Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**") is pleased to present the audited annual results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *S$'000*	2020 *S$'000*
Revenue	*5*	**79,576**	64,221
Cost of sales	*8*	**(73,191)**	(66,803)
Gross profit/(loss)		**6,385**	(2,582)
Other income		**1,543**	2,341
Other gains		**67**	—
Losses arising from the Transactions	*7*	**—**	(4,420)
Administrative expenses	*8*	**(8,605)**	(11,032)
Operating loss		**(610)**	(15,693)
Finance income		**8**	22
Finance costs		**(409)**	(403)
Finance costs, net		**(401)**	(381)
Loss before income tax		**(1,011)**	(16,074)
Income tax (expense)/credit	*9*	**(107)**	125
Loss for the year attributable to equity holders of the Company		**(1,118)**	(15,949)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4)**	—
Other comprehensive expense for the year		**(4)**	—
Total comprehensive expense for the year attributable to equity holders of the Company		**(1,122)**	(15,949)
Basic and diluted loss per share for loss attributable to equity holders of the Company (expressed in Singapore cents per share)	*10*	**(0.11)**	(1.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 S$'000	2020 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,016**	2,642
Right-of-use assets		**582**	848
		2,598	3,490
Current assets			
Financial asset at fair value through profit or loss	*12*	**—**	1,418
Current income tax recoverable		**17**	—
Contract assets		**32,572**	29,132
Trade and other receivables, deposits and prepayments	*13*	**9,937**	11,645
Pledged fixed deposits		**1,827**	1,588
Cash and cash equivalents		**10,651**	17,070
		55,004	60,853
Total assets		**57,602**	64,343
EQUITY			
Share capital	*14*	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(19,209)**	(18,087)
Total equity		**12,350**	13,472
LIABILITIES			
Non-current liabilities			
Borrowings		**2,583**	3,583
Lease liabilities		**365**	580
Deferred income tax liabilities		**13**	11
		2,961	4,174
Current liabilities			
Trade and other payables and accruals	*15*	**31,686**	35,445
Contract liabilities		**116**	278
Provision for liquidated damages		**898**	—
Borrowings		**9,319**	10,480
Lease liabilities		**268**	281
Current income tax liabilities		**4**	213
		42,291	46,697
Total liabilities		**45,252**	50,871
Total equity and liabilities		**57,602**	64,343

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands.

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 21 March 2019 and the principal place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong with effect from 15 August 2022). The head office and principal place of business of the Group is at 59 Sungei Kadut Loop, Singapore 729490. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 7 May 2020 (the "**Listing Date**"). The trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1 April 2021.

The Company is a subsidiary of Ultimate Global Enterprises Limited ("**Ultimate Global**"), incorporated in the British Virgin Islands (the "**BVI**"), which is also the Company's ultimate holding company. Ultimate Global is owned by Mr. Lo Lek Chew ("**Mr. Lo**"), Mr. Chua Boon Par ("**Mr. Chua**"), Mr. Ding Hing Hui ("**Mr. Ding**"), Mr. Leong Wai Kit ("**Mr. Leong**"), Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah ("**Mr. Ng**") (collectively the "**Ultimate Shareholders**").

The Company is an investment holding company and the principal activities of its operating subsidiary, Ngai Chin Construction Pte. Ltd. ("**Ngai Chin**"), are the provision of interior fitting-out service in the Republic of Singapore ("**Singapore**").

The consolidated financial statements are presented in Singapore Dollars ("**S$**" or "**SGD**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand ("**S$'000**"), unless otherwise stated.

2 GROUP REORGANISATION

Prior to the incorporation of the Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the interior fitting-out services business was carried out by Ngai Chin. Ngai Chin was controlled by the Ultimate Shareholders. Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% in the Company, respectively. The Ultimate Shareholders have been managing and controlling Ngai Chin on a collective basis on all decisions, including but not limited to, financial, management and operational matters of Ngai Chin. Each of the Ultimate Shareholders has reiterated his agreement in writing that, in respect of the aforesaid matters in relation to Ngai Chin, they have always been acting in concert.

In preparation for the listing of the Company's shares on the Stock Exchange, the Group underwent the Reorganisation which principally involved the following steps:

(a) On 27 July 2018, Flourishing Honour Limited ("**Flourishing Honour**") was incorporated in the BVI. On 18 January 2019, Flourishing Honour allotted and issued one share to the Company for cash at par.

(b) On 7 January 2019, the Company was incorporated in the Cayman Islands. Upon its incorporation, one nil-paid initial share was transferred to Ultimate Global, which is a company incorporated in the BVI on 8 November 2018 and owned by the Ultimate Shareholders in proportion to the effective interest held by each of the Ultimate Shareholders in Ngai Chin.

(c) On 30 March 2020, a sale and purchase agreement was entered into between the Ultimate Shareholders, Flourishing Honour and the Company, pursuant to which the Ultimate Shareholders transferred their entire shareholding interests in the Ngai Chin to Flourishing Honour, in consideration of the Company (i) allotting and issuing 99 shares of the Company to Ultimate Global, credited as fully paid; and (ii) crediting the initial share held by Ultimate Global as fully paid.

Upon the completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group.

3 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Companies Ordinance.

4 ADOPTION OF NEW AND AMENDED STANDARDS

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

(i) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

5 REVENUE

An analysis of the Group's revenue for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
	S$'000	*S$'000*
Contract revenue	**79,576**	64,221
Timing of revenue recognition: Over time	**79,576**	64,221

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the year:

	2021	2020
	S$'000	*S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
To be recognised within 1 year	**28,665**	33,769
To be recognised between 1 to 2 year(s)	**7,023**	7,023
	35,688	40,792

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 31 December 2021 and 2020 may be recognised as revenue during the abovementioned reporting period. The amounts disclosed above do not include variable consideration which is not highly probable that a significant reversal will not occur.

6 SEGMENT INFORMATION

The Group is principally engaged in the provision of interior fitting-out services in Singapore. Revenue recognised during the year is analysed by the executive Directors being the chief operating decision-makers ("**CODMs**") of the Group. For the purposes of resources allocation and performance assessment, the CODMs review the overall results and financial position of the Group as a whole. Accordingly, the Group has a single operating segment and no discrete operating segment financial information is available.

(a) *Geographical information*

The Group's operations are located in Singapore (country of domicile) and Malaysia.

Information about the Group's revenue from external customers is presented based on Singapore. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets** *(note)*	
	Year ended 31 December		**As at 31 December**	
	2021	2020	**2021**	2020
	S$'000	*S$'000*	***S$'000***	*S$'000*
Singapore (country of domicile)	**79,576**	64,221	**2,448**	3,372
Malaysia	**—**	—	**150**	118
	79,576	64,221	**2,598**	3,490

Note: Non-current assets represented property, plant and equipment and right-of-use assets.

(b) ***Information about major customers***

Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 14.0% and 47.7% (2020: approximately 14.1% and 49.9%) respectively of the Group's total revenue for the year ended 31 December 2021.

The revenue from customers individually contributing over 10% of the total revenue of the Group during the year are as follows:

	2021	2020
	S$'000	*S$'000*
Customer A	**11,161**	N/A[1]
Customer B	**8,237**	N/A[1]
Customer C	**8,143**	N/A[1]
Customer D	**N/A[1]**	9,053
	27,541	9,053

Note 1: The corresponding revenue from the customers is less than 10% of the total revenue of the Group for the respective financial year.

7 LOSSES ARISING FROM THE TRANSACTIONS

	2021	2020
	S$'000	*S$'000*
Losses arising from the Transactions	**—**	4,420

8 EXPENSES BY NATURE

	2021	2020
	S$'000	*S$'000*
Subcontractor charges (included in cost of sales)	**53,781**	50,766
Cost of materials used	**7,976**	7,711
Employee benefit expenses (including Directors' emoluments)	**14,549**	11,874
Depreciation of property, plant and equipment	**693**	666
Depreciation of right-of-use assets	**316**	208
Bad debts written off	**—**	38
Impairment of trade receivables	**166**	4
Impairment of contract assets	**314**	22
Insurance expenses	**272**	279
Rental expenses	**541**	357
Utilities	**292**	192
Repair and maintenance	**888**	743
Auditors' remuneration		
— Audit services	**396**	499
Listing expenses	**—**	1,442
Legal and professional fees (excluding listing expenses)	**789**	1,775
Foreign exchange difference, net	**22**	483
Others	**801**	776
	81,796	77,835
Represented by:		
Cost of sales	**73,191**	66,803
Administrative expenses	**8,605**	11,032
	81,796	77,835

9 INCOME TAX EXPENSE/(CREDIT)

Singapore income tax has been provided at the rate of 17% (2020: 17%) on the estimated assessable profit during the year ended 31 December 2021.

Malaysia income tax has been provided at the rate of 24% (2020: 24%) on the estimated assessable profit during the year ended 31 December 2021.

The amount of income tax expense/(credit) charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	S$'000	*S$'000*
The tax charge/(credit) comprises:		
Current tax		
— Malaysia income tax	**—**	25
Under/(over) provision in prior years		
— Singapore income tax	**117**	(154)
— Malaysia income tax	**(12)**	—
	105	(154)
Deferred income tax expense	**2**	4
Income tax expense/(credit)	**107**	(125)

10 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020.

	2021	2020
Loss for the year attributable to equity holders of the Company (S$'000)	**(1,118)**	(15,949)
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	913,251
Basic loss per share in Singapore cents	**(0.11)**	(1.75)

Weighted average of 750,000,000 ordinary shares for the year ended 31 December 2020, being the number of shares in issue immediately after the completion of capitalisation issue of shares as detailed in note 14, are deemed to have been issued throughout the year ended 31 December 2020.

Weighted average of 913,251,366 ordinary shares for the year ended 31 December 2020 was calculated based on the weighted average of approximately 250,000,000 ordinary shares issued upon the share offer as detailed in note 14 during the year ended 31 December 2020, in addition to the aforementioned 750,000,000 ordinary shares for the year ended 31 December 2020.

There were no potential dilutive ordinary shares outstanding for the years ended 31 December 2021 and 2020, and hence the diluted loss per share is the same as basic loss per share.

11 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

12 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	S$'000	*S$'000*
Beginning of financial year	**1,418**	—
Acquisition	**—**	1,418
Fair value change during the year	**67**	—
Disposal	**(1,485)**	—
End of financial year	**—**	1,418

As at 31 December 2020, the amount represented unlisted equity shares with initial investment costs of HK$8,300,000 (equivalent to approximately S$1,418,000) which was measured at fair value through profit or loss ("**FVTPL**").

The fair value was determined by the Directors with reference to the statement provided by a security brokerage company.

The Group requested to terminate the investment agreement on 1 March 2021, and the amount of HK$8,689,000 (equivalent to approximately S$1,485,000) (including the investment costs and a holding profit of HK$389,000) (equivalent to approximately S$67,000) and a remaining balance of the prepaid asset management fee of HK$310,000 (equivalent to approximately S$53,000) together with the monies placed in a designated brokerage account as set out in the investment agreement of HK$622,000 (equivalent to approximately S$106,000) were refunded to the Group in July 2021.

13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	S$'000	*S$'000*
Trade receivables	**8,988**	9,738
Less: provision for expected credit losses ("**ECL**")	**(189)**	(23)
Trade receivables, net	**8,799**	9,715
Prepayments	**189**	611
Deposits	**928**	746
Monies placed in brokerage account	**—**	106
Other receivables *(note)*	**21**	467
	1,138	1,930
Total	**9,937**	11,645

Note: As at 31 December 2020, the receivable in the amount of S$466,000 (2021: nil) related to Jobs Support Scheme which was granted by the Singapore government.

The carrying amounts of trade and other receivables approximate their fair values.

The Group's trade and other receivables are denominated in S$.

The Group normally grants credit terms to its customers of up to 65 days. The ageing analysis of the gross amounts of the trade receivables based on invoice date is as follows:

	2021	2020
	S$'000	*S$'000*
0–30 days	**3,422**	8,720
31–60 days	**3,068**	403
61–90 days	**2,097**	376
Over 90 days	**401**	239
	8,988	9,738

(a) Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement with full recourse basis. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange for approximately 80% of cash and is prevented from selling or pledging the receivables. However, the Group has still retained the credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position. The amount repayable under the factoring agreement is presented as trade financing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues to measure them at amortised cost.

	2021	2020
	S$'000	*S$'000*
Transferred receivables	**—**	7,948
Associated trade financing borrowing	**—**	6,359

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair values.

(c) Impairment and risk exposure of trade receivables

The Group applies the simplified approach permitted by IFRS 9, which requires loss allowance to be measured at an amount equal to lifetime ECL on the trade receivables and contract assets. During the year ended 31 December 2021, the amounts of provision charged to the consolidated statement of profit or loss and other comprehensive income were S$166,000 (2020: S$4,000).

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed when necessary. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to their respective settlement history.

The Group does not charge interest or hold any collateral over these balances.

14 SHARE CAPITAL OF THE COMPANY

The shares of the Company were successfully listed on the Stock Exchange on 7 May 2020 by way of placing of 225,000,000 ordinary shares and public offer of 25,000,000 ordinary shares at the price of HK$0.50 per share (the "**Share Offer**").

	Number of ordinary shares	**Nominal value of ordinary shares** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020	38,000,000	380
Increase in authorised share capital *(note (b))*	9,962,000,000	99,620
As at 31 December 2020 and 2021	10,000,000,000	100,000

	Number of ordinary shares	**Nominal value of ordinary shares** *S$'000*
Issued and fully paid:		
At 1 January 2020	1	—
Issuance of shares pursuant to the Reorganisation *(note (a))*	99	—
Share capitalisation *(note (b))*	749,999,900	1,372
Issuance of shares pursuant to the Share Offer	250,000,000	457
At 31 December 2020 and 2021	1,000,000,000	1,829

Notes:

(a) On 30 March 2020, the Company acquired the entire issued share capital of Ngai Chin from the Ultimate Shareholders. In settlement of the aforesaid consideration, the Company allotted and issued 99 shares credited as fully paid, to Ultimate Global at the instruction of the Ultimate Shareholders. Following the completion of the above acquisition, Ngai Chin became an indirect wholly-owned subsidiary of the Company.

(b) Pursuant to the written resolution of the then sole shareholder of the Company dated 30 March 2020, it was resolved that the authorised share capital of the Company increased from HK$380,000 to HK$100,000,000 by the creation of an additional 9,962,000,000 shares; and conditional on the share premium account of the Company being credited as a result of the Share Offer, an amount of HK$7,499,999 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 749,999,900 shares for allotment, rank *pari passu* in all respects with all the then existing shares.

15 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	2021	2020
	S$'000	*S$'000*
Trade payables	**8,043**	14,104
Accruals for project cost	**22,143**	17,836
Other payables and accruals		
— Accrued expenses	**1,034**	2,004
— Good and services tax payables	**230**	940
— Accrued unutilised leave	**232**	—
— Deferred income	**—**	561
— Others	**4**	—
	31,686	35,445

Included in accruals for project cost is retention payable amounting to S$2,739,000 (2020: S$2,291,000). The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

The ageing analysis of the trade payables based on invoice date as at 31 December 2021 and 2020 is as follows:

	2021	2020
	S$'000	*S$'000*
0–30 days	**3,537**	5,826
31–60 days	**1,826**	2,776
61–90 days	**1,178**	1,692
Over 90 days	**1,502**	3,810
	8,043	14,104

The credit period on purchases from suppliers and subcontractors as at 31 December 2021 is 30 to 90 days (2020: 30 to 90 days) or payable upon delivery.

The carrying amounts of trade and other payables and accruals approximate their fair values due to their short maturities.

The Group's trade and other payables and accruals are mostly denominated in S$.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an interior fitting-out services provider in Singapore. Our interior fitting-out services include (i) project management and construction management of the interior fitting-out projects; (ii) construction and installation of interior fitting-out works; (iii) customising, manufacturing and supplying of carpentry/joinery and integral fixtures; and (iv) maintenance of the projects that we undertake on an ad-hoc basis.

During the year ended 31 December 2021, the Group's revenue increased by 23.9% to approximately S$79.6 million as compared to approximately S$64.2 million for the year ended 31 December 2020. The Group's gross loss and net loss also decreased by 347.3% and 93.0% to gross profit of approximately S$6.4 million and net loss of S$1.1 million, as compared to gross loss and net loss of approximately S$2.6 million and S$15.9 million for the year ended 31 December 2020 respectively. The increase in revenue and gross profit were resulted from no stoppage of work resulting from circuit breaker measures in the financial year ended 31 December 2021, thus no unutilised overheads for financial year ended 31 December 2021.

We foresee the construction industry in Singapore to remain challenging in the short run given the uncertainty of the development of the Coronavirus Disease 2019 ("**COVID-19**") outbreak globally. Based on the recent Building and Construction Authority ("**BCA**") projection, the construction demand in Singapore is estimated to be between S$27 billion and S$32 billion during 2022, with the public sector projects contributing about 60% of the total demand. Over the medium-term, BCA projected the total construction demand to reach between S$25 billion and S$32 billion per year from 2023 to 2026, with the public sector expected to lead the demand, contributing S$14 billion to S$18 billion per year from 2023 to 2026. We are confident that the private sector demand will improve steadily, in tandem with the recovery of the global economy.

Thus, despite projects were postponed in light of market uncertainties and disruption, we are confident that business will start to pick up in 2022 to 2023. With the supervision of the Group's senior management and dedicated staff coupled with the proceeds received from the Share Offer, the Group believes that it is in a very healthy position to weather any storm ahead.

As at 31 December 2021, the Group had 16 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional contract value of approximately S$62.5 million, of which approximately S$26.8 million had been recognised as revenue before 31 December 2020. The remaining balance will be recognised as the Group's revenue in accordance with the progress towards completion.

FINANCIAL REVIEW

	For the year ended 31 December		
	2021 (audited)	2020 (audited)	Change
Revenue *(S$000)*	**79,576**	64,221	15,355
Gross profit/(loss) *(S$000)*	**6,385**	(2,582)	8,967
Gross profit/(loss) margin	**8.0%**	–4.0%	12.0%
Net loss *(S$000)*	**(1,118)**	(15,949)	14,831

Revenue

The Group's principal operating activities are provision of interior fitting-out services for (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) professional consultants, and our revenue was mainly derived from projects involving fitting-out works for office space.

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Number of projects with revenue contribution	**Revenue** *(S$'000)*	**Percentage of Revenue** *(%)*	Number of projects with revenue contribution	Revenue *(S$'000)*	Percentage of Revenue *(%)*
Owners/tenants	**41**	**56,948**	**71.6**	31	43,247	67.4
Construction contractors	**8**	**15,573**	**19.6**	7	10,945	17.0
Professional consultants	**10**	**7,055**	**8.8**	12	10,029	15.6
	59	**79,576**	**100.0**	50	64,221	100.0

The Group's overall revenue increased by approximately S$15.4 million or approximately 23.9% from approximately S$64.2 million for the year ended 31 December 2020 to approximately S$79.6 million for the year ended 31 December 2021. The increase is mainly because (i) the circuit breaker measures imposed by the Singapore government in April 2020 which resulted in suspension of works at site from 7 April 2020 to 19 June 2020 were uplifted; and (ii) the Group's dormitories which were shut down due to a spike in COVID-19 infection across migrant worker dormitories were re-opened. Thus, the Group only operated for 7 months during the year ended 31 December 2020 as compared to 12 months during the year ended 31 December 2021.

Cost of Sales

The Group's cost of sales increased by approximately S$6.4 million or approximately 9.6% from approximately S$66.8 million for the year ended 31 December 2020 to approximately S$73.2 million for year ended 31 December 2021. Such increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2021 amounted to approximately S$6.4 million, representing an increase of approximately 347.3% as compared to a gross loss of approximately S$2.6 million for the year ended 31 December 2020, which was driven by the increase in revenue for the same period. The Group recorded gross profit margin of approximately 8.0% for the year ended 31 December 2021 as compared to a gross loss margin of 4.0% for the year ended 31 December 2020 which was mainly due to (i) no unabsorbed overheads as there is no work stoppage in 2021 (2020: S$2.4 million) and (ii) no additional cost was incurred in engaging more supplied labor and subcontractors to complete the projects within the new stipulated timeline and enhanced work safety measures imposed at work sites for preventing COVID-19 for the year ended 31 December 2021.

Other Income

Other income mainly included income from (i) government grants and (ii) sundry income. During the year ended 31 December 2021, other income amounted to approximately S$1.5 million compared to approximately S$2.3 million for the year ended 31 December 2020. This is mainly due to the cessation of some grants given by the Singapore government to support firms affected by COVID-19 during the year.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2021 amounted to approximately S$8.6 million as compared to S$11.0 million for year ended 31 December 2020 mainly due to the absence of listing expenses was incurred by the Company and provision of legal and professional expenses for resumption.

Finance Costs

Finance costs for the year ended 31 December 2021 was approximately S$409,000 (2020: S$403,000) which represents bank charges and interest on lease liabilities, trade financing and loans. The bank charges have increased due to more performance bond were taken up during the year.

Income Tax Expenses/(Credit)

The Group's income tax expenses increased to approximately S$107,000 for the year ended 31 December 2021 from approximately S$125,000 credit for the year ended 31 December 2020. Such increased was mainly due to the under provision of income tax in prior year.

Net Loss

As a result of the foregoing, loss attributable to owners of the Company for the year ended 31 December 2021 decreased by approximately S$14.8 million from approximately S$15.9 million for the year ended 31 December 2020 to approximately S$1.1 million for the year ended 31 December 2021.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

Liquidity, Financial Resources and Capital Structure

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 7 May 2020 and there has been no change in capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in SGD, is generally deposited with certain financial institutions.

As at 31 December 2021, the Group had total cash and bank balances of approximately S$10.7 million as compared to approximately S$17.1 million as at 31 December 2020 and bank borrowings of approximately S$11.9 million as at 31 December 2021 compared to approximately S$14.1 million as at 31 December 2020.

Pledge of Assets

Other than the buildings including property, plant and equipment, and pledged fixed deposits, the Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 31 December 2020 and 31 December 2021.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements at all times.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the entity's functional currency. The Group has no significant foreign exchange risk as the Group mainly operates in Singapore with majority of the transactions settled in SGD.

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2021 was 101.5% (2020: 110.8%).

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies by the Group during the year ended 31 December 2021. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 December 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 31 December 2021.

Employees and Remuneration Policy

As at 31 December 2021, the Group had a total of 387 employees (2020: 418 employees), including executive Directors. Total staff costs including the Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the year ended 31 December 2021 amounted to approximately S$14.5 million (2020: approximately S$11.9 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employees are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Environmental Policies and Performance

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in the 2021 Annual Report.

Contingent Liabilities

As at 31 December 2021, the Group had performance bonds of approximately S$10.3 million (2020: S$5.4 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

Capital Expenditures and Capital Commitments

During the year ended 31 December 2021, the Group acquired items of property, plant and equipment of approximately S$75,000 (2020: S$573,000).

As at 31 December 2021, the Group had no material capital commitments.

Use of Net Proceeds from the Share Offer

The net proceeds from the Share Offer were approximately HK$69.9 million (equivalent to approximately S$13.0 million) (after deducting listing expenses). As disclosed in the announcement of the Company dated 18 February 2022, due to the impact of the prolonged COVID-19 pandemic, the Board considered that it would not be in the best timing for the Group to execute its expansion plan of acquiring a design company and expanding the Group's premises in the short run and the Board has resolved to re-allocate HK$16.2 million (equivalent to approximately S$3.0 million) to reinforce its capital base for projects' funding needs. For details, please refer to the Company's announcement dated 18 February 2022. An analysis of the utilisation of the revised allocation of the net proceeds from the Share Offer from the Listing Date up to 31 December 2021 is set out below:

Purpose	Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 18 February 2022	Approximate percentage of the total net proceeds	Approximate actual amount utilised as at 31 December 2021	Unused amount of net proceeds as at 31 December 2021	Expected date to fully utilised the unutilised amount
	S$ million		*S$ million*	*S$ million*	
Extending our service scope to include MEP services	4.2	32.3%	3.6	0.6	30 June 2022
Expanding the Group's premises for its various operational needs	2.7	20.8%	0.6	2.1	31 December 2023
Acquisition of a Singapore based design company	—	—	—	—	N/A
Enhancing our information technology capacity and project implementation efficiency	1.2	9.2%	0.2	1.0	31 December 2022
Financing additional machinery and equipment	0.7	5.4%	0.3	0.4	31 December 2023
General working capital	4.2	32.3%	1.2	3.0	31 December 2022
	13.0	100.0%	5.9	7.1	

During the period from the Listing Date to 31 December 2021, the Group has utilised approximately S$5.9 million, which is in line with the purposes shown above.

As at 31 December 2021, the unused amount of net proceeds was placed in a licensed bank in Singapore.

ADDITIONAL INFORMATION REGARDING THE QUALIFIED OPINION OF THE AUDITOR

As disclosed in the paragraph headed "Qualified Opinion" in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2021 (the "**Independent Auditor's Report**"), the auditor of the Company, Moore Stephens CPA Limited ("**Moore Stephens**"), express a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021.

The management of the Company obtained the understanding with Moore Stephens that the audit opinion ("**Audit Modification**") for the year ended 31 December 2021 is qualified only to the extent of the comparative information of the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows between 2020 and 2021 in the section of "Basis for Qualified Opinion" of the Independent Auditor's Report. Other than the comparative part of the audit opinion, according to Moore Stephens, the consolidated financial statements of the Company give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

We have the understanding from Moore Stephens that the qualification of the audit opinion for the financial year 2021 is attributable to the fact that the audit opinion for the financial year 2020 was disclaimed with respect to (1) scope limitations concerning the Group's prepayment; and (2) scope limitation on fair value measurement of the financial assets at fair value through profit or loss. The following describes the information giving rise to the qualification of audit opinion for financial year 2020:

(1) Limitation of scope on prepayments made by the Group

As detailed in the auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2020, dated 27 May 2022, Moore Stephens was unable to obtain sufficient appropriate audit evidence regarding the commercial substance, nature of the transaction and the reasons why the amounts were considered as irrecoverable as of 31 December 2020. Included in the Losses arising from the Transactions was a written off of a consultancy services with a service provider for the provision of consultancy services for a period of 38 months starting from May 2020 in respect of financial and business matters and internal control matters of

HK$9,500,000 (equivalent to S$1,738,000) and HK$3,000,000 (equivalent to S$549,000), the Directors considered the related prepayments had been fully written down during the year ended 31 December 2020.

Since the Group's expansion to Hong Kong had been put on hold, the Company decided that it no longer needed the services to be provided by this service provider. The Company has written to this service provider seeking termination of the agreements and asked for a refund in the amount of HK$8,550,000 and HK$2,700,000 respectively. However, this service provider has refused the Company's request for termination and refund. The Directors considered such amounts had not been recognised as assets as there was uncertainty about the potential to produce future economic benefits to the Group as at 31 December 2020 and such amounts had been fully recognised and included in the Losses arising from the Transactions during the year ended 31 December 2020, and there was no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the year ended 31 December 2021 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2021.

Up to the date of the Independent Auditor's Report, the Directors are seeking to terminate such services agreements and sought legal advice and considered taking recovery actions by commencing legal proceedings against and/or negotiating with the various Service Providers. Nevertheless, upon considering the legal advice provided to the Company and after making its own assessment as to the prospect and cost consequences of legal proceedings, the Company decided not to commence any legal action against them. The Directors decided to commence without prejudice negotiation with the Service Providers for the possibility of a partial repayment.

(2) Limitation of scope on fair value measurement of the financial asset at fair value through profit or loss

As detailed in the Independent Auditor's Report dated 27 May 2022, Moore Stephens was unable to obtain sufficient appropriate evidence relating to the commercial substance and business rationale for the Group to enter into the Discretionary Investment Management Agreement and to acquire such unlisted private investment as well as making an upfront payment for the three-year asset management service. They were unable to obtain sufficient appropriate audit evidence to satisfy themselves regarding the reasonableness of the methodology, key assumptions and data adopted by the management in determining the fair value of the financial asset as at 31 December 2020 (e.g. valuation techniques and key inputs applied in the fair value measurement process).

During the year ended 31 December 2021, the Group terminated the Discretionary Investment Management Agreement on 1 March 2021, the Asset Management Company then disposed of the investment and refunded an amount of HK$8,689,000 (equivalent to approximately S$1,478,000) together with remaining balance of the prepaid asset management fees of HK$310,000 (equivalent to approximately S$53,000) to the Group in July 2021.

EVENTS AFTER THE REPORTING PERIOD AND SUSPENSION OF TRADING

Save as disclosed in this announcement, the announcements of the Company dated 18 January 2022, 18 February 2022, 2 March 2022, 31 March 2022, 6 May 2022, 7 June 2022, 30 June 2022 and 25 July 2022 in relation to (i) the additional resumption guidance set forth by the Stock Exchange; (ii) change in use of proceeds; (iii) key findings of the independent investigation report; (iv) quarterly update on suspension of trading; (v) key findings of the independent internal control review report; (vi) appointment of lead independent non-executive director and updates on directors' training; and (vii) key findings of the supplemental independent investigation report, the Group had no other significant event requiring disclosure subsequent to 31 December 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Wong Heung Ming Henry (chairman of the Audit Committee), Mr. Chia Kok Seng and Mr. Gay Soon Watt.

The annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee. The Group's consolidated financial statements have been audited by the Company's auditor, Moore Stephens, who has issued a qualified opinion.

The Audit Committee has reviewed the Group's audited annual results for the year ended 31 December 2021 and discussed with the management and the auditor of the Company on the audit qualification and the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

SCOPE OF WORK OF MOORE STEPHENS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the Independent Auditor's Report:

Qualified Opinion

We have audited the consolidated financial statements of Raffles Interior Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 79 to 145, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2020, dated 27 May 2022, we expressed a disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2020 due to various limitations on evidence available to us in relation to the matters described below.

Limitation of scope on opening balances and comparative information

(I) ***Limitation of scope on prepayments made by the Group***

As detailed in note 20(ii) to the consolidated financial statements, during the year ended 31 December 2020, the Company entered into several agreements (the "**Transactions**") with a number of parties which the directors of the Company represented that they were advisory or consulting firms and were independent of the Group and not related to any of the directors of the Company (the "**Service Providers**") relating to the following services as represented by the directors of the Company (the "**Professional Services**"). The total contractual amount of the Transactions amounted to HK$26,250,000 (equivalent to approximately S$4,779,000) and the Group had paid the entire contractual amount to the Service Providers during the year ended 31 December 2020 which was initially recognised by the Group as prepayments. During the year ended 31 December 2020, the Group recognised losses on these prepayments (the "**Losses arising from the Transactions**") amounting to approximately HK$24,250,000 (equivalent to approximately S$4,420,000) and considered the amounts as irrecoverable, and the remaining amount of HK$2,000,000 (equivalent to approximately S$359,000) was refunded to the Group in June and July 2021.

As detailed in our auditor's report dated 27 May 2022, we were unable to obtain sufficient appropriate audit evidence regarding the commercial substance, nature of the transactions and the reasons why the amounts were considered as irrecoverable as of 31 December 2020. Included in the Losses arising from the Transactions were write-off of prepayments to a service provider for the provision of consultancy services for a period of 38 months starting from May 2020 in respect of financial and business matters and internal control matters of HK$9,500,000 (equivalent to approximately S$1,738,000) and HK$3,000,000 (equivalent to approximately S$549,000), the directors of the Company considered the related prepayments had been fully written down during the year ended 31 December 2020. As disclosed in note 20(ii) to the consolidated financial statements, since the Group's expansion to Hong Kong had been put on hold, the Company decided that it no longer needed the services to be provided by this service provider. The Company has written to this service provider seeking termination of the agreements and asked for a refund in the amount of HK$8,550,000 and HK$2,700,000 respectively. However, this service provider has refused the Company's request for termination and refund. The directors of the Company considered such amount had not been recognised as an asset as there was uncertainty about the potential to generate future economic benefits to the Group as at 31 December 2020 and such amount had been fully recognised and included in the Losses arising from the Transactions during the year ended 31 December 2020, and there was no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the year ended 31 December 2021 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2021.

Up to the date of the auditor's report, as disclosed in the note 20(ii) to the consolidated financial statements, the directors of the Company are seeking to terminate such services agreements and sought legal advice and considered taking recovery actions by commencing legal proceedings against and/or negotiating with the various Service Providers. Nevertheless, upon considering the legal advice provided to the Company and after making its own assessment as to the prospect and cost consequences of legal proceedings, the Company decided not to commence any legal action against them. The directors of the Company decided to commence without prejudice negotiation with the Service Providers for the possibility of a partial repayment.

(II) *Limitation of scope on fair value measurement of the financial asset at fair value through profit or loss*

During the year ended 31 December 2020, the Group acquired an unlisted investment in a private company in August 2020 through entering into a discretionary investment management agreement (the "**Discretionary Investment Management Agreement**") with an asset management company (the "**Asset Management Company**"), of which the accounting policy adopted by the Group was to measure such an asset at fair value through profit or loss, as disclosed in note 18 to the consolidated financial statements. As at 31 December 2020, the fair value of the asset estimated by management of the Group amounted to HK$8,300,000 (equivalent to approximately S$1,418,000) which was equivalent to the cost of the investment on initial recognition. Also, the Group made a prepayment of HK$558,000 (equivalent to approximately S$95,000) to a designated broker and custodian company that was specified in the Discretionary Investment Management Agreement during the year relating to asset management fees for three years from August 2020, of which the details were set out in note 20(ii)(g) to the consolidated financial statements.

As detailed in our auditor's report dated 27 May 2022, we were unable to obtain sufficient appropriate evidence relating to the commercial substance and business rationale for the Group to enter into the Discretionary Investment Management Agreement and to acquire such unlisted private investment as well as making an upfront payment for the three-year asset management service. Also, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the reasonableness of the methodology, key assumptions and data adopted by management in determining the fair value of the financial asset as at 31 December 2020 (e.g. valuation techniques and key inputs applied in the fair value measurement process).

During the year ended 31 December 2021, the Group terminated the Discretionary Investment Management Agreement on 1 March 2021, the Asset Management Company then disposed of the investment and refunded an amount of HK$8,689,000 (equivalent to approximately S$1,478,000) together with remaining balance of the prepaid asset management fees of HK$310,000 (equivalent to approximately S$53,000) to the Group in July 2021.

Any adjustments found to be necessary in respect of the matters described in paragraphs (I) and (II) might have significant effects on the figures as at and for the year ended 31 December 2020 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's and year end's figures and the corresponding figures.

In addition, the closing balances as at 31 December 2020 of the assets of the Group are brought forward as the opening balances as at 1 January 2021 and hence entered into the determination of the financial performance and cash flows of the Group for the current financial year ended 31 December 2021. Hence, any adjustments found to be necessary to the closing balances of the prepayments and investments as at 31 December 2020 might have significant effects on the Group's results and cash flows for the year ended 31 December 2021 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2021. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 December 2021 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company complied with the code provisions as set out in the Corporate Governance Code (re-named as Corporate Governance Code and Corporate Governance Report with effect from 1 January 2022) contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021 with the exceptions of (i) code provision A.2.1 (re-arranged as C.2.1), which requires the roles of chairman and chief executive to be held by different individuals; and (ii) code provision A.5.2(a) (re-arranged as B.3.1(a)), which requires the nomination committee to review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chua currently holds both positions. Throughout our business history, Mr. Chua has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies, management of the business and operations of our Group. Taking into account the continuation of the implementation of our business plans, the Directors, including the independent non-executive Directors, consider that Mr. Chua is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and its shareholders as a whole.

Under code provision A.5.2(a) of the Corporate Governance Code, the nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually.

Due to the delay in publication of the 2020 annual results, trading in the shares of the Company on the Stock Exchange has been suspended from 1 April 2021. The Board had mainly focused on fulfilling the requirements in accordance with the resumption guidance issued by the Stock Exchange. In addition, the structure, size and composition of the Board had complied with the Listing Rules at all times and there was no change during the year ended 31 December 2021. Thus, the Board considers that no meeting of the nomination committee of the Company (the "**Nomination Committee**") is required during the year 2021.

The Nomination Committee has met on 27 May 2022 and 5 August 2022 respectively to review the structure, size and composition of the Board, the Board Diversity Policy and Director Nomination Policy of the Company, the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for re-election at the 2021 and 2022 annual general meetings of the Company.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Code of Ethics and Securities Transactions (the "**Company's Code**") no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Company's Code during the period from the Listing Date and up to the date of this announcement.

ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company ("**2022 AGM**") will be held on Friday, 16 September 2022, and the notice of the 2022 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, with effect from 15 August 2022) registration not later than 4:30 p.m. on Friday, 9 September 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.rafflesinterior.com.

The 2021 annual report will also be published on the above websites and will be dispatched to the shareholders of the Company in due course.

APPRECIATION

The Directors would like to take this opportunity to express sincere gratitude to all shareholders for their continued support and to thank all staff members of the Group for their dedication and contribution to the Group.

UPDATE ON SUSPENSION OF TRADING

References are made to the announcements of the Company dated 23 March 2021, 24 March 2021, 31 March 2021, 1 April 2021, 23 April 2021, 25 May 2021, 26 May 2021, 30 June 2021, 8 July 2021, 10 September 2021, 30 September 2021, 31 December 2021, 18 January 2022, 2 March 2022, 31 March 2022, 6 May 2022, 29 May 2022, 7 June 2022, 9 June 2022, 24 June 2022, 30 June 2022 and 25 July 2022 in relation to, among others, the suspension and resumption of trading of the Company's shares on the Stock Exchange and the resumption guidance issued by the Stock Exchange.

The Company has been working diligently to fulfil the resumption guidance issued by the Stock Exchange. Announcements have been published from time to time in accordance with the Listing Rules and on a voluntary basis to inform shareholders and potential investors of the Company about the status and updates as to the Group's latest developments. The Company intends to apply to the Stock Exchange for resumption of trading in due course. The Company will continue to keep the shareholders and potential investors of the Company informed of any material development of the Group's business operations and financial performance, as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021, and will remain suspended until further notice.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
Raffles Interior Limited
Chua Boon Par
Chairman, chief executive officer
and executive director

Hong Kong, 5 August 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit; and three independent non-executive Directors, namely Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry.