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Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 30 June 2021 together with comparative figures for the corresponding period in 2020 as follows:

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

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	**(Unaudited)**	(Unaudited)
		S$'000	*S$'000*
Revenue	4	**30,466**	29,090
Cost of sales		**(27,294)**	(25,032)
Gross profit		**3,172**	4,058
Other income		**1,060**	1,157
Other gains		**67**	—
Administrative expenses		**(4,217)**	(5,038)
Operating profit		**82**	177
Finance income		**5**	—*
Finance costs		**(186)**	(244)
Finance costs, net		**(181)**	(244)
Loss before income tax		**(99)**	(67)
Income tax expense	6	**(97)**	(348)
Loss for the period	7	**(196)**	(415)

	Note	Six months ended 30 June 2021 (Unaudited) *S$'000*	2020 (Unaudited) *S$'000*
Loss for the period		**(196)**	(415)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(3)**	—
Other comprehensive expense for the period		**(3)**	—
Total comprehensive expense for the period		**(199)**	(415)
Basic and diluted loss per share for loss attributable to equity holders of the Company (expressed in Singapore cents per share)	*9*	**(0.02)**	(0.05)

* Amount less than S$1,000

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 (Unaudited)** ***S$'000***	As at 31 December 2020 (Audited) *S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,313**	2,642
Right-of-use assets		**686**	848
		2,999	3,490
Current assets			
Financial asset at fair value through profit or loss	*10*	**1,485**	1,418
Current income tax recoverable		**13**	—
Contract assets		**22,360**	29,132
Trade and other receivables, deposits and prepayments	*11*	**8,380**	11,645
Pledged fixed deposits		**1,588**	1,588
Cash and cash equivalents		**10,115**	17,070
		43,941	60,853
Total assets		**46,940**	64,343
EQUITY			
Share capital	*12*	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(18,286)**	(18,087)
Total equity		**13,273**	13,472
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**3,083**	3,583
Lease liabilities		**436**	580
Deferred income tax liabilities		**12**	11
		3,531	4,174
Current liabilities			
Trade and other payables and accruals	*14*	**24,947**	35,445
Contract liabilities		**96**	278
Borrowings	*13*	**4,808**	10,480
Lease liabilities		**285**	281
Current income tax liabilities		**—**	213
		30,136	46,697
Total liabilities		**33,667**	50,871
Total equity and liabilities		**46,940**	64,343

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the provision of interior fitting-out service in the Republic of Singapore ("**Singapore**"). The address of the Company's principal place of business is 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 trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1 April 2021.

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

2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Since the finance costs from general borrowings were presented as finance costs in 2020 annual report, a reclassification adjustment of S$179,000 has been put through to cost of sales and finance costs for the six months ended 30 June 2021 to reclassify such finance costs from "cost of sales" to "finance costs" to conform with 2020 annual report presentation. These reclassifications have no effect on financial position, loss for the period or cash flows of the Group.

The Directors have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, 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 Group's condensed 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 interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2021 and 30 June 2020 is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Contract revenue	**30,466**	29,090
Timing of the revenue recognition: Over time	**30,466**	29,090

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 30 June 2021 and 31 December 2020:

	As at 30 June 2021	As at 31 December 2020
	(Unaudited)	(Audited)
	S$'000	*S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
— To be satisfied within 1 year	**49,229**	33,769
— After 1 year	**10,636**	7,023
	59,865	40,792

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 30 June 2021 and 31 December 2020 may be recognised as revenue during the abovementioned reporting period. The amounts disclosed hereinabove do not include variable consideration which is not highly probable that a significant reversal will not occur.

5 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 of the Company 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 in 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)**	
	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	**As at 30 June 2021 (Unaudited)**	As at 31 December 2020 (Audited)
	S$'000	*S$'000*	***S$'000***	*S$'000*
Singapore (country of domicile)	**30,466**	29,090	**2,889**	3,372
Malaysia	**—**	—	**110**	118
	30,466	29,090	**2,999**	3,490

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

(b) Information about major customers

For the six months ended 30 June 2021 and 30 June 2020, revenue generated from major customers which individually contributing over 10% of the total revenue of the Group accounted for approximately 29.3% and approximately 41.4% of the total revenue of the Group respectively. Other individual customers accounted for less than 10% of the revenue.

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
	S$'000	*S$'000*
Customer A	**5,150**	N/A*
Customer B	**3,779**	N/A*
Customer C	**N/A***	6,086
Customer D	**N/A***	3,036
Customer E	**N/A***	2,928
	8,929	12,050

* The corresponding revenue from customer is less than 10% of the total revenue of the Group for the respective financial period.

6 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Current income tax	**—**	348
Underprovision of tax in prior period	**95**	—
	95	348
Deferred income tax expense	**2**	—
Income tax expense	**97**	348

Corporate income tax in Singapore is calculated at 17% of the estimated assessable profit.

7 LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Depreciation of property, plant and equipment	**347**	318
Depreciation of right-of-use assets	**162**	87
Listing expenses	**—**	1,442
Directors' remuneration	**552**	361
Other staff costs:		
— Salaries and other benefits	**6,439**	4,255
— Contribution to central provident fund	**287**	206
Total staff costs	**7,278**	4,822
Legal and professional fees (excluding listing expenses)	**165**	309
Cost of materials used recognised as cost of services	**2,557**	2,870
Subcontractor charges recognised as cost of services	**19,131**	18,762

8 DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9 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 six months ended 30 June 2021 and 30 June 2020.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company (S$'000)	**(196)**	(415)
Weighted average number of ordinary shares in issue	**1,000,000,000**	825,549,451
Basic loss per share in Singapore cents	**(0.02)**	(0.05)

Weighted average of 825,549,451 ordinary shares for the six months ended 30 June 2020 is calculated based on the weighted average of approximately 75,549,451 ordinary shares issued upon the share offer as detailed in note 12 during the six months ended 30 June 2020, in addition to the 750,000,000 ordinary shares after the capitalisation issue of shares as detailed in note 12.

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 30 June 2020, and hence the diluted loss per share is the same as basic loss per share.

10 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	As at 30 June 2021	As at 31 December 2020
	(Unaudited)	(Audited)
	S$'000	*S$'000*
Beginning of the financial period	**1,418**	—
Acquisition	**—**	1,418
Fair value change during the period	**67**	—
End of the financial period	**1,485**	1,418

The amount represents unlisted equity shares with initial investment costs of HK$8,300,000 (equivalent to approximately S$1,418,000) which is measured at FVTPL.

The fair value was determined by the Directors with reference to the statement provided by a security brokerage company. The fair value measurement for the financial asset at FVTPL was categorised as level 3.

During the six months ended 30 June 2021, the Group requested to terminate the investment agreement on 1 March 2021, and the amount of HK$8,689,000 (equivalent to approximately S$1,478,000) (including the investment costs and a holding profit of HK$389,000) (equivalent to approximately S$60,000) and a remaining balance of the prepaid asset management fee HK$310,000 (equivalent to approximately S$53,000) (see note 11(ii)) 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) (see note 11(ii)) were refunded to the Group in July 2021.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2021 (Unaudited) *S$'000*	As at 31 December 2020 (Audited) *S$'000*
Trade receivables	**6,750**	9,738
Less: provision for expected credit losses ("**ECL**")	**(23)**	(23)
Trade receivables, net *(note i)*	**6,727**	9,715
Prepayments *(note ii)*	**494**	611
Deposits	**1,049**	746
Monies placed in brokerage account *(note ii)*	**106**	106
Other receivables	**4**	467
	1,653	1,930
Total	**8,380**	11,645

(i) Trade receivables

The Group normally grants credit term to customers of up to 65 days (31 December 2020: 65 days). The ageing analysis of these trade receivables based on the invoice date is as follows:

	As at 30 June 2021 (Unaudited) *S$'000*	As at 31 December 2020 (Audited) *S$'000*
0 to 30 days	**6,015**	8,720
31 to 60 days	**209**	403
61 to 90 days	**240**	376
Over 90 days	**286**	239
	6,750	9,738

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 condensed 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 measuring them at amortised cost.

The relevant carrying amounts are as follows:

	As at 30 June 2021 (Unaudited) ***S$'000***	As at 31 December 2020 (Audited) *S$'000*
Transferred receivables	**2,565**	7,948
Amortised trade financing borrowings	**2,052**	6,359

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

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. The Group has assessed that the expected loss rate for trade receivables was consistent at an insignificant level. Thus no additional loss allowance provision for trade receivables was recognised.

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 respective settlement history.

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

Provision for ECL is recognised against trade receivables based on estimated irrecoverable amounts determined with reference to individual customer's credit quality. In determining the recoverability of a trade receivable, the management of the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period, and no impairment was considered necessary for those balances which are not past due at each reporting date.

In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality and considering the high creditability of these customers, good track record with the Group and subsequent settlement, the management of the Group believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

(ii) Prepayments

During the year ended 31 December 2020, the Company entered into several agreements with a number of parties, and the Directors represented that these service providers were advisory or consulting firms and were independent of the Group and not related to any of the Directors relating to the following services:

(a) provision of investment advisory services and retainer services for two years of HK$2,000,000 starting from June 2020 (equivalent to approximately S$359,000); and

(b) asset management fee of HK$558,000 (equivalent to approximately S$95,000) in respect of an unlisted investment of HK$8,300,000 (equivalent to approximately S$1,418,000) which is measured at financial asset at FVTPL (note 10), in which the amount of HK$62,000 (equivalent to approximately S$10,000) was recognised in profit or loss and HK$496,000 (equivalent to approximately S$85,000) was recorded as prepayment as at 31 December 2020 as the Directors believed that such an amount was recoverable.

For item (a) above, the amount paid during the year ended 31 December 2020 amounted to HK$2,000,000 (equivalent to approximately S$359,000) being recorded as prepayment as the Directors believed that such an amount was recoverable. During the six months ended 30 June 2021, the Group has terminated the agreement and requested for refund. The amount of HK$2,000,000 (equivalent to approximately S$359,000) has been refunded to the Group in June and July 2021.

For item (b) above, during the six months ended 30 June 2021, the Group has terminated the investment agreement and the remaining balance of prepaid asset management fee after netting off against the asset management fee to be recognised in profit or loss during 1 January 2021 to 30 June 2021 (i.e. the date of realisation of such an asset), amounting to HK$310,000 (equivalent to approximately S$53,000), together with the monies placed in brokerage account (which included in other receivables) of HK$622,000 (equivalent to approximately S$106,000) have been refunded to the Group in July 2021.

12 SHARE CAPITAL OF THE COMPANY

The shares of the Company were successfully listed on the Main Board of 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:		
As at 1 January 2020 (audited)	38,000,000	380
Increase in authorised share capital *(note (b))*	9,962,000,000	99,620
As at 30 June 2020 (unaudited), 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	10,000,000,000	100,000

	Number of ordinary shares	Nominal value of ordinary shares *S$'000*
Issued and fully paid:		
As at 1 January 2020 (audited)	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
As at 30 June 2020 (unaudited), 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	1,000,000,000	1,829

Notes:

(a) On 30 March 2020, the Company acquired the entire issued share capital of Ngai Chin Construction Pte. Ltd. ("**Ngai Chin**") from Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wa (the "**Ultimate Shareholders**"). In settlement of the aforesaid consideration, the Company allotted and issued 99 shares credited as fully paid, to Ultimate Global Enterprises Limited 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 resolutions 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 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, ranking pari passu in all respects with all the then existing shares.

13 BORROWINGS

	As at 30 June 2021 (Unaudited) ***S$'000***	As at 31 December 2020 (Audited) *S$'000*
Trade financing from bank		
— Trade receivable	**2,052**	6,359
— Trade payable	**1,756**	3,121
Bank loan	**4,083**	4,583
	7,891	14,063

	As at 30 June 2021 (Unaudited) *S$'000*	As at 31 December 2020 (Audited) *S$'000*
The carrying amounts of the above borrowings are repayable*:		
Within one year	**1,000**	1,000
Within a period of more than one year but not exceeding two years	**1,000**	1,000
Within a period of more than two years but not exceeding five years	**2,083**	2,583
	4,083	4,583
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**3,808**	9,480
	3,808	9,480
Total borrowings	**7,891**	14,063
Less: amounts due within one year shown under current liabilities	**(4,808)**	(10,480)
Amounts shown under non-current liabilities	**3,083**	3,583

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The average effective interest rates per annum at the end of each period ended 30 June 2021 and 31 December 2020 were set out as follows:

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Floating interest rate		
— Trade financing	**2.04%–2.39%**	2.23%–3.79%
— Bank loan	**—**	3.23%–4.84%
Fixed interest rate		
— Bank loan	**2.25%**	2.25%

The carrying amounts of the Group's borrowings approximate their fair values as at 30 June 2021 and 31 December 2020 are denominated in SGD.

The total banking facilities granted to the Group amounted to S$27,000,000 (31 December 2020: S$27,000,000), of which S$22,000,000 (31 December 2020: S$22,000,000) from the facilities of trade financing and specific advance facilities and loan facilities of S$5,000,000 (31 December 2020: S$5,000,000) as at 30 June 2021.

The Group has entered into certain supplier finance arrangements with a bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group in advance of the original due dates. The Group's obligations to suppliers are legally extinguished on settlement made by the relevant bank.

The undrawn borrowing facilities as at 30 June 2021 and 31 December 2020 were set out as follows:

	As at 30 June 2021 (Unaudited) ***S$'000***	As at 31 December 2020 (Audited) *S$'000*
Floating rate		
— Expiring within one year	**18,192**	12,520

The facilities expiring within one year from the balance sheet date are facilities subject to annual review. The other facilities are arranged mainly to help finance the Group's proposed expansion.

14 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	As at 30 June 2021 (Unaudited) ***S$'000***	As at 31 December 2020 (Audited) *S$'000*
Trade payables	**6,480**	14,104
Accruals for project cost	**13,684**	14,915
Retention payables	**3,044**	2,921
Other payables and accruals		
— Accrued expenses	**1,577**	2,004
— Deferred income	**—**	561
— Goods and service tax payable	**153**	940
— Others	**9**	—
	24,947	35,445

Note a: 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 following is an ageing analysis of trade payables presented based on the invoice date as at the end of each reporting period:

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
	S$'000	*S$'000*
0 to 30 days	**3,651**	5,826
31 to 60 days	**615**	2,776
61 to 90 days	**280**	1,692
Over 90 days	**1,934**	3,810
	6,480	14,104

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

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 six months ended 30 June 2021, the Group's revenue increased by 4.7% to approximately S$30.5 million as compared to approximately S$29.1 million for the six months ended 30 June 2020. The Group's gross profit decreased by 21.8% to approximately S$3.2 million, as compared to approximately S$4.1 million for the six months ended 30 June 2020. The Group's net loss also decreased by 52.8% to approximately S$0.1 million, as compared to approximately S$0.4 million for the six months ended 30 June 2020.

The above decrease is mainly due to the impact of Coronavirus Disease 2019 ("**COVID-19**") which has resulted in a significant slowdown in the progress of the Group's interior fitting-out works. The resurgence of COVID-19 variants and cases globally have continued to cause disruption in the supply chain and resulting in manpower shortages, due to stringent border control measures. Material and labour costs have remained high during the six months ended 30 June 2021.

We foresee the construction industry in Singapore to remain challenging in the short term given the uncertainty of the development of COVID-19 outbreak globally. That said, 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 the year 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.

As at 30 June 2021, we had 22 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$71.8 million, of which approximately S$1.5 million had been recognised as revenue in prior periods, approximately S$10.4 million had been recognised as revenue during the six months ended 30 June 2021 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining S$20.1 million recognised as revenue during the six months ended 30 June 2021 is mainly attributed to projects which have been completed during the reporting period.

FINANCIAL REVIEW

	Six months ended 30 June		
	2021	2020	Change
Revenue *(S$'000)*	**30,466**	29,090	1,376
Gross profit *(S$'000)*	**3,172**	4,058	(886)
Gross profit margin	**10.4%**	13.9%	(25.2)%
Net loss *(S$'000)*	**(196)**	(415)	219

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 is mainly derived from projects involving fitting-out works for office space.

	For the six months ended 30 June					
	2021			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	**24**	**21,832**	**71.7**	22	22,038	75.8
Constuction contractors	**5**	**7,308**	**24.0**	6	5,523	19.0
Professional consultants	**6**	**1,326**	**4.3**	6	1,529	5.2
	35	**30,466**	**100.0**	34	29,090	100.0

The Group's overall revenue increased by approximately S$1.4 million or approximately 4.7% from approximately S$29.1 million for the six months ended 30 June 2020 to approximately S$30.5 million for the six months ended 30 June 2021. There is an increase because no circuit breaker measures were imposed by the Singapore government in 2021.

Cost of Services

The Group's cost of services increased by approximately S$2.3 million or approximately 9.0% from approximately S$25.0 million for the six months ended 30 June 2020 to approximately S$27.3 million for the six months ended 30 June 2021. Such increase in cost of services is generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 June 2021 amounted to approximately $3.2 million, representing an decrease of approximately 21.8% as compared to approximately S$4.1 million for the six months ended 30 June 2020, as the material, subcontractor and labor costs have remained high during the reporting period.

The Group's gross profit margin for the six months ended 30 June 2021 was approximately 10.4% compared to 13.9% for the six months ended 30 June 2020 mainly due to increasing market competition that eroded the margin.

Other Income

Other income mainly included income from (i) government grants; and (ii) sundry income. During the six months ended 30 June 2021, other income amounted to approximately S$1.1 million compared to approximately S$1.2 million for the six months ended 30 June 2020. This is mainly due to the decrease in the amount of grants from the Singapore government to combat the COVID-19.

Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2021 amounted to approximately S$4.2 million as compared to S$5.0 million for the six months ended 30 June 2020 since no listing expenses were incurred for the six months ended 30 June 2021.

Finance Costs

Finance costs for the six months ended 30 June 2021 was approximately S$186,000 (six months ended 30 June 2020: S$244,000) which represented interest on lease liabilities, trade financing and bank loans. Net finance cost had decreased due to falling interest rate.

Income Tax Expense

No income tax expense was provided as the Group was in a loss-making position for the six months ended 30 June 2021.

Net Loss

Loss attributable to owners of the Company for the six months ended 30 June 2021 decreased by approximately S$0.2 million from approximately S$0.4 million for the six months ended 30 June 2020 to a net loss of approximately S$0.2 million for the six months ended 30 June 2021. Excluding the listing expenses of approximately S$1.4 million and nil for the six months ended 30 June 2020 and 30 June 2021 respectively, the net results for the six months ended 30 June 2020 and 30 June 2021 of the Group would have been S$1.0 million net profit and S$0.2 million net loss respectively.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 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 and Hong Kong dollars ("**HKD**"), is generally deposited with certain financial institutions.

As at 30 June 2021, the Group had total cash and bank balances of approximately S$10.1 million as compared to approximately S$17.1 million as at 31 December 2020.

As at 30 June 2021, the Group had a total available committed banking facilities of approximately S$27.2 million, of which approximately S$8.8 million was utilized which comprises S$3.8 million of trade financing and S$5.0 million of term loan. The outstanding term loan as at 30 June 2021 carried fixed interest rate at 2.25% per annum and will be settled by monthly instalment and matured by June 2025.

As at 30 June 2021, the Group also had facilities in relation to performance guarantee of approximately S$15.5 million, of which approximately S$6.3 million was utilized.

All of the Group's borrowings are denominated in SGD.

Pledge of Assets

Other than the building and pledged fixed deposits disclosed in note 13, the Group did not pledge any assets to secure any banking facilities or bank loans during the six months ended 30 June 2021 and 30 June 2020.

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 all the time.

Foreign Exchange Risk

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in SGD and the Group's assets and liabilities are primarily denominated in SGD. However, the Group has certain bank balances denominated in HKD amounting to approximately S$1.0 million as at 30 June 2021 (31 December 2020: S$0.3 million) which exposes the Group to foreign currency risk. The Group manages the risk by closely monitoring the movements of the foreign currency rate.

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 30 June 2021 was 64.3% (31 December 2020: 110.8%).

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

There were no significant investments held, material acquisitions or disposal of subsidiaries and associated companies by the Group during the six months ended 30 June 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the prospectus of the Company dated 21 April 2020, the Group did not have other future plans for material investments or capital assets as at 30 June 2021.

Employees and Remuneration Policy

As at 30 June 2021, the Group had a total of 407 employees (30 June 2020: 355 employees), including executive Directors. Total staff costs including Directors' emoluments for the six months ended 30 June 2021 amounted to approximately S$7.3 million (six months ended 30 June 2020: approximately S$4.8 million), salaries, wages and other staff benefits, contributions and retirement schemes. 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 employees of the Group 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, experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Contingent Liabilities

As at 30 June 2021, the Group had performance bonds of approximately S$6.3 million (31 December 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 six months ended 30 June 2021, the Group acquired items of property, plant and equipment of approximately S$19,000 (30 June 2020: S$88,000).

As at 30 June 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, as impacted by the prolonged COVID-19 pandemic, the Board considered that it would not be the best timing for the Group in the short run to execute the Group's expansion plan of acquiring a design company and expanding the Group's premises 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 7 May 2020, the date of listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing Date**"), up to 30 June 2021 is set out below:

Purpose	**Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 18 February 2022** *S$ million*	**Approximate percentage of the total net proceeds**	**Approximate actual amount utilised as at 30 June 2021** *S$ million*	**Unused amount of net proceeds as at 30 June 2021** *S$ million*	**Expected date to fully utilise the unutilised amount**
Extending our service scope to include MEP services	4.2	32.3%	2.1	2.1	31 December 2022
Expanding the Group's premises for its various operational needs	2.2	16.9%	0.5	1.7	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	4.7	36.2%	1.2	3.5	31 December 2022
	13.0	100.0%	4.3	8.7	

During the period from the Listing Date to 30 June 2021, the Group has utilised approximately S$4.3 million, which is in line with the purposes shown above.

As at 30 June 2021, the unused amount of net proceeds was placed in licensed banks in Hong Kong and Singapore.

EVENTS AFTER THE REPORTING PERIOD AND SUSPENSION OF TRADING

Save as disclosed in this announcement, the announcements of the Company dated 8 July 2021, 10 September 2021, 30 September 2021, 31 December 2021, 18 January 2022, 18 February 2022, 2 March 2022, 31 March 2022 and 6 May 2022 (the "**Announcements**") in relation to (i) the termination of discretionary investment management agreements and disposal of investment; (ii) the possible delay in publication of the Group's 2021 interim results announcement; (iii) the quarterly updates of suspension of trading; (iv) the additional resumption guidance set forth by the Stock Exchange; (v) change in use of proceeds; (vi) key findings of the independent investigation report; and (vii) key findings of the independent internal control review report, the Group had no other significant event requiring disclosure subsequent to 30 June 2021 and up to the date of this announcement.

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 six months ended 30 June 2021 with the exception of 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.

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 Boon Par ("**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 of the continuation of the implementation of our business plans, our Directors, including our 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 our Group and its shareholders as a whole.

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 six months ended 30 June 2021 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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 Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements and interim results for the six months ended 30 June 2021 and discussed with the management of the Group on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report will also be 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 and will be despatched to the shareholders of the Company in due course.

FURTHER ANNOUNCEMENT(S)

The Company will issue further announcement(s) in relation to the Group's annual results for the year ended 31 December 2021. In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the audit process.

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.

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, 24 June 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.