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THE YEAR IN REVIEW

The Singapore furniture industry is a part of a huge global furniture business.

Total global manufacturing output in 2002 amounted to US\$190 billion, with imports growing at an average of 7 percent per annum between 1995 and 2002 among the top 20 importer countries.

To ensure that the local furniture industry rides the wave of growth swiftly, the Singapore Furniture Industries Council (SFIC) launched, in February 2003, a comprehensive blue print of growth to chart the continuous viability of the Singapore furniture trade. Known as the Furniture Industry Capability Upgrading Programme (Furniture ICAP), its six major strategic thrusts are :

- Grow and expand business globally
- Raise design standards
- Establish a Furniture Learning Institute (FLI)
- Establish an International Furniture Trade Centre (IFTC)
- Develop immediate measures to help industry players
- Develop & maintain industry growth profile.

THRUST 1: GROW AND EXPAND BUSINESS GLOBALLY

INTERNATIONAL TRADE DEVELOPMENT ACTIVITIES

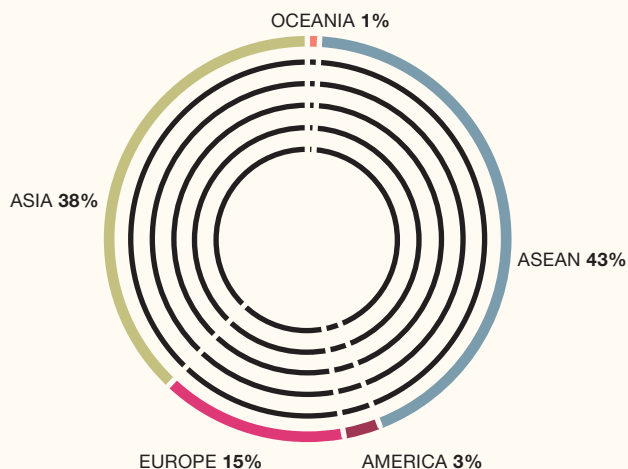
International Furniture Fair Singapore 2004/ 21st ASEAN Furniture Show (IFFS/AFS 2004)

The International Furniture Fair Singapore 2004/21st ASEAN Furniture Show (IFFS/AFS 2004) proved to be a resounding success. It further consolidated Singapore's status as a thriving furniture hub in the international furniture arena.

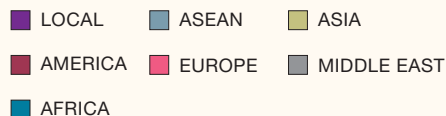
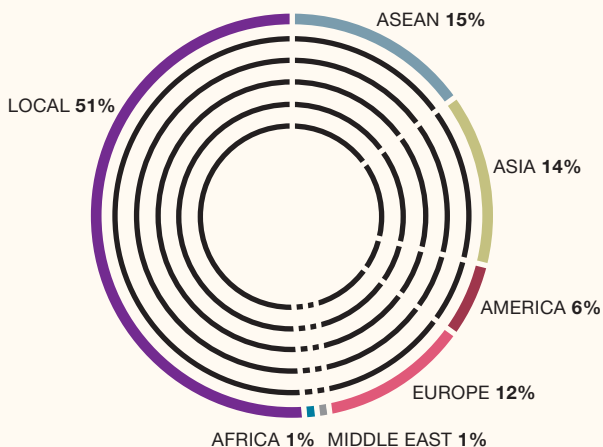
Held at the Singapore Expo from 1 - 5 March 2004, IFFS/AFS 2004 again reaffirmed that the fair was indeed the ideal 'East meets West' business platform for the global furniture industry. The event attracted many prominent exhibitors and visitors from all over the world. A majority of the participating furniture traders reported that they had conducted good business during the show-a testimony to Singapore's reputation as a major furniture hub in Asia.



EXHIBITORS BREAKDOWN BY REGION



INTERNATIONAL VISITORS BREAKDOWN BY REGION



"The event is very important not only for the furniture industry players, but it is also a major event eagerly awaited by Singapore's hotels, restaurants, and other tourism-related companies".

Mr Lim Neo Chian
Deputy Chairman & Chief Executive
Singapore Tourism Board.

"Congratulations to the SFIC on the successful launch of the 2004 International Furniture Fair. This event represents an important stepping stone in the Singapore furniture industry's bid to become an internationally renowned furniture hub known for its quality and design excellence. EDB is pleased to partner with the SFIC and key industry players to develop the furniture business here in Singapore and groom it into a reputable player in the global market".

Mr Tan Chek Ming
Assistant Managing Director
Economic Development Board (EDB).



In total, the 5-day trade event attracted 450 exhibitors from 29 countries and more than 17,000 trade professionals from 102 countries. On-spot orders generated by exhibitors during the event reached a record high of US\$225 million while the follow-on sales was estimated to be at US\$1.9 billion.

Bearing equal significance, this year's event had a sharp focus on furniture design and on show were many furniture innovations, which gave this year's trade show a refreshing edge, and a more vibrant business buzz.

With the organisation of the Furniture Design Award, Furniture Design Forum and inauguration of the Design Gallery, IFFS/AFS 2004 was successfully positioned as a forward looking trade event that sets trends for what's next in furniture.

Not only did these special design features add diversity, richness and pomp to the trade fair, the vast array of ideas showcased differentiated IFFS/AFS 2004 from other shows in Asia, establishing it as a world class furniture event.

Overseas Fairs, Missions and Business Matching Programmes

To extend the global market reach of the Singapore furniture industry, SFIC stepped up the industry's marketing presence in strategic overseas locations. SFIC also enhanced its business matching initiatives to leverage the worldwide interest in Asian furniture.

Fairs, missions and business matching programmes were actively organised to help our member companies scour for new business opportunities internationally.

Fairs

For the 8th successive year, the SFIC set aside funding from its coffers to help members develop and expand their export business at international trade shows, which include:

- International Furniture Fair Cologne, Germany
- International Furniture Fair Tokyo, Japan
- International Furniture Fair Singapore



Business Missions

A series of business missions were organised to help members look into new market potentials and leverage business opportunities abroad.

USA

In October 2003, a delegation of 12 members visited USA to gain a better understanding of the modus operandi of High Point (The Furniture Capital of the World), as well as, to update themselves on the latest retail trends and explore trade development opportunities in High Point / Chicago.

Asia

The SFIC also led missions to Shanghai in September 2003 and Southern China (namely Guangzhou, Shenzhen and Dongguan) in May 2004. The latter was undertaken by a 26-person team comprising of high-level representatives from the SFIC Executive Committee, EDB Singapore, IE Singapore, JTC Corporation and SPRING Singapore.

ASEAN

To meet the challenges of the highly competitive global economy, regional collaboration is essential to leverage business advantages. The well-

received mission to Indonesia, which was organised in collaboration with various ASEAN furniture trade entities, was a good case in point. Such business collaboration helped key furniture bodies from ASEAN to collectively meet and take on specific market challenges and threats. It also helped bring about greater economic co-operation which are mutually beneficial among neighbouring countries.

Business Matching & Promotional Activities

Globalisation has increased the size of the market available to the Singapore furniture industry. It enables industry players to take advantage of economies-of-scale and exploit their comparative advantage.

SFIC has been instrumental in helping members look for overseas business partners through inbound and outbound business-matching activities. Opportunities for partnerships come in various forms; including licensing of technology, exchange of expertise, joint ventures, joint research & development projects, contract manufacturing, marketing and distribution agreements.

COLLECTIVE INITIATIVES

The Furniture Square



The Furniture Square at IMM is home to 22 Singapore furniture manufacturers. Initiated and managed by the SFIC since 1992, this group-retailing concept is the first in Singapore. The initiative has also benefited members by facilitating growth through economies of scale, collective branding and design, high standards of quality control, as well as appropriate pricing.

Good Furniture Retailers Scheme (GFRS)

The Good Furniture Retailers Scheme (GFRS), initiated by the SFIC in May 1993 and endorsed by Consumer Association of Singapore (CASE), has helped consumers achieve informed purchase decisions. Furthermore, the scheme has also helped ensure quality of the goods and served as a mediator in settling disputes amicably between consumers and retailers.

All retailers certified under the GFRS will need to have a proven track record of selling good quality furniture. They must also provide professional services, which includes clear price tagging of products, issuing of valid

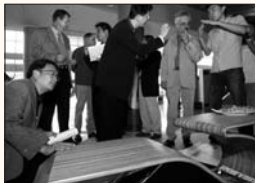
receipts and providing money-back guarantees, as well as, a further 12-month warranty for all their items sold to consumers.

Overseas Industry Cluster

Faced with the challenge of rising operational costs as a result of high land and labour cost and the lack of raw materials in Singapore, furniture companies need to globalise to leverage the abundance of resources and a more cost-effective climate abroad to ensure long-term viability.

To this, SFIC has been actively encouraging members to form industry clusters or consortia presence in targeted international markets to diversify their customer portfolio and find new bases for growth. The 19 members in the 350,000 sqm Singapore Furniture Industry Park – Kunshan is clear testimony of what companies can achieve overseas through collective strength and collaboration.

SFIC currently represents 95% of furniture manufacturers in Singapore. Of whom, 65% have established offshore operations in China, Indonesia, Malaysia, Myanmar and Vietnam.



THRUST 2: RAISE DESIGN STANDARDS

To ensure long term sustainability, it is imperative that the Singapore furniture industry moves away from a manufacturing-led paradigm where the competition lies in quality and low cost to a design-led one where the market edge depends on the superiority of knowledge, design & research capital. Boasting a highly educated workforce that is reliable and knowledgeable, SFIC strongly believes that a design-led export manufacturing business model will give a competitive edge to the Singapore furniture industry.

The SFIC spearheaded the design-led business paradigm with design exchanges, work collaborations and learning programmes between local/international design institutions to nurture design talents. During the year, the SFIC conducted activities like The Furniture Design Award, Furniture Design Forum, as well as providing facilities like formal and informal meeting areas for designers to gather and network.

Furniture Design Award (FDA) 2004

Supported by IE Singapore, Designers Association of Singapore, Interior Design Confederation (Singapore), Singapore Institute of Architects and

American Hardwood Export Council, the FDA not only seeks to nurture budding design talents and innovative design firms but also to act as the platform for constructive design exchange. The FDA also acts as the launch pad for creative and innovative designs in Asia.

Based on the theme "New Asia", FDA 2004 again garnered the best creations in the industry. The event drew 334 entries, a 60% increase over the last event.

The Students Category saw an overwhelming 72% increase in entries, with the main bulk of the 244 entries coming from students of Temasek Polytechnic, National University of Singapore, LaSalle SIA, Nanyang Academy of Fine Arts, Nanyang Polytechnic, Singapore Polytechnic, Inspiration Design School and Raffles LaSalle. In addition, there was an encouraging six-fold increase in entries received from secondary schools.

The Young Designers Category, which was extended from ASEAN to the Asia-Pacific countries, saw a total of 71 entries from Australia, China, Singapore and Thailand. The figure represents a 6% increase over the last event.

The inaugural Open Category, for professional design talents globally, attracted 19 regional and international design talents from America, Australia, India, Indonesia, The Philippines, Singapore and Thailand.

2nd Furniture Design Forum 2004

SFIC also successfully organised the 2nd Furniture Design Forum in conjunction with FDA and IFFS/AFS 2004. Four distinguished speakers, namely Chief Designer from IKEA, Lars Engman, Furniture Designer-maker Philip Koomen from the United Kingdom, Christopher Pillet, an internationally renowned French Designer, and Singapore's own home-grown talent, Andrew Pang, shared their insights and views at the Forum. The forum attracted a total of 250 participants, a 2½-fold increase as compared to the inaugural event.



Design Talks And Exhibitions

To raise public awareness of the designs by the local furniture industry, SFIC organised public events such as design talks at the Orchard Library and other locations to provide the public with an insight into the furniture industry and to share current design trends. The SFIC also participated in the exhibition segment of the International Design Forum to further profile the creative works of FDA winners.

International Furniture Design Advisory Panel

An International Furniture Design Advisory Panel comprising renowned local and overseas design professionals was also formed to catapult SFIC's design initiatives to greater heights.

Ministerial Visit

The SFIC was honoured to be included by the DesignSingapore Council as one of the design-led trade associations in Dr Lee Boon Yang, Minister for Information, Communications and the Arts (MICA)'s series of visits. This milestone event, involving 32 MICA Officials, SFIC Executive Committee members and industry leaders, was held on 24 June 2004 at Kingsmen Creative Centre.

Attachment Programmes

To help the industry groom more design talents, SFIC also facilitated industry attachment programmes for design students to member companies to let them gain more exposure in a realistic work environment. Such industrial attachments also offer opportunities for training and retention of talents within the industry.

THRUST 3: ESTABLISH A FURNITURE LEARNING INSTITUTE (FLI)

Supported by SPRING Singapore and the Singapore Workforce Development Agency, the FLI was launched on 29 January 2004 by Mr Chan Soo Sen, Minister of State for Education and Community Development & Sports.

FLI aims to address the industry's needs in areas of professional and skills development; and in the long term, develop a knowledge-based furniture industry for Singapore.

Currently, FLI offers a host of customised and certified programmes for the industry.

FLI also conducted forums, workshops, and the CEO Learning Circle programme for mid-to-high-level managerial personnel of industry players. The primary thrust of the workshops was on how to build enduring enterprises.

THRUST 4: ESTABLISH AN INTERNATIONAL FURNITURE TRADE CENTRE (IFTC)

The IFTC is another key component of Furniture ICAP which aims at developing the industry into a significant furniture player in the global market.

It serves to put in place the necessary infrastructure and pillars required for a one-stop permanent showcase for both local and international sellers to reach out to buyers all over the world. The plan is to have an export cum retail showcase, a design village, FLI, office space and warehousing support for the furniture industry.

Such a centre would give the industry the extra edge to anchor the local players and encourage them to expand their BHQ operations. It also aims to attract international companies to use Singapore as a springboard into the region and beyond. These will be the engines of



growth that enlarge the industry and entrench our position as a premier furniture hub providing comprehensive and holistic solutions in the global furniture market.

Recognising that the IFTC offers tremendous potential, SFIC is currently working very closely with EDB, JTC, IE Singapore, SPRING Singapore and other relevant agencies on the Design, FLI and IFTC Action Plans to generate an integrated strategic blueprint for the benefit of the local furniture industry.

THRUST 5 : DEVELOP IMMEDIATE MEASURES TO HELP INDUSTRY PLAYERS

To ensure that the three-year Furniture ICAP would be of immediate relevance to industry players, SFIC also explored real-time relief measures to assist industry players in riding through the economic uncertainties.

A 2nd Member Assistance Scheme was launched during the year to give financial support to members, allowing them to enhance their business capabilities and sharpen their competitive edge.

Up to S\$1.3 million was provided for the period between 15 October 2003 and 31 December 2004 to help members expand and upgrade their business operations and offset their space rental costs at the IFFS/AFS 2004. The funding also helped members relief temporary replacement costs when staff are sent to FLI for training.

SFIC also collaborated with the Six+6 Trade Alliance and relevant authorities to review tender payment terms and conditions to facilitate a more conducive business environment for local contract furniture manufacturing players.





THRUST 6: DEVELOP & MAINTAIN INDUSTRY GROWTH PROFILE

The SFIC believes that developing and maintaining growth for the industry is critical to securing international confidence and faith in the local furniture industry and Singapore, as a renowned international furniture hub.

Inaugural Singapore Furniture Industry Awards

To bolster the industry's branding efforts, SFIC launched an inaugural Singapore Furniture Industry Awards to give recognition to and honour outstanding individuals and enterprises in the manufacturing, retailing and contract furniture manufacturing sectors.

Supported by IE Singapore & SPRING Singapore, the response from the furniture industry was met with much enthusiasm, with 258 entries received for the inaugural Awards.

The winners are:

The Furniture Manufacturer Award

- Winner : HTL International Holdings Ltd
- Finalists: Koda Ltd
Design Studio Furniture Manufacturer Ltd

The Furniture Retailer Award

- Winner : Novena Holdings Limited
- Finalists: Supreme Furnishing Centre Pte Ltd
Air Division Pte Ltd

The Interior Builder Award

- Winner : Kingsmen Projects Pte Ltd
- Finalists: Nobel Design Holdings Ltd
JC Packer's System Pte Ltd

The Outstanding Individual Award

- Winner : Joe Song
(Novena Holdings Limited)
- Finalists: Jason Hong
(Cellini Design Center Pte Ltd)
Kok Sia Yew
(V-Mark Woodcraft (S) Pte Ltd)



The Young Furniture Designer Award

- Young Designers Category 2003 :
Goh Ray Vees
- Students Category 2003 :
Han Kiang Siew



Formation Of Strategic Alliances

Recognising that companies within the Singapore furniture industry have similar needs, the SFIC also works closely with relevant government agencies, industry associations, and companies to develop industry-wide applications to promote new initiatives launched by the government to the SFIC members.

On a national basis, the SFIC continues to serve as a bridge between the government and semi-government organisations, and trade bodies to ensure that the industry's views are considered when formulating legislative policies.

The SFIC is represented in the Singapore Manufacturers' Federation, Singapore Chinese Chamber of Commerce and Industry, Singapore

Association of Convention and Exhibition Organisers and Suppliers, Singapore National Employers' Federation, as well as Singapore Institute of Management.

At the regional level, the SFIC continues to represent Singapore in the ASEAN Furniture Industries Council (AFIC).

Other Industry Networking Activities

On a lighter note, several networking activities were also held during the year to create added opportunities for members and their business associates to establish closer rapport and business relations.

These include :

- Chinese New Year Celebrations
- Golf Tournament
- Bowling Tournament
- Annual Dinner & Dance

MEDIA CLIPPINGS



Industry News

SFIC Announces Winners of the Singapore Furniture Industry Awards 2003

Singapore - The Singapore Furniture Industries Council (SFIC) has announced the winner of the inaugural Singapore Furniture Industry Awards competition. The awards are supported by



International Enterprise Singapore and the Standards, Productivity & Innovation Board. The competition received a total of 256 submissions. It is part of the Furniture Industry Capability Upgrading Program aimed to facilitate the transformation of the Singapore furniture industry and assist local businesses and exporters to stay relevant in an increasingly competitive market.

According to Mr. James Koh, President of SFIC, the Singapore Furniture Industry Awards leaders with best practices, innovative idea, and strong entrepreneurial spirit. In the process, SFIC hopes it will inspire the others.

There were two main categories for the competition- Enterprise category and individual category. Three awards were given in the Enterprise category. According to Mr. Sim Kah Choon, Chairman of the SFA organising committee and Honorary Secretary of SFIC, the main judging criteria were financial growth, market leadership as well as management philosophy. For the Furniture Manufacturer Award, the finalists were: HLT International, Design Studio and Kodra. For the Furniture Retailer Award, the three finalists were Novena Holdings, Supreme Furnishing Centre and Air Division. Kingmen Jockey, JC Packer's System and Novel Design were the finalists for the Interior Builder Award.

In the individual category, the Young Designer Award winners were Goh Ray Vees in the Young Designers category and Han Kiang Siang in the Students category. The contest for

Industry News

Singapore Furniture Industry Gets Injection of S\$1.3 Million Assistance

Singapore - The Singapore Furniture Industries Council (SFIC) has announced the launch of its 2nd Member Assistance Scheme, aimed at providing financial leverage for Singapore furniture industry players to enhance their business capabilities and sharpen their competitive edge. It is part of the Furniture Industry Capability Upgrading Program aimed to facilitate the transformation of the Singapore furniture industry and assist local businesses and exporters to stay relevant in an increasingly competitive market.

SFIC will provide up to S\$1.3 million in funding under this scheme. It is a refinement of the council's 1st Member Assistance Scheme conducted from December 2001 to June 2003 with the allocation of S\$1 million in financial support. Mr. James Koh, President of SFIC, reiterated the intention of the new scheme to better help members "restructure for its dynamic global economy, as well as deal with immediate problems."

According to Mr. Alison Kwok, Chairman and Furniture Industry Capability Upgrading Program Working Committee and Honorary Treasurer of SFIC, the 2nd scheme is divided

into three specific areas of financial assistance. First, all members will be allocated a quantum ranging from S\$500 to S\$600 based on membership status and duration with SFIC. The amount can be drawn on to offset cost of participation in any SFIC activities as well as approved Development Assistance Programs by IE Singapore and Sprng Singapore.

Over and above the quantum, financial assistance in the form of subsidies up to S\$18,000 is provided to members' participation in the International Furniture Fair Singapore 2004/21st ASEAN Furniture Show (IFFS/AFS 2004), a premier furniture event in Asia held annually.

The 3rd area of the scheme will cover the formation of an "Employees Training Relief Fund" for assistance to members for employment costs related to training.

Learning Institute, a training to established. The validity of Assistance Scheme is from 15 2004.



IFFS/AFS 2004: A resounding success!

The International Furniture Fair Singapore 2004/ 21st ASEAN Furniture Show (IFFS/AFS 2004) proved to be a resounding success once again this year.

Being organized as the leading trade fair in the world, the 21st ASEAN Furniture Show (IFFS/AFS) 2004 exhibition was held from March 1 to 5, at the Asia Pacific Exhibition Centre (APC) in Singapore. The event featured more than 1,000 exhibitors, who came from a total of 20 countries. These exhibitors occupied more than 50,000 sq ft of space at the Singapore Expo. The new members of the exhibition included the world's most well-known furniture brands, such as the Swedish furniture giant, Ikea, the Danish furniture giant, Heltens, and the Singapore Furniture Industries Council (SFIC), who was the organizer of the event, reported that at the close of the show, some 20,000 sq ft of space had already been booked for IFFS/AFS 2005.

In terms of visitors, 17,136 professionals attended the fair, which was an increase of 6.5 per cent over IFFS/AFS 2003. Visitors had from 102 countries spread across all continents of the world.

During the 2004 exhibition, more than US\$1.1 billion of sales were made during the five-day event.

"It was an absolute pleasure that the fair attracted many prominent exhibitors from all over the world and that generally, had good feedback. This is an indication that Singapore is becoming an increasingly important destination for the furniture industry," said Mr. James Koh, President of the Singapore Furniture Industries Council.

Time to tradition, this year's furniture fair included plenty of innovation in furniture, which drew the visitors' attention. A number of designers' participation of what the future of the furniture look like in the future. Design Award and the Design Culture. The only two design award winners were also winners of the design award by the Singapore Furniture Industries Council, which presented 250 medals and certificates. The first prize was given to the winner of the design award.

Mr. James Koh, President of the Singapore Furniture Industries Council, said that the success of the IFFS/AFS 2004 exhibition was a testament to the success of the Singapore Furniture Industry. He said that the success of the IFFS/AFS 2004 exhibition was a testament to the success of the Singapore Furniture Industry.



Industry's council also hopes for young designers' village in Sungei Kadut area

BY ARTHUR LUND

In a bid to become a premier destination for the furniture industry, the Singapore Furniture Industries Council (SFIC) is planning to develop a "Young Designers' Village" in the Sungei Kadut area. The village is intended to be a hub for young designers to showcase their work and to provide them with a platform to network and collaborate with other designers and businesses in the industry.

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HOME

A Furniture Street for S'pore



It is an ideal position, he said, as it is located in the heart of the city, close to the city center and the city's main shopping areas. The village is intended to be a hub for young designers to showcase their work and to provide them with a platform to network and collaborate with other designers and businesses in the industry.

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Simple design will be the theme of the furniture collection, which will be displayed in a modern, minimalist setting. The collection is intended to be a hub for young designers to showcase their work and to provide them with a platform to network and collaborate with other designers and businesses in the industry.

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TODAY • FRIDAY • JANUARY 30, 2004



FLI Chairman Neo Sia Meng flanked by (left) Mr Lim Peng Hun and Mr Khoo On Theam at the institute's launch ceremony.

Regional furniture hub next

Institute to re-train 3,300 industry workers set up

Ted Chen tedchen@newstoday.com.sg

THIS time, it's a bid to become a regional furniture hub. With this vision in mind, the Singapore Furniture Industries Council (SFIC) yesterday launched the Furniture

the first of its

3,300 of the industry here over initiative comes re-Industry Capa- time, a three-year plan to train a shot in the training competi-

's chairman, siad courses were too er to the specific 'e in the industry 'e like finishing edge of the cost orking and said.

re-structure training programmes, programmes - management and tills and furniture being developed.

Mr Neo said the FLI courses were being conducted at the Singapore Polytechnic and OTI Consulting, both of which help in the delivery, design and development of the FLI's education and training programmes.

The FLI aims to have its own training facilities, though the locations yet to be finalised, he added. Meanwhile, 12 workers from five companies graduated from the pilot effective communication course, which commenced on Jan 14. Each course costs about \$200 and last two days on average.

The SFIC has set aside \$300,000 in its Employee Training Relief Fund to help SFIC members bear the costs of temporary replacements when workers are sent for training. Mr Neo said he was also looking to collaborate with institutes from Germany, Australia, the UK and Italy, which are renowned for furniture making.