inventories at the end of reporting year was $19,733,189 (2015: $19,772,928). Inventories are disclosed in Note 14 to the financial statements.

4. Revenue

	GROUP	
	2016	2015
	$	$
Interior and furniture	**34,180,537**	35,308,544
Supply chain	**58,444,720**	49,383,082
	92,625,257	84,691,626

5. Other income

	GROUP	
	2016	2015
	$	$
Commission income	**17,647**	7,935
Dividend income from investment in quoted shares	**172**	342
Fixed deposit interest income	**2,003,464**	1,343,236
Interest income	**14,934**	61,985
Management fee from joint ventures	**72,000**	54,000
Parking fee income	**30,034**	86,213
Rental income	**1,476,004**	3,728,753
Write back of unclaimed trade payables more than 7 years	**1,110,628**	449,136
Miscellaneous income	**189,698**	353,969
Amortisation of deferred income (Note 24)	**3,249,874**	3,249,873
Bad debts recovered	**300,006**	242,878
Gain on disposal of property, plant and equipment	**83,131**	35,705
	8,547,592	9,614,025

6. Finance expenses

	GROUP	
	2016	2015
	$	$
Bank loan interest	**73,530**	105,689
Finance lease interest	**2,352**	4,687
Trust receipts interest	**26,459**	66,064
Other interest	**88**	414
	102,429	176,854

7. Profit before income tax

The following items have been included in arriving at profit before income tax:

	GROUP	
	2016	2015
	$	$
Advertising and promotion	**2,995,363**	2,665,699
Fees on audit services paid/payable to:		
- Auditor of the Company	**126,600**	112,800
- Other auditors	**7,911**	12,992
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**9,000**	6,000
Bank charges	**306,959**	191,032
Contract costs on renovation contracts	**9,224,649**	8,761,234
Legal and professional fee	**151,950**	360,310
Depreciation of property, plant and equipment (Note 19)	**890,723**	887,283
Employee compensation (Note 8)	**12,648,328**	11,844,213
Allowance for impairment of trade and other receivables (Note 32 (b))	**1,108,375**	540,956
Property tax	**720,126**	1,125,279
Rental expense on operating leases	**9,979,757**	9,720,402
Sales commission	**1,641,614**	2,087,932
Utilities	**368,555**	427,711
Allowance for stock obsolescence	**739,868**	130,765
Inventories recognised as an expense in cost of sales (Note 14)	**44,856,272**	40,397,433
Reversal of inventories written-down (Note 14)	**(102,041)**	(400,906)
Investment in an associated company written off	**2**	–
Loss on disposal of available-for-sale financial assets	**925**	–
Property, plant and equipment written off	**952**	–

8. Employee compensation

	GROUP	
	2016	2015
	$	$
Wages and salaries	**11,396,407**	10,378,121
Employer's contribution to defined contribution plans including Central Provident Fund	**839,081**	849,111
Directors' fee	**295,792**	330,750
Employee share option expense (Note 27(b))	**73,469**	230,633
Staff accommodation	**43,579**	55,598
	12,648,328	11,844,213

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	GROUP	
	2016	2015
	$	$
Consolidated statement of comprehensive income:		
Current income tax:		
- Current income tax	**1,438,963**	419,311
- Overprovision in respect of previous years	**(24,039)**	(197,536)
	1,414,924	221,775
Deferred income tax:		
- Overprovision in respect of previous years (Note 25)	**–**	(69,200)
	1,414,924	152,575

Relationship between tax expense and accounting profit

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax for the years ended 31 December 2016 and 2015 is as follows:

	GROUP	
	2016	2015
	$	$
Consolidated statement of comprehensive income		
Profit before income tax	**18,627,217**	18,294,389
Share of profit of joint ventures – net of tax	**(12,903,187)**	(12,268,382)
Profit before income tax and share of profit of joint ventures	**5,724,030**	6,026,007
Tax calculated at tax rate of 17% (2015: 17%)	**973,085**	1,024,421
Effects of:		
- Different tax rates in other countries	**100,881**	59,140
- Expenses not deductible for tax purposes	**748,845**	1,183,576
- Income not subject to tax	**(577,873)**	(689,344)
- Deferred tax assets not recognised	**948,470**	551,963
- Benefits from previously unrecognised tax losses and temporary differences	**(585,266)**	(1,613,960)
- Overprovision in prior years income tax	**(24,039)**	(266,736)
- Effect of partial tax exemption, relief and rebates	**(163,423)**	(96,485)
- Others	**(5,756)**	–
Income tax expense recognised in profit or loss	**1,414,924**	152,575

10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	2016	2015
	$	$
Net profit attributable to equity holders of the Company	**15,315,158**	16,674,682
Weighted average number of ordinary shares outstanding for basic earnings per share	**212,988,569**	211,816,697
Basic earnings per share (cents per share)	**7.19**	7.87

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares in the form of share options.

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	GROUP	
	2016	2015
	$	$
Net profit attributable to equity holders of the Company	**15,315,158**	16,674,682
Weighted average number of ordinary shares outstanding for basic earnings per share	**212,988,569**	211,816,697
Effects of dilution:		
- Share options	**6,881,604**	5,313,266
Weighted average number of ordinary shares for diluted earnings per share computation	**219,870,173**	217,129,963
Diluted earnings per share (cents per share)	**6.97**	7.68

Since the end of the financial year, directors have exercised the employee share options to acquire 1,705,000 (2015: Nil) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and up to the completion of these financial statements.

11. Cash and bank balances

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash at bank and on hand	**13,229,379**	10,367,589	**4,473,901**	4,329,652
Bank deposits	**121,592,942**	97,879,824	**112,594,328**	91,613,990
Cash and bank balances	**134,822,321**	108,247,413	**117,068,229**	95,943,642

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for varying periods of between 6 months and 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective bank deposit rates ranging from 1.00% to 1.92% (2015: 0.15% to 1.91%) and 1.30% to 1.92% (2015: 1.39% to 1.91%) for the Group and Company respectively.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash and bank balances	**134,822,321**	108,247,413	**117,068,229**	95,943,642
Less: Bank deposits pledged *	**(13,424,459)**	(13,879,378)	**(12,690,191)**	(12,549,390)
Less: Bank deposits with maturity more than 3 months but less than 12 months	**(108,168,483)**	(84,000,446)	**(99,904,137)**	(79,064,600)
Cash and cash equivalents	**13,229,379**	10,367,589	**4,473,901**	4,329,652

* Bank deposits are pledged in relation to the security granted for certain borrowings.

12. Available-for-sale financial assets

	GROUP AND COMPANY	
	2016	2015
	$	$
Equity securities (quoted)	**552**	18,795

The details of the quoted equity shares are as follows:

	GROUP AND COMPANY	
	2016	2015
	$	$
Equity securities – Singapore, at cost	**49,700**	76,462
Less: Allowance for impairment	**(49,148)**	(57,667)
End of financial year	**552**	18,795

12. Available-for-sale financial assets (continued)

The movement for allowance for impairment are as follows:

	GROUP AND COMPANY	
	2016	2015
	$	$
Beginning of financial year	**57,667**	52,483
Provision for impairment loss	**2,105**	5,184
Written off during the year	**(10,624)**	–
End of financial year	**49,148**	57,667

The Group has recognised an impairment loss of $2,105 (2015: $5,184) against the quoted securities in Singapore whose trade prices have been below cost for a prolonged period during the financial year.

13. Trade and other receivables

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Current				
Trade receivables				
- Non-related parties	**10,288,101**	9,644,239	**165,675**	116,655
- Subsidiaries	**–**	–	**1,016,601**	1,415,202
- Joint ventures	**81,872**	12,373	**4,280**	–
	10,369,973	9,656,612	**1,186,556**	1,531,857
Less: Allowance for impairment of receivables (Note 32 (b)(ii))	**(608,693)**	(1,017,096)	**(1,125,064)**	(1,531,857)
Trade receivables – net	**9,761,280**	8,639,516	**61,492**	–
Other receivables				
- Subsidiaries [(1)]	**–**	–	**2,839,164**	5,439,401
- Joint ventures [(1)]	**9,286**	–	**9,286**	–
- Loans to associated companies [(2)]	**8,306,545**	8,939,831	**5,822,482**	5,611,950
- Sundry receivables	**98,434**	571,456	**19,639**	504,986
- Interest receivables	**1,031,896**	762,274	**994,389**	737,817
	9,446,161	10,273,561	**9,684,960**	12,294,154
Less: Allowance for impairment of receivables (Note 32 (b)(ii))	**(887,175)**	(39,184)	**(962,632)**	(2,063,322)
Non-trade receivables – net	**8,558,986**	10,234,377	**8,722,328**	10,230,832
Deposits	**901,784**	634,975	**313,005**	307,399
Prepayments	**587,044**	538,968	**5,259**	23,229
	1,488,828	1,173,943	**318,264**	330,628
Trade and other receivables (current)	**19,809,094**	20,047,836	**9,102,084**	10,561,460

13. Trade and other receivables (continued)

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Non-current				
Deposits	**139,906**	336,707	**–**	–
Total trade and other receivables	**19,949,000**	20,384,543	**9,102,084**	10,561,460
Add: Cash and bank balances	**134,822,321**	108,247,413	**117,068,229**	95,943,642
Less: Prepayments	**(587,044)**	(538,968)	**(5,259)**	(23,229)
Total loans and receivables	**154,184,277**	128,092,988	**126,165,054**	106,481,873

(1) The amounts due from subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

(2) Loans to associated companies are unsecured, interest free and repayable on demand.

The fair values of non-current deposits receivable approximate their carrying value.

14. Inventories

	GROUP	
	2016	2015
	$	$
Merchandise	**14,380,603**	15,168,448
Goods in transit	**5,352,586**	4,604,480
	19,733,189	19,772,928

The cost of inventories recognised as an expense and included in “cost of sales” amounted to $44,856,272 (2015: $40,397,433).

The Group reversed $102,041 (2015: $400,906) of a previous write down of inventories as the inventories were sold above their carrying amounts.

The Group has written down the inventories of $739,868 (2015: $130,765) during the financial year.

15. Gross amount due from/(to) customers for contract work-in-progress

	GROUP	
	2016	2015
	$	$
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**7,886,406**	6,983,262
Less: Progress billings	**(9,313,882)**	(9,476,991)
	(1,427,476)	(2,493,729)
Presented as:		
Gross amount due from customers for contract work	**319,278**	164,184
Gross amount due to customers for contract work	**(1,746,754)**	(2,657,913)
	(1,427,476)	(2,493,729)

16. Investments in associated companies

	GROUP	
	2016	2015
	$	$
Investments in associated companies	**4**	6

	COMPANY	
	2016	2015
	$	$
Equity investments at cost:		
Beginning and end of financial year	**4**	4

The investments in associated companies are not individually material.

The carrying amount of the Group's interest in associated companies is as follows:

	GROUP	
	2016	2015
	$	$
Net assets		
At 1 January	**(233,316)**	(32,046)
Translation reserve	**90,712**	(3)
Loss for the year	**(1,178,731)**	(201,267)
At 31 December	**(1,321,335)**	(233,316)
Interest in associated companies based on respective equity interests	**(276,770)**	(56,379)
Other adjustments	**276,774**	56,385
Carrying value of the Group's interest in associated companies	**4**	6

The Group has not recognised its share of losses of associated companies as the Group's cumulative share of losses exceeded its interests in those entities and the Group has no obligation in respect of those losses.

The Group's share of (losses)/profit of associated companies and cumulative share of losses are as follows:

	GROUP			
	Cumulative share of losses brought-forward	Share of (loss)/ profit	Exchange difference	Cumulative share of losses carry-forward
	$	$	$	$
2016				
Cove City Ltd	(184)	(27,738)	1,328	(26,594)
Alliance Stellar Ltd	(10,772)	9,572	1,200	–
Covent Garden Development Pte Ltd	(45,423)	(222,065)	17,312	(250,176)
	(56,379)	(240,231)	19,840	(276,770)
2015				
Cove City Ltd	(5,596)	5,536	(124)	(184)
Alliance Stellar Ltd	(137)	(10,666)	31	(10,772)
Covent Garden Development Pte Ltd	(7,875)	(37,511)	(37)	(45,423)
	(13,608)	(42,641)	(130)	(56,379)

16. **Investments in associated companies** (continued)

Details of investment in associated companies are as follows:

Name of associated companies	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016	2015	**2016**	2015
			%	%	**$**	$
Held by the Company						
Covent Garden Development Pte Ltd+	Property development in United Kingdom	Singapore	**40**	40	**4**	4
Held by a subsidiary – Affluent Apex Ltd						
Cove City Ltd+	Investment holdings	British Virgin Island	**25**	25	**–**	–
Alliance Stellar Ltd*	Investment holdings	British Virgin Island	**–**	25	**–**	–
Held by an associated company – Covent Garden Development Pte Ltd						
English Rose Estates (TS Holdings) Ltd#	Property development in United Kingdom	London, United Kingdom	**50**	50	**–**	–
Held by an associated company – English Rose Estates (TS Holdings) Ltd						
English Rose Estates (Tower Street) Ltd#	Property development in United Kingdom	London, United Kingdom	**100**	100	**–**	–

+ Audited by Ernst & Young, Singapore.
# Audited by JD Bregman & Co Ltd.
* Struck off during the financial year ended 31 December 2016.

17. Investments in joint ventures

	GROUP 2016 $	GROUP 2015 $
Investments in joint ventures	**29,760,653**	38,400,651

	COMPANY 2016 $	COMPANY 2015 $
Equity investments at cost		
Beginning of financial year	**1,137,502**	1,137,502
Liquidation of a joint venture	**(287,500)**	–
End of financial year	**850,002**	1,137,502

Details of investments in joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest 2016 %	Proportionate (%) ownership interest 2015 %	Company Cost of investment 2016 $	Company Cost of investment 2015 $
Held by the Company						
Astrid Hill Residences Pte Ltd**	Property development	Singapore	**–**	28¾	**–**	287,500
Urban Lofts Pte Ltd+	Property development	Singapore	**35**	35	**350,000**	350,000
LVND Homes Pte Ltd+	Property development	Singapore	**25**	25	**250,000**	250,000
Alliance Land Pte Ltd^	Property development	Singapore	**25**	25	**250,000**	250,000
LVND Holdings Pte Ltd+	Investment holdings	Singapore	**25**	25	**2**	2
CABAS International Pte Ltd@	Design and manufacture of furniture	Singapore	**33⅓**	33⅓	**–**	–
					850,002	1,137,502
Held by a joint venture – LVND Holdings Pte Ltd						
LVND Hotels Pte Ltd+	Hotel management consultancy services	Singapore	**100**	100	**–**	–
LVND Investments Pte Ltd+	Property development	Singapore	**100**	100	**–**	–
LVND Management Services Pte Ltd*	Management services	Singapore	**–**	100	**–**	–

* Struck off during the financial year ended 31 December 2016.
\+ Audited by Ernst & Young, Singapore.
@ Not audited. CABAS International Pte Ltd is presently dormant.
^ Not audited for the financial year ended 31 December 2016 as this joint venture is in the process of voluntary liquidation.
** Voluntary liquidation during the financial year ended 31 December 2016.

17. **Investments in joint ventures** (continued)

Set out below is the summarised financial information for the joint ventures of the Group as at 31 December 2016 and 2015, which, in the opinion of the directors, is material to the Group.

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$
Summarised balance sheet								
Current assets	**90,338,033**	81,007,323	**23,861,936**	158,378,261	**2,411,246**	17,873,081	**62,377,869**	133,900,751
Includes:								
- Cash and cash equivalents	**7,287,403**	2,894,284	**16,957,297**	34,583,514	**2,401,247**	7,883,414	**9,036,907**	10,302,490
Current liabilities	**44,002,745**	35,459,198	**18,420,742**	64,988,334	**26**	5,282,577	**111,959,872**	222,756,751
Includes:								
- Financial liabilities (excluding trade and other payables)	**32,591,087**	28,209,567	**–**	61,059,042	**–**	–	**93,480,000**	126,500,000
- Other current liabilities (including trade and other payables)	**11,411,658**	7,249,631	**18,420,742**	3,929,292	**26**	5,282,577	**18,479,872**	96,256,751
Non-current assets	**–**	–	**–**	–	**–**	–	**102,044,040**	88,817,923
Non-current liabilities	**867,188**	–	**1,139,216**	15,807,212	**1,111,320**	1,652,729	**2,676,639**	–
Includes:								
- Other non-current liabilities (including trade and other payables)	**867,188**	–	**1,139,216**	15,807,212	**1,111,320**	1,652,729	**2,676,639**	–
Net assets/(liabilities)	**45,468,100**	45,548,125	**4,301,978**	77,582,715	**1,299,900**	10,937,775	**49,785,398**	(38,077)

17. Investments in joint ventures (continued)

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$
Summarised statement of comprehensive income								
Revenue	**22,782,007**	43,511,050	**5,566,458**	119,230,706	**–**	17,651,209	**163,983,379**	–
Interest income	**–**	16,199	**631,294**	1,334,486	**56,469**	–	**64,901**	25,800
Interest expenses	**2,200**	58,595	**436,422**	1,616,837	**–**	67,512	**1,580,441**	–
Depreciation	**–**	–	**–**	–	**–**	–	**1,568,121**	237
Profit/(loss) before income tax	**1,414,951**	6,400,191	**1,875,745**	44,276,124	**653,877**	4,647,271	**61,625,413**	(964,598)
Income tax expense	**(1,494,976)**	(600,004)	**(156,482)**	(7,617,783)	**(306,152)**	(807,286)	**(11,801,938)**	(3,479)
Total comprehensive income	**(80,025)**	5,800,187	**1,719,263**	36,658,341	**347,725**	3,839,985	**49,823,475**	(968,077)
Dividend received	**–**	–	**18,750,000**	–	**2,496,400**	4,893,750	**–**	–

Total comprehensive income in aggregate for all individually immaterial joint ventures for the year ended 31 December 2016 amounted to $176,360 (2015: $848).

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

17. **Investments in joint ventures** (continued)

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Reconciliation of summarised financial information										
Net assets/(liabilities)										
At 1 January	**45,548,125**	39,747,938	**77,582,715**	40,924,374	**10,937,775**	26,672,790	**(38,077)**	930,000	**134,030,538**	108,275,102
Dividend	**–**	–	**(75,000,000)**	–	**(9,985,600)**	(19,575,000)	**–**	–	**(84,985,600)**	(19,575,000)
(Loss)/profit for the year	**(80,025)**	5,800,187	**1,719,263**	36,658,341	**347,725**	3,839,985	**49,823,475**	(968,077)	**51,810,438**	45,330,436
At 31 December	**45,468,100**	45,548,125	**4,301,978**	77,582,715	**1,299,900**	10,937,775	**49,785,398**	(38,077)	**100,855,376**	134,030,538
Interest in joint ventures	**15,913,835**	15,941,844	**1,075,494**	19,395,679	**324,975**	2,734,444	**12,446,349**	(9,519)	**29,760,653**	38,062,448
Add:										
Carrying value of individually immaterial joint ventures									**–**	338,203
Carrying value of Group's interest in joint ventures									**29,760,653**	38,400,651

18. Investments in subsidiaries

	COMPANY 2016 $	COMPANY 2015 $
Equity investments at cost		
Beginning of financial year	**5,828,309**	5,828,309
Additions	**239,404**	–
Written off	**(649,999)**	–
Disposal	**(20,000)**	–
	5,397,714	5,828,309
Less: Allowance for impairment	**(1,242,687)**	(1,892,686)
End of financial year	**4,155,027**	3,935,623

The movement for allowance for impairment are as follows:

	COMPANY 2016 $	COMPANY 2015 $
Beginning of financial year	**1,892,686**	2,112,000
Reversal of allowance for impairment – net	**–**	(219,314)
Written off	**(649,999)**	–
End of financial year	**1,242,687**	1,892,686

Details of subsidiaries held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest 2016 %	2015 %	Company Cost of investment 2016 $	2015 $
Held by the Company						
Boss Design International Pte Ltd^	Furniture retailing, interior renovators and designers	Singapore	**100**	100	**339,400**	339,400
Home2be Pte Ltd^	Retailing of furniture and household accessories	Singapore	**75.2**	75.2	**395,200**	395,200
Marquis Furniture Gallery Pte Ltd+	Furniture retailing and interior designers	Singapore	**100**	100	**430,000**	430,000
Momentum Creations Pte Ltd+	Retailers of designer furniture	Singapore	**84.2**	84.2	**133,047**	133,047

18. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows (continued):

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016 **%**	2015 %	**2016** **$**	2015 $
Held by the Company						
Nobel Projects Pte Ltd[*]	Supply and installation of wardrobes, kitchens and other wooden joinery and fittings	Singapore	**–**	65	**–**	649,999
Affluent Apex Ltd[+]	Investment holdings	British Virgin Island	**100**	100	**3**	3
Nobel Design Sdn Bhd[+ +]	Interior design contractors	Brunei	**52**	52	**260,000**	260,000
Nobel Design House (M) Sdn Bhd[+ + +]	Interior design contractors	Malaysia	**100**	100	**51,500**	51,500
Nobel Reka Cipta Sdn Bhd[+ + +]	Interior design contractors	Malaysia	**100**	100	**38,540**	38,540
Seni Reka Nobel Sdn Bhd[+ + +]	Furniture retailing and interior design contractors	Malaysia	**100**	100	**285,000**	285,000
Buylateral Group Pte Ltd[+;^^]	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market	Singapore	**78.20**	73.15	**3,405,024**	3,165,620
Numero Uno Creative Group Pte Ltd[+]	Interior design services, furniture manufacturer, turnkey projects and project management	Singapore	**60**	80	**60,000**	80,000
					5,397,714	5,828,309

18. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows (continued):

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Proportionate (%) ownership interest		Company Cost of investment	
			2016	2015	**2016**	2015
			%	%	**$**	$
Held by a subsidiary – Marquis Furniture Gallery Pte Ltd						
Marquis HQO Pte Ltd+	Retailer of office furniture, leather chairs and other office accessories	Singapore	**90**	90	**–**	–
Marquis HNC Pte Ltd+;@	Interior renovation contractors	Singapore	**90**	–	**–**	–
Held by a subsidiary – Buylateral Group Pte Ltd						
Buylateral.Com (M) Sdn Bhd+++	Wholesaler and internet retailers of furniture, accessories, fabric and furnishing	Malaysia	**100**	100	**–**	–
Target Marketing Systems, Inc.+	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishing for the business-to-business (B2B) market	United States of America	**100**	100	**–**	–

^ Not audited for the financial year ended 31 December 2016 as these subsidiaries are in the process of striking off and remain dormant.
^^ In 2006, Nobel Design Holdings Ltd acquired the entire 65,577 Series A redeemable convertible preference shares. Accordingly, the company became a subsidiary of Nobel Design Holdings Ltd, which is also the ultimate holding company.
* Struck off during the financial year ended 31 December 2016.
@ Newly incorporated during the financial year ended 31 December 2016.
+ Audited by Ernst & Young, Singapore.
++ Audited by Deloitte & Touche, Brunei Darussalam.
+++ Audited by Roger Yue, Tan & Associates, Malaysia.

(i) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

	GROUP	
	2016	2015
	$	$
Carrying value of non-controlling interests		
Buylateral Group Pte Ltd and its subsidiaries	**3,870,975**	3,534,877
Other subsidiaries with immaterial non-controlling interests	**1,177,984**	631,180
	5,048,959	4,166,057

During the financial year end 31 December 2016, the Group has paid dividend of $345,000 (2015: $348,000) to non-controlling interests.

18. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Buylateral Group Pte Ltd that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2016 and 2015.

	Buylateral Group Pte Ltd and its subsidiaries	
	2016	2015
	$	$
Summarised balance sheet		
Current		
Assets	**27,414,382**	20,023,321
Liabilities	**(10,259,670)**	(7,477,874)
Total current net assets	**17,154,712**	12,545,447
Non-current		
Assets	**602,053**	628,222
Liabilities	**–**	(8,391)
Total non-current net assets	**602,053**	619,831
Net assets	**17,756,765**	13,165,278
Summarised statement of comprehensive income		
Revenue	**58,444,720**	49,383,082
Profit before income tax	**4,734,861**	3,088,198
Income tax expense	**(833,493)**	–
Net profit	**3,901,368**	3,088,198
Other comprehensive income	**690,119**	1,255,499
Total comprehensive income	**4,591,487**	4,343,697
Summarised statement of cash flows		
Net cash flows provided by operating activities	**6,881,738**	3,733,005
Net cash flows used in investing activities	**(6,504,967)**	(45,675)
Net cash flows provided by/(used in) financing activities	**326,733**	(3,527,297)
Net increase in cash and cash equivalents	**703,504**	160,033
Cash and cash equivalents at beginning of financial year	**635,665**	446,667
Effect on currency translation on cash and cash equivalents	**14,328**	28,965
Cash and cash equivalents at end of financial year	**1,353,497**	635,665

18. Investments in subsidiaries (continued)

Acquisition of ownership interest in subsidiary, without loss of control

On 16 December 2016, the Company acquired an additional 5.05% equity interest in Buylateral Group Pte Ltd ("Buylateral") from its non-controlling interests for a cash consideration of $239,404. As a result of this acquisition, Buylateral became a 78.20% owned subsidiary of the Company. The carrying value of the net assets of Buylateral at 31 December 2016 was $17,756,765 and the carrying value of the additional interest acquired was $896,717. The difference of $657,313 between the consideration and the carrying value of the additional interest acquired has been recognised as "Discount on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Buylateral on the equity attributable to owners of the Company:

	$
Consideration for acquisition of non-controlling interests	239,404
Decrease in equity attributable to non-controlling interests	(896,717)
Increase in equity attributable to owners of the Company	(657,313)

Disposal of ownership interest in subsidiary, without loss of control

On 27 October 2016, the Company disposed 20% of its equity interest in Numero Uno Creative Group Private Limited ("Numero"). Prior to the disposal, the Company owned 80% of the issued and paid up share capital of Numero. After the disposal, Numero remains as a subsidiary of the Company.

The transaction has been accounted for as an equity transaction with non-controlling interests within equity.

The following summarises the effect of the change in the Group's ownership interest in Numero on the equity attributable to owners of the Company:

	$
Proceeds from disposal of 20% equity interest	20,000
Increase in equity attributable to non-controlling interests	(27,186)
Decrease in equity attributable to owners of the Company	(7,186)

19. Property, plant and equipment

Group	Leasehold improvements	Furniture and office equipment	Equipment	Motor vehicle	Total
	$	$	$	$	$
Cost					
As at 31 December 2014	1,685,786	1,509,766	563,103	947,083	4,705,738
Currency translation differences	713	24,292	28,315	1,850	55,170
Additions	942,830	78,899	25,172	18,425	1,065,326
Disposals	–	–	(25,264)	(62,735)	(87,999)
Written off	(24,927)	(32,526)	–	–	(57,453)
As at 31 December 2015	2,604,402	1,580,431	591,326	904,623	5,680,782
Currency translation differences	3,583	9,852	11,006	1,112	25,553
Additions	32,710	138,522	43,790	620,777	835,799
Disposals	–	(520)	–	(396,425)	(396,945)
Written off	–	(33,920)	–	(49,072)	(82,992)
As at 31 December 2016	2,640,695	1,694,365	646,122	1,081,015	6,062,197
Accumulated depreciation					
As at 31 December 2014	853,780	1,077,519	254,393	749,808	2,935,500
Currency translation differences	1,662	12,563	12,850	360	27,435
Depreciation charge (Note 7)	540,094	156,696	83,116	107,377	887,283
Disposals	–	–	(18,826)	(62,735)	(81,561)
Written off	(24,927)	(32,526)	–	–	(57,453)
As at 31 December 2015	1,370,609	1,214,252	331,533	794,810	3,711,204
Currency translation differences	2,189	8,335	8,548	887	19,959
Depreciation charge (Note 7)	538,395	165,184	80,468	106,676	890,723
Disposals	–	(420)	–	(355,997)	(356,417)
Written off	–	(32,968)	–	(49,072)	(82,040)
As at 31 December 2016	1,911,193	1,354,383	420,549	497,304	4,183,429
Carrying value					
As at 31 December 2015	1,233,793	366,179	259,793	109,813	1,969,578
As at 31 December 2016	729,502	339,982	225,573	583,711	1,878,768

19. **Property, plant and equipment** (continued)

Company	Leasehold improvements	Furniture and office equipment	Motor vehicle	Total
	$	$	$	$
Cost				
As at 31 December 2014	125,010	663,146	262,001	1,050,157
Additions	600,000	–	–	600,000
As at 31 December 2015	725,010	663,146	262,001	1,650,157
Additions	–	4,835	353,000	357,835
Disposal	–	–	(262,000)	(262,000)
As at 31 December 2016	725,010	667,981	353,001	1,745,992
Accumulated depreciation				
As at 31 December 2014	42,629	585,656	240,168	868,453
Depreciation charge	200,612	29,296	21,833	251,741
As at 31 December 2015	243,241	614,952	262,001	1,120,194
Depreciation charge	200,612	25,187	29,417	255,216
Disposal	–	–	(262,000)	(262,000)
As at 31 December 2016	443,853	640,139	29,418	1,113,410
Carrying value				
As at 31 December 2015	481,769	48,194	–	529,963
As at 31 December 2016	281,157	27,842	323,583	632,582

During the year, the Group acquired property, plant and equipment with an aggregate cost of $835,799 (2015: $1,065,326) of which $89,800 (2015: $25,172) was acquired by means of finance lease arrangements and $Nil (2015: $851,415) relates to reinstatement costs.

The Group's carrying amounts of motor vehicles and equipment held under finance leases are $119,323 (2015: $Nil) and $18,034 (2015: $58,089) respectively at the balance sheet date.

20. **Intangible assets**

	GROUP AND COMPANY	
	2016	2015
	$	$
Club memberships, at cost		
At beginning and end of financial year	**161,000**	161,000

Impairment testing of club membership

The recoverable amount of club memberships have been determined based on fair value less cost to sell, using an observable market price.

21. Trade and other payables

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade payables to:				
- non-related parties	**4,628,218**	5,327,103	**6,401**	41,851
Other payables to:				
- non-related parties	**616,041**	893,201	**55,469**	96,366
- subsidiaries	**–**	–	**–**	27,548
- advances from joint ventures	**6,650,000**	2,565,000	**6,650,000**	2,565,000
- directors of subsidiaries [1]	**–**	77,400	**–**	–
Deposits received from customers	**4,154,748**	4,164,252	**253,946**	748,229
Provision for reinstatement cost	**854,735**	851,415	**600,000**	600,000
Accrued operating expenses	**8,202,762**	7,203,317	**2,452,266**	2,702,857
	20,478,286	15,754,585	**10,011,681**	6,740,000
Total trade and other payables	**25,106,504**	21,081,688	**10,018,082**	6,781,851
Add: Borrowings (Note 22)	**8,970,588**	9,896,927	**8,600,048**	9,636,201
Add: Obligations under finance leases (Note 23)	**87,231**	39,539	**–**	–
Less: Sales tax	**(268,552)**	(287,346)	**–**	–
Less: Provision for reinstatement cost	**(854,735)**	(851,415)	**(600,000)**	(600,000)
Total financial liabilities carried at amortised cost	**33,041,036**	29,879,393	**18,018,130**	15,818,052

The amounts due to subsidiaries, joint ventures and directors of subsidiaries are unsecured, interest-free and repayable on demand.

[1] Directors of subsidiaries who are also non-controlling interests.

Movement in provision for reinstatement cost:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
As at 1 January	**851,415**	–	**600,000**	–
Arose during the financial year	**–**	851,415	**–**	600,000
Currency translation differences	**3,320**	–	**–**	–
As at 31 December	**854,735**	851,415	**600,000**	600,000

A provision is recognised for reinstatement cost of office, showroom and warehouse. It is expected that most of these costs will be incurred in the next two financial years.

22. Borrowings

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Current				
Bank loan	**8,600,048**	9,636,201	**8,600,048**	9,636,201
Bills payable to banks	**370,540**	260,726	**–**	–
Total borrowings	**8,970,588**	9,896,927	**8,600,048**	9,636,201

Bank loan

The bank loan is interest bearing at 0.40% per annum above the bank's cost of funds for interest periods of 1, 2 or 3 months and are secured by a pledge of certain fixed deposits in the name of the company, equivalent to not less than 120% of Singapore Dollars equivalent of the loan utilisation from time to time and interest thereon.

Bills payable to banks

The Group's bills payable to banks is interest-bearing at the bank's prime lending rate for interest periods of 1, 2, 3 or 4 months and are unsecured.

Bankers guarantee ("BG")

The Group's BG are unsecured except for certain BGs which are secured by a pledge of fixed deposits of the Group amounting to $734,268 (2015: $726,595) (Note 11).

23. Obligations under finance leases

The Group leases certain motor vehicles and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	2016	2015
	$	$
Minimum lease payments due		
Not later than one year	**36,739**	32,594
Later than one year but not later than five years	**58,710**	8,798
	95,449	41,392
Less: Future finance charges	**(8,218)**	(1,853)
Present value of finance lease liabilities	**87,231**	39,539

23. **Obligations under finance leases** (continued)

The present values of finance lease liabilities are analysed as follows:

	GROUP	
	2016	2015
	$	$
Not later than one year	**33,865**	31,148
Later than one year but not later than five years	**53,366**	8,391
Total	**87,231**	39,539

The fair values of the non-current finance lease liabilities approximate their carrying amounts.

The effective interest rate for the Group ranges from 5.00% to 5.90% (2015: 4.00% to 5.00%) per annum.

24. **Deferred income**

	GROUP AND COMPANY	
	2016	2015
	$	$
Current	**3,249,874**	3,249,874
Non-current	**1,354,113**	4,603,987
Total	**4,603,987**	7,853,861

Movement of deferred income is as follows:

Beginning of financial year	**7,853,861**	11,103,734
Credited to profit and loss (Note 5)	**(3,249,874)**	(3,249,873)
End of financial year	**4,603,987**	7,853,861

In 2012, the Company entered into a sale and leaseback transaction for the property at 16 Tai Seng Street. The property was sold at a consideration of $59,250,000, which resulted in a gain of $48,479,441, out of which $17,150,000 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to $2,858,333 (2015: $2,858,333) and the balance of $4,049,306 (2015: $6,907,639) in the balance sheet as deferred income.

In 2013, the Company completed its Tranche 2 of the sale and leaseback transaction for the property at 16 Tai Seng Street. The consideration for Tranche 2 is $13,657,700, which resulted in a gain of $6,769,236 out of which $1,957,701 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to $391,541 (2015: $391,540) and the balance of $554,681 (2015: $946,222) in the balance sheet as deferred income.

25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	GROUP	
	2016	2015
	$	$
Deferred income tax liabilities		
Differences in depreciation for tax purposes	**24,531**	24,531

The movement in deferred income tax liabilities is as follows:

	GROUP	
	2016	2015
	$	$
Overprovision in respect of previous years (Note 9)	**–**	69,200

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $23,911,322 (2015: $21,248,826) and capital allowances of $97,474 (2015: $568,711) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

There are no tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

26. Share capital

	GROUP AND COMPANY	
	No. of ordinary shares	**Share capital**
		$
2016		
Beginning of financial year	**212,722,686**	33,744,505
Shares issued pursuant to the share option scheme	**4,231,000**	2,002,880
End of financial year	**216,953,686**	35,747,385
2015		
Beginning of financial year	**209,531,686**	32,459,456
Shares issued pursuant to the share option scheme	**3,191,000**	1,285,049
End of financial year	**212,722,686**	33,744,505

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year 2016;

(i) 3,095,000 share options were exercised and issued at $0.3120 each; and
(ii) 1,136,000 share options were exercised and issued at $0.4000 each.

26. Share capital (continued)

During the financial year 2015;

(i) 1,609,000 share options were exercised and issued at $0.2061 each; and
(ii) 1,582,000 share options were exercised and issued at $0.3120 each.

The newly issued shares rank pari passu in all respects with the previously issued shares.

27. Other reserves

(a) Composition

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Employee share option reserve	**811,970**	1,426,935	**811,970**	1,426,935
Currency translation reserve	**1,232,041**	722,901	**–**	–
Premium on dilution of interests in subsidiary	**(7,186)**	–	**–**	–
Discount on acquisition of non-controlling interests	**657,313**	–	**–**	–
	2,694,138	2,149,836	**811,970**	1,426,935

(b) Employee share option reserve

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Beginning of financial year	**1,426,935**	1,656,152	**1,426,935**	1,656,152
Employee share option scheme				
- Value of employee services (Note 8)	**73,469**	230,633	**73,469**	230,633
- Share options exercised	**(582,840)**	(459,850)	**(582,840)**	(459,850)
- Share options lapsed in prior years	**(105,594)**	–	**(105,594)**	–
End of financial year	**811,970**	1,426,935	**811,970**	1,426,935

The Nobel Employee Share Option Scheme (the "Scheme") was approved by the shareholders at an Extraordinary General Meeting (EGM) held on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme as administered by the Remuneration Committee.

27. Other reserves (continued)

(b) Employee share option reserve (continued)

Movements in the number of share options granted to controlling shareholders and directors and employees of the Company under the Scheme as at 31 December 2016, are as follows:

	Number of shares	
	2016	2015
Beginning of financial year	**9,764,000**	13,247,716
Share option exercised during the financial year	**(4,231,000)**	(3,191,000)
Share option forfeited and lapsed during the financial year	**–**	(292,716)
End of financial year	**5,533,000**	9,764,000

During the financial year, 4,231,000 (2015: 3,191,000) share options were exercised by employees. No options were granted during the year.

The share options granted on 5 March 2008, 8 December 2010, 29 March 2012 and 9 January 2013 are exercisable in 3 tranches as follows:

(i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;

(ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and

(iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

The share options granted on 25 May 2009 and 27 July 2009 are exercisable in 4 tranches as follows:

(i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;

(ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;

(iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and

(iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

27. **Other reserves** (continued)

(b) Employee share option reserve (continued)

The details of the options granted under the scheme to the directors of the Company as at 31 December 2016 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment [1]	Total	Options exercised	Lapsed	Options balance
Wee Ai Quey	(a)	5-Mar-08	$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	1,050,000	30,000	1,080,000	(1,080,000)	–	–
	(a)	29-Mar-12	$0.3120 *	1,634,000	–	1,634,000	(1,634,000)	–	–
	(a)	9-Jan-13	$0.4000 *	723,000	–	723,000	(506,000)	–	217,000
Goon Eu Jin Terence	(a)	5-Mar-08	$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	1,300,000	37,143	1,337,143	(1,337,000)	(143)	–
	(a)	29-Mar-12	$0.3120 *	2,023,000	–	2,023,000	(2,023,000)	–	–
	(a)	9-Jan-13	$0.4000 *	900,000	–	900,000	(630,000)	–	270,000
Ong Ciu Hwa	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	980,000	28,000	1,008,000	(1,008,000)	–	–
	(a)	29-Mar-12	$0.3120 *	1,525,000	–	1,525,000	(300,000)	–	1,225,000
	(a)	9-Jan-13	$0.4000 *	680,000	–	680,000	–	–	680,000
Dr. Teh Ban Lian	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	180,000	5,143	185,143	(185,000)	(143)	–
	(a)	29-Mar-12	$0.3120 *	300,000	–	300,000	(120,000)	–	180,000
	(a)	9-Jan-13	$0.4000 *	120,000	–	120,000	–	–	120,000
Heng Chye Yam	(b)	25-May-09	$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	–
	(a)	8-Dec-10	$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	$0.4000 *	100,000	–	100,000	–	–	100,000
Wong Soon Chiu	(b)	25-May-09	$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	–
	(a)	8-Dec-10	$0.2061 *	150,000	4,286	154,286	(154,000)	(286)	–
	(a)	29-Mar-12	$0.3120 *	250,000	–	250,000	(100,000)	–	150,000
	(a)	9-Jan-13	$0.4000 *	100,000	–	100,000	–	–	100,000
Chan Kum Leong	(a)	9-Jan-13	$0.4000 *	75,000	–	75,000	–	–	75,000

* The option was granted at a discount of 20% off market price of $0.130, $0.265, $0.390 and $0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to $0.1011 and $0.2061 as a result of warrant issue.

^ The option was granted at market price of $0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to $0.0875 as a result of warrant issue.

[1] Options adjustments were made pursuant to the Nobel Employee Share Option Scheme Agreement when the Company issued new warrants in the financial year ended 31 December 2011.

27. Other reserves (continued)

(b) Employee share option reserve (continued)

The fair value of the share options was estimated as of the grant date using the Black Scholes pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to value the share options on the following grant dates:

Date of grant	Date of expiry	Fair value of options granted ($)	Weighted average share price ($ per share)	Weighted average exercise price ($ per share)	Weighted average exercise price (adjusted) ($ per share)	Estimated volatility (%)	Expected life (years)	Risk-free rate (%)	Expected dividend yield (%)
05.03.2008*^	05.03.2013	479,393	0.130	0.104	0.1011	64%	5	1.41%	0%
25.05.2009^	25.05.2014	32,040	0.090	0.090	0.0875	54%	5	1.20%	0%
27.07.2009^	27.07.2014	6,302	0.080	0.080	0.0778	94%	5	1.20%	0%
08.12.2010*^	08.12.2015	814,317	0.265	0.212	0.2061	70%	5	1.20%	0%
29.03.2012*	29.03.2017	1,117,643	0.390	0.312	–	28%	5	3.00%	1.89%
09.01.2013*	09.01.2018	668,869	0.500	0.400	–	18%	5	0.30%	0.88%

* The option was granted at a discount of 20% off market price on the average exercise price.

^ These options have lapsed as at 31 December 2016.

The share price and exercise price at date of grant are based on volume-weighted share price for 3 consecutive trading days prior to the grant date. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 12 months. The risk-free interest rate is based on the 5 years zero-coupon Singapore Government bond yields on the date of grant.

The fair values of the options were determined using the Black Scholes pricing model with the above inputs.

The expense recognised during the year taken into the employee share option reserve amounted to $73,469 (2015: $230,633) (Note 8). The weighted average share price at the date of exercise of the options during the financial year was $0.4050 (2015: $0.4076).

(c) Currency translation reserve

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Beginning of financial year	**722,901**	(219,665)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**694,438**	1,279,667	**–**	–
Less: Non-controlling interests	**(185,298)**	(337,101)	**–**	–
End of financial year	**1,232,041**	722,901	**–**	–

The currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency.

(d) Premium on dilution of interests in subsidiary

The premium on dilution of interests in subsidiary represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

(e) Discount on acquisition of non-controlling interests

The discount on acquisition of non-controlling interests represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

28. Retained earnings

Movement in retained earnings for the Company is as follows:

	COMPANY	
	2016	2015
	$	$
Beginning of financial year	**52,844,636**	48,340,928
Net profit	**20,429,025**	5,884,748
Dividends paid (Note 29)	**(1,191,247)**	(1,381,040)
Share options lapsed in prior years	**105,594**	–
End of financial year	**72,188,008**	52,844,636

29. Dividends

	COMPANY	
	2016	2015
	$	$
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 0.56 cents (2015: 0.65 cents) per share	**1,191,247**	1,381,040
Proposed but not recognised as a liability as at 31 December:		
First and final dividend of 0.52 cents (2015: 0.56 cents) per ordinary share	**1,128,159**	1,191,247

Proposed dividend per ordinary share is based on 216,953,686 and 212,722,686 ordinary shares as at 31 December 2016 and 2015 respectively. The proposed dividend will be recommended during the Annual General Meeting and is subject to shareholders' approval. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

30. Contingencies

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Corporate guarantees (based on facility amount)				
- Subsidiaries	**–**	–	**2,828,750**	2,828,750
- Joint ventures	**42,805,000**	109,477,550	**42,805,000**	109,477,550
	42,805,000	109,477,550	**45,633,750**	112,306,300

The Company has given corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiaries and joint ventures (collectively known as the "borrowers"). The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and financial institutions with regard to the subsidiaries and joint ventures is minimal. The subsidiaries and joint ventures which received the loans for which the guarantees were provided are in favourable equity positions and are profitable.

The Group's share of the aggregate amount drawn down on these facilities as at 31 December 2016 is $34,776,880 (2015: $56,763,109). The Company's share of the aggregate amount drawn down on these facilities as at 31 December 2016 is $34,776,880 (2015: $56,763,109).

The Company was not required to fulfil any guarantee on the basis of default by the borrowers at the balance sheet date.

31. Commitments

(a) Capital commitments

Capital expenditures contracted for by joint ventures at the balance sheet date but not recognised in the financial statements of the joint ventures are as follows:

	GROUP	
	2016	2015
	$	$
Construction cost commitments	**533,563**	11,432,189

(b) Operating lease commitments – where the Group is a lessee

The Group and Company lease warehouses, showrooms, land and office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Not later than one year	**8,131,641**	8,638,743	**6,239,539**	6,167,234
Later than one year but not later than five years	**4,552,480**	12,627,791	**2,572,687**	8,909,971
	12,684,121	21,266,534	**8,812,226**	15,077,205

The operating lease expenses incurred by the Group and Company for rental of premises were $9,979,757 (2015: $9,720,402) and $6,208,884 (2015: $6,061,582) respectively.

(c) Operating lease commitments – where the Group is a lessor

The Group and Company lease out office space to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	GROUP AND COMPANY	
	2016	2015
	$	$
Not later than one year	**858,928**	1,287,228
Later than one year but not later than five years	**175,638**	429,076
	1,034,566	1,716,304

32. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) *Currency risk*

The Group primarily operates in Asia Pacific with operations in Singapore, Malaysia, Brunei Darussalam, United States of America and United Kingdom. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR") and British Pound ("GBP"). The currency risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

The Group's currency exposure is as follows:

GROUP	SGD	USD	MYR	EUR	GBP	Others	Total
	$	$	$	$	$	$	$
2016							
Financial assets							
Cash and bank balances	126,278,748	7,118,380	1,016,336	–	408,857	–	134,822,321
Trade and other receivables	5,359,817	6,489,309	104,296	60,778	7,344,372	3,384	19,361,956
Available-for-sale financial assets	552	–	–	–	–	–	552
	131,639,117	13,607,689	1,120,632	60,778	7,753,229	3,384	154,184,829
Financial liabilities							
Trade and other payables (excluding provision and tax)	(16,335,159)	(6,696,267)	(328,436)	(620,415)	–	(2,940)	(23,983,217)
Bank borrowings	(370,540)	–	–	–	(8,600,048)	–	(8,970,588)
Obligations under finance leases	(79,717)	(7,514)	–	–	–	–	(87,231)
	(16,785,416)	(6,703,781)	(328,436)	(620,415)	(8,600,048)	(2,940)	(33,041,036)
Net financial assets/ (liabilities)	114,853,701	6,903,908	792,196	(559,637)	(846,819)	444	121,143,793
Less: Balances denominated in the respective entities' functional currencies	(113,773,401)	(6,972,604)	(294,092)	–	9,569	–	(121,030,528)
Currency exposure	1,080,300	(68,696)	498,104	(559,637)	(837,250)	444	113,265

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

GROUP	SGD	USD	MYR	EUR	GBP	Others	Total
	$	$	$	$	$	$	$
2015							
Financial assets							
Cash and bank balances	106,190,597	618,020	623,554	–	815,242	–	108,247,413
Trade and other receivables	3,781,879	6,502,222	710,563	3,047	8,847,864	–	19,845,575
Available-for-sale financial assets	18,795	–	–	–	–	–	18,795
	109,991,271	7,120,242	1,334,117	3,047	9,663,106	–	128,111,783
Financial liabilities							
Trade and other payables (excluding provision and tax)	(13,961,076)	(4,800,541)	(551,120)	(609,572)	–	(20,618)	(19,942,927)
Bank borrowings	(260,726)	–	–	–	(9,636,201)	–	(9,896,927)
Obligations under finance leases	–	(39,539)	–	–	–	–	(39,539)
	(14,221,802)	(4,840,080)	(551,120)	(609,572)	(9,636,201)	(20,618)	(29,879,393)
Net financial assets/ (liabilities)	95,769,469	2,280,162	782,997	(606,525)	26,905	(20,618)	98,232,390
Less: Balances denominated in the respective entities' functional currencies	(95,547,658)	(2,325,217)	(273,092)	–	17,618	–	(98,128,349)
Currency exposure	221,811	(45,055)	509,905	(606,525)	44,523	(20,618)	104,041

The Group is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposure is as follows:

COMPANY	SGD	MYR	GBP	Total
	$	$	$	$
2016				
Financial assets				
Cash and bank balances	116,160,687	498,685	408,857	117,068,229
Trade and other receivables	1,742,885	–	7,353,940	9,096,825
Available-for-sale financial assets	552	–	–	552
	117,904,124	498,685	7,762,797	126,165,606
Financial liabilities				
Trade and other payables (excluding provision and tax)	(9,418,082)	–	–	(9,418,082)
Bank borrowings	–	–	(8,600,048)	(8,600,048)
	(9,418,082)	–	(8,600,048)	(18,018,130)
Net financial assets/(liabilities)	108,486,042	498,685	(837,251)	108,147,476
Less: Balances denominated in the Company's functional currency	(108,486,042)	–	–	(108,486,042)
Currency exposure	–	498,685	(837,251)	(338,566)
2015				
Financial assets				
Cash and bank balances	95,112,151	16,249	815,242	95,943,642
Trade and other receivables	1,178,499	494,250	8,865,482	10,538,231
Available-for-sale financial assets	18,795	–	–	18,795
	96,309,445	510,499	9,680,724	106,500,668
Financial liabilities				
Trade and other payables (excluding provision and tax)	(6,181,851)	–	–	(6,181,851)
Bank borrowings	–	–	(9,636,201)	(9,636,201)
	(6,181,851)	–	(9,636,201)	(15,818,052)
Net financial assets	90,127,594	510,499	44,523	90,682,616
Less: Balances denominated in the Company's functional currency	(90,127,594)	–	–	(90,127,594)
Currency exposure	–	510,499	44,523	555,022

The Company is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD, MYR, EUR and GBP change against the functional currencies of the respective entities by 6% (2015: 7%), 4% (2015: 12%), 7% (2015: 4%) and 12% (2015: 2%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position will be as follows:

	Increase/(decrease) PROFIT BEFORE INCOME TAX			
	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
USD against SGD				
- strengthened	**(4,122)**	(3,154)	**–**	–
- weakened	**4,122**	3,154	**–**	–
MYR against SGD				
- strengthened	**19,924**	61,189	**19,947**	61,260
- weakened	**(19,924)**	(61,189)	**(19,947)**	(61,260)
EUR against SGD				
- strengthened	**(39,175)**	(24,261)	**–**	–
- weakened	**39,175**	24,261	**–**	–
GBP against SGD				
- strengthened	**(100,470)**	890	**(100,470)**	890
- weakened	**100,470**	(890)	**100,470**	(890)

(ii) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale.

These securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in Singapore had changed by 10% (2015: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(decrease) **2016**		2015	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	$	$	$	$
Listed in Singapore				
- increased by	**–**	**46**	–	1,560
- decreased by	**(46)**	**–**	(1,560)	–

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from financial institutions in Singapore. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has adequate credit facilities to ensure necessary liquidity as shown in the consolidated balance sheets.

The Group has cash balances placed with reputable banks. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

The Group's and the Company's interest-bearing financial assets and liabilities are mainly cash and bank balances, financial assets and bank borrowings (all variable) as set out in the table below.

	Interest bearing		Non-interest	
	Fixed	Variable	bearing	Total
	$	$	$	$
GROUP				
2016				
Financial assets				
Cash and bank balances	121,592,942	8,693,672	4,535,707	**134,822,321**
Available-for-sale financial assets	–	–	552	**552**
Financial assets classified under other receivables	–	–	9,600,676	**9,600,676**
	121,592,942	8,693,672	14,136,935	**144,423,549**
Financial liabilities				
Bank borrowings	–	8,970,588	–	**8,970,588**
Obligations under finance leases	87,231	–	–	**87,231**
	87,231	8,970,588	–	**9,057,819**
2015				
Financial assets				
Cash and bank balances	97,879,824	6,041,452	4,326,137	**108,247,413**
Available-for-sale financial assets	–	–	18,795	**18,795**
Financial assets classified under other receivables	–	–	11,206,059	**11,206,059**
	97,879,824	6,041,452	15,550,991	**119,472,267**
Financial liabilities				
Bank borrowings	–	9,896,927	–	**9,896,927**
Obligations under finance leases	39,539	–	–	**39,539**
	39,539	9,896,927	–	**9,936,466**

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Interest rate risk* (continued)

	Interest bearing Fixed	Interest bearing Variable	Non-interest bearing	Total
	$	$	$	$
COMPANY				
2016				
Financial assets				
Cash and bank balances	112,594,328	3,123,369	1,350,532	**117,068,229**
Available-for-sale financial assets	–	–	552	**552**
Financial assets classified under other receivables	–	–	9,035,333	**9,035,333**
	112,594,328	3,123,369	10,386,417	**126,104,114**
Financial liabilities				
Bank borrowings	–	8,600,048	–	**8,600,048**
2015				
Financial assets				
Cash and bank balances	91,613,990	3,109,022	1,220,630	**95,943,642**
Available-for-sale financial assets	–	–	18,795	**18,795**
Financial assets classified under other receivables	–	–	10,538,231	**10,538,231**
	91,613,990	3,109,022	11,777,656	**106,500,668**
Financial liabilities				
Bank borrowings	–	9,636,201	–	**9,636,201**

The Group's bank borrowings are at variable rates and no hedges have been entered. If the interest rates increase/decrease by 0.5% (2015: 0.5%) with all other variables being held constant, the Group's profit before income tax will be lower/higher by $44,853 (2015: $49,484) as a result of higher/lower interest expense on these borrowings.

The Company's bank borrowings are at variable rates and no hedges have been entered. If the interest rates increase/decrease by 0.5% (2015: 0.5%) with all other variables being held constant, the Company's profit before income tax will be lower/higher by $43,000 (2015: $48,181) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amount of these assets in the consolidated balance sheets.

32. Financial risk management (continued)

(b) Credit risk (continued)

The trade receivables of the Group comprise 4 major debtors (2015: 4 major debtors) that individually represented 6% - 25% (2015: 7% - 27%) trade receivables.

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

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Singapore	**3,024,276**	1,642,443	61,492	–
United States of America	**6,322,587**	6,375,551	**–**	–
Malaysia and Brunei	**414,417**	621,522	**–**	–
	9,761,280	8,639,516	61,492	–

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Trade receivables that are more than 90 days old are considered past due except for balances pertaining to a subsidiary which has credit terms between 30 and 60 days.

The age analysis of trade receivables past due but not impaired is as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Past due < 3 months	**–**	106,430	**–**	–
Past due 3 to 6 months	**111,460**	60,299	**–**	–
	111,460	166,729	**–**	–

32. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and/or impaired* (continued)

The carrying amounts of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade receivables				
Gross amount	**608,693**	1,017,096	**1,125,064**	1,531,857
Less: Allowance for impairment – trade	**(608,693)**	(1,017,096)	**(1,125,064)**	(1,531,857)
	–	–	**–**	–
Other receivables				
Gross amount	**887,175**	39,184	**962,632**	2,063,322
Less: Allowance for impairment – other	**–**	(22,215)	**(75,457)**	(2,063,322)
Less: Allowance for impairment – associated companies	**(887,175)**	(16,969)	**(887,175)**	–
	–	–	**–**	–

Movement in allowance account:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade receivables				
Beginning of financial year	**1,017,096**	1,043,907	**1,531,857**	1,447,118
Currency translation difference	**595**	23,834	**–**	–
Charge for the year	**214,829**	523,861	**–**	84,739
Written back	**(272,251)**	(217,297)	**(211,515)**	–
Written off	**(351,576)**	(357,209)	**(195,278)**	–
End of financial year	**608,693**	1,017,096	**1,125,064**	1,531,857
Other receivables				
Beginning of financial year	**39,184**	156,072	**2,063,322**	2,158,772
Currency translation difference	**(8,260)**	1,415	**(6,375)**	–
Charge for the year	**893,546**	17,095	**1,064,274**	1,440
Written back	**(27,755)**	(25,581)	**–**	–
Written off	**(9,540)**	(109,817)	**(2,158,589)**	(96,890)
End of financial year	**887,175**	39,184	**962,632**	2,063,322

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to trade receivables that are more than 90 days old and irrecoverable. Other receivables are individually determined for impairment when indicators exist. These receivables are not secured by any collateral or credit enhancements.

Included in allowance for impairment of trade and other receivables disclosed in Note 7 to the financial statements are expenses recognised during the period in respect of impaired receivables from related parties amounted to $887,175 (2015: $16,969).

32. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk include cash and bank balances as disclosed in Note 11.

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

The table below summarises the maturity profile of the financial liabilities of the Group and the Company at the balance sheet date based on contractual undiscounted repayment cash flows. Financial guarantee contracts disclosed below represents the maximum amount allocated to the earliest period in which the guarantee could be called. The Group's and the Company's cash and bank balances (Note 11) exceed the total contractual cash outflows as disclosed below.

		Cash flows		
	Balance sheet carrying amounts	Contractual cash flows	Within 1 year	Within 1 to 5 years
	$	$	$	$
GROUP				
2016				
Trade and other payables (excluding provision and sales tax)	23,983,217	23,983,217	23,983,217	–
Bank borrowings	8,970,588	8,979,870	8,979,870	–
Obligations under finance lease	87,231	95,449	36,739	58,710
Financial guarantee contracts	–	34,776,880	34,776,880	–
Total financial liabilities	**33,041,036**	**67,835,416**	**67,776,706**	**58,710**
2015				
Trade and other payables (excluding provision and sales tax)	19,942,927	19,942,927	19,942,927	–
Bank borrowings	9,896,927	9,910,650	9,910,650	–
Obligations under finance lease	39,539	41,392	32,594	8,798
Financial guarantee contracts	–	56,763,109	56,763,109	–
Total financial liabilities	**29,879,393**	**86,658,078**	**86,649,280**	**8,798**
COMPANY				
2016				
Trade and other payables (excluding provision and sales tax)	9,418,082	9,418,082	9,418,082	–
Bank borrowings	8,600,048	8,604,421	8,604,421	–
Financial guarantee contracts	–	34,776,880	34,776,880	–
Total financial liabilities	**18,018,130**	**52,799,383**	**52,799,383**	**–**
2015				
Trade and other payables (excluding provision and sales tax)	6,181,851	6,181,851	6,181,851	–
Bank borrowings	9,636,201	9,646,268	9,646,268	–
Financial guarantee contracts	–	56,763,109	56,763,109	–
Total financial liabilities	**15,818,052**	**72,591,228**	**72,591,228**	**–**

32. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing products and services which commensurate with the level of risk.

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

Management monitors capital based on gearing ratio and debt equity ratio.

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt. As the Group is in net cash position, gearing ratio is not meaningful.

Debt equity ratio is calculated as total external borrowings divided by total equity attributable to equity holders of the Company. Included in total borrowings are borrowings and obligations under finance leases.

	GROUP	
	2016	2015
	$	$
Total borrowings	**9,057,819**	9,936,466
Total equity attributable to equity holders of the Company	**159,755,577**	142,978,890
Debt equity ratio	**5.67%**	6.95%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

33. Fair value of assets and liabilities

(a) Fair value hierarchy

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

33. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of the assets measured at fair value at the end of the reporting period:

	GROUP AND COMPANY		
	Level 1	Level 2	Level 3
	$	$	$
2016			
Assets			
Available-for-sale financial assets			
- Equity securities	552	–	–
2015			
Assets			
Available-for-sale financial assets			
- Equity securities	18,795	–	–

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

34. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties:

	GROUP	
	2016	2015
	$	$
Dividend received from joint ventures	**21,246,400**	4,893,750
Management fee received from joint ventures	**72,000**	54,000
Interest received from joint ventures	**–**	41,336

34. Related party transactions (continued)

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the company. The directors and executive officers of the Group are considered as key management personnel of the Group.

Key management's remuneration includes salary, bonus, commission and other emoluments computed based on the cost incurred by the Group and the Company and where the Group and the Company did not incur any costs, the value of the benefit is included. The key management's remuneration is as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	$	$	**$**	$
Wages and salaries	**5,480,645**	5,739,967	**2,562,800**	2,499,572
Employer's contribution to defined contribution plans	**182,983**	160,689	**60,138**	50,877
Staff allowances	**70,924**	70,893	**3,600**	11,400
Employee share option expense	**62,403**	192,348	**33,247**	112,203
	5,796,955	6,163,897	**2,659,785**	2,674,052

35. 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.

The executive directors consider the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the primary geographic areas: Singapore, Malaysia, Brunei Darussalam ("Brunei"), the United States of America and United Kingdom. From a business segment perspective, management separately considers sales activities in these geographic areas.

35. Segment information (continued)

The segment information for the reportable segments for the year ended 31 December 2016 is as follows:

Group	Interior and furniture	Development properties	Hotel division	HQ and other investing activities	Supply chain	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2016						
Sales						
Total segment sales	35,768	–	–	6	58,445	94,219
Less: Inter-segment sales	(1,594)	–	–	–	–	(1,594)
Sales to external parties	**34,174**	**–**	**–**	**6**	**58,445**	**92,625**
Adjusted EBITDA	**3,567**	**2**	**–**	**(4,239)**	**5,369**	**4,699**
Allowance for impairment of trade and other receivables	133	–	–	852	123	1,108
Depreciation	478	–	–	255	158	891
Income tax expense	579	–	–	2	834	1,415
Finance expenses	16	–	–	74	12	102
Interest income	99	–	–	1,883	36	2,018
Bad debts recovered	103	6	–	–	191	300
Allowance for stock obsolescence	307	–	–	–	433	740
Share of profit/(loss) of joint ventures - net of tax	–	13,826	(923)	–	–	12,903
Total assets	**22,158**	**33,127**	**(868)**	**124,192**	**28,016**	**206,625**
Total assets includes:						
Investment in joint ventures	–	30,629	(868)	–	–	29,761
Additions to property, plant and equipment	339	–	–	358	139	836
Available-for-sale financial assets	–	–	–	1	–	1
Intangible assets	–	–	–	161	–	161
Total liabilities	**11,087**	**6,651**	**–**	**16,572**	**7,510**	**41,820**

35. Segment information (continued)

Group	Interior and furniture	Development properties	Hotel division	HQ and other investing activities	Supply chain	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2015						
Sales						
Total segment sales	36,874	–	–	–	49,383	86,257
Less: Inter-segment sales	(1,565)	–	–	–	–	(1,565)
Sales to external parties	**35,309**	**–**	**–**	**–**	**49,383**	**84,692**
Adjusted EBITDA	**3,682**	**(19)**	**–**	**(1,279)**	**3,301**	**5,685**
Allowance for impairment of trade and other receivables	174	17	–	–	350	541
Depreciation	466	–	–	252	169	887
Income tax expense	219	–	–	(66)	–	153
Finance expenses	24	–	–	108	45	177
Interest income	93	–	–	1,311	1	1,405
Bad debts recovered	218	–	–	–	25	243
Allowance for stock obsolescence	157	–	–	–	(26)	131
Share of profit/(loss) of joint ventures - net of tax	–	12,310	(42)	–	–	12,268
Total assets	**18,967**	**46,939**	**55**	**102,506**	**20,652**	**189,119**
Total assets includes:						
Investment in joint ventures	–	38,346	55	–	–	38,401
Additions to property, plant and equipment	252	–	–	600	213	1,065
Available-for-sale financial assets	–	–	–	19	–	19
Intangible assets	–	–	–	161	–	161
Total liabilities	**12,743**	**2,566**	**–**	**21,679**	**4,986**	**41,974**

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

The executive directors assess the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed.

35. Segment information (continued)

(a) Reconciliations

(i) *Segment profits*

A reconciliation of adjusted EBITDA to profit before income tax and discontinued operations is as follows:

	GROUP	
	2016	2015
	$'000	$'000
Profit before income tax	**18,627**	18,294
Depreciation	**891**	887
Finance expenses	**102**	177
Interest income	**(2,018)**	(1,405)
Share of profit of joint ventures - net of tax	**(12,903)**	(12,268)
Adjusted EBITDA for reportable segments	**4,699**	5,685

(ii) *Segment assets*

Total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the executive directors monitor the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment.

	GROUP	
	2016	2015
	$'000	$'000
Segment assets for reportable segments	**206,625**	189,119

(iii) *Segment liabilities*

Total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	GROUP	
	2016	2015
	$'000	$'000
Segment liabilities for reportable segments	**41,820**	41,974

35. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived mainly from interior design and renovation projects, retailing of furniture and accessories and supply chain. Breakdown of the revenue is as follows:

	GROUP	
	2016	2015
	$'000	$'000
Interior design and residential projects	**34,180**	35,309
Supply chain	**58,445**	49,383
	92,625	84,692

(c) Geographical information

The Group's five business segments operate in four main geographical areas:

Singapore – the company is headquartered and has operations in Singapore. The operations in this area are principally furniture retailing, interior design, renovation and residential projects.

Malaysia and Brunei – the operations in this area are principally furniture retailing, interior design and residential projects.

United States of America – the operations in this area are principally supply chain management.

United Kingdom – the operations in this area are principally investment holdings and property development.

	GROUP	
	2016	2015
	$'000	$'000
Revenue		
Singapore	**32,738**	31,578
United States of America	**58,445**	49,383
Malaysia and Brunei	**1,442**	3,731
	92,625	84,692
Non-current assets		
Singapore	**31,325**	40,224
United States of America	**602**	628
Malaysia and Brunei	**13**	16
United Kingdom	*****	*
	31,940	40,868

* Amount less than $1,000

35. Segment information (continued)

(d) Information about major customers

Information regarding customers which account for more than 10% of the revenue derived by any of the entities within the Group is as follows:

	Supply chain	
	2016	2015
	$'000	$'000
Customer A	**20,814**	17,707
Customer B	**15,136**	14,678
Customer C	**15,054**	9,864

36. Events occurring after the reporting period

Incorporation of a subsidiary

On 9 February 2017, the Company incorporated a subsidiary, Jacksonville Bridge Pte. Ltd. ("JBPL"). JBPL has an issued and paid up share capital of $100 comprising 100 ordinary shares, of which the Company had allotted for 71 ordinary shares. The principal activity of JBPL is investment holdings, and JBPL will be investing in property projects in the United States of America.

Acquisition of ownership interest in subsidiary

On 22 March 2017, the Company acquired an additional 17.22% equity interest in Buylateral from its non-controlling interests for a cash consideration of MYR4,800,000 (equivalent to $1,532,242). As a result of this acquisition, Buylateral became a 95.42% owned subsidiary of the Company. The difference between the consideration and the carrying value of the additional interest acquired will be recognised as "Discount on acquisition of non-controlling interests" within equity in the Group's financial statements for the financial year ending 31 December 2017.

37. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Nobel Design Holdings Ltd on 31 March 2017.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2017

DISTRIBUTION OF SHAREHOLDINGS

Issued and fully paid-up shares excluding treasury shares	:	218,988,686
Number/Percentage of Treasury shares	:	Nil
Class of shares	:	Ordinary
Voting rights (excluding Treasury Shares)	:	One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	20	2.00	415	0.00
100 - 1,000	167	16.70	154,574	0.07
1,001 - 10,000	518	51.80	2,697,950	1.23
10,001 - 1,000,000	276	27.60	19,742,280	9.02
1,000,001 and above	19	1.90	196,393,467	89.68
Total	**1,000**	**100.00**	**218,988,686**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2017

No.	Name of Shareholder	No. of Shares	%
1	CIMB Securities (Singapore) Pte Ltd	33,100,010	15.11
2	Wee Ai Quey	25,132,000	11.48
3	Goon Eu Jin Terence	18,222,000	8.32
4	DBS Nominees Pte Ltd	17,482,500	7.98
5	Choong Chee Peng Bert	17,482,000	7.98
6	Phillip Securities Pte Ltd	12,897,500	5.89
7	Maybank Kim Eng Securities Pte Ltd	11,034,271	5.04
8	Kho Chuan Thye Patrick	10,380,000	4.74
9	Southern Cross Holdings Pte Ltd	10,000,000	4.57
10	Hong Leong Finance Nominees Pte Ltd	8,203,600	3.75
11	DB Nominees (Singapore) Pte Ltd	7,144,000	3.26
12	Wong Soon Chiu	6,716,000	3.07
13	DBS Vickers Securities (Singapore) Pte Ltd	6,329,400	2.89
14	Poh Boon Kher Melvin (Fu Wenke Melvin)	3,000,086	1.37
15	Ong Ciu Hwa	2,640,000	1.21
16	Pong Chee Keen Francis	2,288,000	1.04
17	OCBC Securities Private Ltd	1,907,100	0.87
18	United Overseas Bank Nominees Pte Ltd	1,255,000	0.57
19	Teo Teo Lee	1,180,000	0.54
20	Ang Siew Joo	962,500	0.44
	Total	**197,355,967**	**90.12**

STATISTICS OF SHAREHOLDINGS

As at 20 March 2017

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 20 March 2017

	No. of Ordinary shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Choong Chee Peng Bert	50,482,000 (1)	23.05	-	-
Goon Eu Jin Terence	31,181,000 (2)	14.24	-	-
Wee Ai Quey	25,132,000	11.48	-	-
Kho Chuan Thye Patrick	17,380,000 (3)	7.94	16,284,400 (4)	7.44
Kho Choon Keng	529,000	0.24	16,284,400 (4)	7.44
Southern Cross Holdings Pte. Ltd.	16,284,400 (4)	7.44	-	-

Note:

(1) 33,000,000 shares are held in the name of CIMB Securities (Singapore) Pte Ltd.
(2) 12,959,000 shares are held in the name of DBS Nominees Pte Ltd.
(3) 7,000,000 shares are held in the name of DB Nominees (Singapore) Pte Ltd.
(4) 6,284,400 shares are held in the name of DBS Vickers Securities (Singapore) Pte Ltd. Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in 16,284,400 shares held by Southern Cross Holdings Pte. Ltd. in which each of them has a shareholding interest of more than 20%.

Based on the information available to the Company as at 20 March 2017 approximately 31.12% of the total number of issued shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of NOBEL DESIGN HOLDINGS LTD (the "**Company**") will be held at 16 Tai Seng Street, Level 7, Singapore 534138 on Friday, 28 April 2017 at 5.30 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and the Auditors' Report thereon.
   Resolution 1

2. To declare a first and final (tax exempt one-tier) dividend of 0.52 cents per share for the financial year ended 31 December 2016.
   Resolution 2

3. To approve the Directors' fees of S$295,792 for the financial year ended 31 December 2016.
   Resolution 3

4. To approve the Directors' fees of S$295,792 for the financial year ending 31 December 2017, payable quarterly in arrears.
   Resolution 4

5. To re-elect Mr. Wong Soon Chiu retiring pursuant to Article 107 of the Company's Constitution.
   (See Explanatory Note 1) **Resolution 5**

6. To re-elect Dr. Teh Ban Lian retiring pursuant to Article 107 of the Company's Constitution.
   (See Explanatory Note 1) **Resolution 6**

7. To re-elect Ms. Wee Ai Quey retiring pursuant to Article 107 of the Company's Constitution.
   (See Explanatory Note 1) **Resolution 7**

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
   Resolution 8

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue shares

THAT, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 15 per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1)(A) and (1)(B) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note 2)

Resolution 9

10. Authority to grant options and issue shares under the Nobel Employee Share Option Scheme

That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Nobel Employee Share Option Scheme (the "**Scheme**") and to issue such shares as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.
(See Explanatory Note 3)

Resolution 10

11. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

LEE BEE FONG (MS)
Company Secretary
Singapore
13 April 2017

Explanatory Notes:

1. Mr. Wong Soon Chiu, if re-elected under Resolution No. 5, will remain as the Chairman of the Audit Committee and a Member of the Risk Management Sub-Committee and will be considered as an independent director of the Company for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. There are no relationships (including immediate family relationships) between Mr. Wong Soon Chiu and the other Directors, the Company or shareholder with shareholdings of 5% or more in the voting shares of the Company.

   Dr. Teh Ban Lian, if re-elected under Resolution No. 6, will remain as the Chairman of the Risk Management Sub-Committee and a Member of the Audit and Nominating Committees and will be considered as an independent director of the Company for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. There are no relationships (including immediate family relationships) between Dr. Teh Ban Lian and the other Directors, the Company or shareholder with shareholdings of 5% or more in the voting shares of the Company.

   Ms. Wee Ai Quey, if re-elected under Resolution No. 7, will remain as an Executive Director and Chief Operating Officer of the Company.

2. The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 15% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit)and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) at the time Ordinary Resolution 9 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

   The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company ("**the Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

   The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it will provide the Company the flexibility and opportunity to raise funds expediently for expansion activities or working capital, if the Directors deem it to be necessary.

   The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

3. Resolution No. 10, if passed, will empower the Directors of the Company to allot and issue shares in accordance with the Nobel Employee Share Option Scheme.

Notes:-

i. A proxy need not be a member of the Company.

ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

vi. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

vii. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at 80 Robinson Road #11-02 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and the Register of Members of the Company will be closed at 5.00 p.m. on 9 May 2017, for the purpose of determining members' entitlements to the first and final (tax exempt one-tier) dividend of 0.52 cents per share for the financial year ended 31 December 2016 (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) of 80 Robinson Road #11-02, Singapore 068898 up to 5.00 p.m. on 9 May 2017 will be registered to determine members' entitlements to the Proposed Dividend. The Proposed Dividend, if approved at the Annual General Meeting to be held on 28 April 2017, will be paid on 19 May 2017.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 May 2017 will be entitled to the Proposed Dividend.

By Order of the Board

LEE BEE FONG (MS)
Company Secretary
Singapore
13 April 2017

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NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198104591E)

Important:
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

I/We____,(NRIC/Passport No.)____________________
of____
being a member/members of the above-mentioned Company, hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary to demand a poll, at the Annual General Meeting of the Company to be held at 16 Tai Seng Street, Level 7, Singapore 534138 on Friday, 28 April 2017 at 5.30 p.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and the Auditors' Report thereon.		
2.	To declare a first and final (tax exempt one-tier) dividend of 0.52 cents per share for the financial year ended 31 December 2016.		
3.	To approve the Directors' fees of S$295,792 for the financial year ended 31 December 2016.		
4.	To approve the Directors' fees of S$295,792 for the financial year ending 31 December 2017, payable quarterly in arrears.		
5.	To re-elect Mr. Wong Soon Chiu retiring pursuant to Article 107 of the Company's Constitution.		
6.	To re-elect Dr. Teh Ban Lian retiring pursuant to Article 107 of the Company's Constitution.		
7.	To re-elect Ms. Wee Ai Quey retiring pursuant to Article 107 of the Company's Constitution.		
8.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
10.	To authorise Directors to grant options and to issue shares under Nobel Employee Share Option Scheme.		

Dated this .... day of 2017

....
Signature(s) of member(s) or Common Seal

No. of Shares Held

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOBEL DESIGN HOLDINGS LTD

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the office of the Company's Share Registrar at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.