

Raffles Interior

Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1376

Interim Report 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Boon Par
(Chairman and Chief Executive Officer)
Mr. Ding Hing Hui
Mr. Leong Wai Kit (Liang Weijie)

Independent Non-Executive Directors

Mr. Chia Kok Seng
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry

AUDIT COMMITTEE

Mr. Wong Heung Ming Henry *(Chairman)*
Mr. Chia Kok Seng
Mr. Gay Soon Watt

REMUNERATION COMMITTEE

Mr. Gay Soon Watt *(Chairman)*
Mr. Chia Kok Seng
Mr. Wong Heung Ming Henry

NOMINATION COMMITTEE

Mr. Chia Kok Seng *(Chairman)*
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry

COMPANY SECRETARY

Ms. Lam Wing Chi

AUTHORISED REPRESENTATIVES

Mr. Chua Boon Par
Ms. Lam Wing Chi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

59 Sungei Kadut Loop, Singapore 729490

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central, Hong Kong
(resigned on 24 May 2021)

Moore Stephens CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon, Hong Kong
(appointed on 24 May 2021)

COMPLIANCE ADVISER

Kingsway Capital Limited
7th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

COMPANY WEBSITE

www.rafflesinterior.com

STOCK CODE

1376

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

	Notes	Six months ended 30 June	
		2021 (Unaudited) S\$'000	2020 (Unaudited) S\$'000
Revenue	5	30,466	29,090
Cost of sales		(27,294)	(25,032)
Gross profit		3,172	4,058
Other income	7	1,060	1,157
Other gains	8	67	—
Administrative expenses		(4,217)	(5,038)
Operating profit		82	177
Finance income		5	—*
Finance costs		(186)	(244)
Finance costs, net	9	(181)	(244)
Loss before income tax		(99)	(67)
Income tax expense	10	(97)	(348)
Loss for the period	11	(196)	(415)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
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)	13	(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	14	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	15	1,485	1,418
Current income tax recoverable		13	—
Contract assets	16	22,360	29,132
Trade and other receivables, deposits and prepayments	17	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	18	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	19	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	20	24,947	35,445
Contract liabilities	16	96	278
Borrowings	19	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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company					
	Share capital S\$'000	Share premium S\$'000	Other reserve (note) S\$'000	Translation reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
As at 1 January 2021 (audited)	1,829	29,730	(13,047)	—	(5,040)	13,472
Loss for the period	—	—	—	—	(196)	(196)
Other comprehensive expense for the period	—	—	—	(3)	—	(3)
Total comprehensive expense for the period	—	—	—	(3)	(196)	(199)
As at 30 June 2021 (unaudited)	1,829	29,730	(13,047)	(3)	(5,236)	13,273
As at 1 January 2020 (audited)	—	—	1,500	—	10,909	12,409
Loss for the period	—	—	—	—	(415)	(415)
Total comprehensive expense for the period	—	—	—	—	(415)	(415)
Issuance of shares upon reorganisation	—	14,547	(14,547)	—	—	—
Share capitalisation	1,372	(1,372)	—	—	—	—
Issue of shares pursuant to the Share Offer (see note 18)	457	22,411	—	—	—	22,868
Share issuance expenses	—	(5,856)	—	—	—	(5,856)
Total transactions with owners in their capacity as owners	1,829	29,730	(14,547)	—	—	17,012
As at 30 June 2020 (unaudited)	1,829	29,730	(13,047)	—	10,494	29,006

Note: The other reserve represents the difference between the share capital of the Company, Ngai Chin Construction Pte. Ltd. ("Ngai Chin") and the shares of Flourishing Honour Limited ("Flourishing Honour") issued, pursuant to a group reorganisation in preparation for the listing of the Company's shares, as described in note 2 to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	For six months ended 30 June	
	2021 (Unaudited) S\$'000	2020 (Unaudited) S\$'000
Loss before income tax	(99)	(67)
Adjustments for:		
Depreciation of property, plant and equipment	347	318
Depreciation of right-of-use assets	162	87
Loss on disposal of property, plant and equipment	1	—
Gain on fair value changes of financial asset at fair value through profit or loss	(67)	—
Finance income	(5)	—*
Finance cost	186	244
Operating profit before working capital changes	525	582
Changes in working capital:		
— contract assets	6,772	2,445
— contract liabilities	(181)	1,477
— trade and other receivables, deposits and prepayments	3,261	(7,434)
— trade and other payables and accruals	(10,497)	(3,837)
Cash flows from operating activities	(120)	(6,767)
Interest received	5	—*
Income tax paid	(323)	(276)
Net cash used in operating activities	(438)	(7,043)
Cash flows from investing activities		
Purchase of property, plant and equipment	(20)	(88)
Proceeds from disposal of property, plant and equipment	—	3
Net cash used in investing activities	(20)	(85)
Cash flows from financing activities		
Proceeds from borrowings	7,062	18,752
Repayment of borrowings	(13,234)	(17,075)
Payment of lease liabilities	(139)	(72)
Finance cost paid	(186)	(244)
Payment of listing expenses	—	(4,855)
Share proceeds	—	22,868
Net cash (used in)/from financing activities	(6,497)	19,374
Net (decrease)/increase in cash and cash equivalents	(6,955)	12,246
Cash and cash equivalents at the beginning of the period	17,070	2,628
Cash and cash equivalents at the end of the period	10,115	14,874

* Amount less than S\$1,000

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 address of the Company's principal place of business is 59 Sungei Kadut Loop, Singapore 729490.

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. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah (collectively the "**Ultimate Shareholders**").

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

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**"). 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 GROUP REORGANISATION

Prior to the incorporation of Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the interior fitting-out services business (the "**Principal Business**") was carried out by Ngai Chin. Ngai Chin was controlled and owned by the Ultimate Shareholders.

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:

- (i) On 27 July 2018, 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.
- (ii) 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.
- (iii) 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2 GROUP REORGANISATION (Continued)

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 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 of the Company 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.

4 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5 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 (Unaudited) S\$'000	2020 (Unaudited) 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 (Unaudited) S\$'000	As at 31 December 2020 (Audited) 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 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6 SEGMENT INFORMATION (Continued)

(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)	
	For the six months ended 30 June 2021 (Unaudited) S\$'000	For the six months ended 30 June 2020 (Unaudited) S\$'000	As at 30 June 2021 (Unaudited) S\$'000	As at 31 December 2020 (Audited) 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 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) S\$'000	2020 (Unaudited) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7 OTHER INCOME

	For the six months ended 30 June	
	2021 (Unaudited) S\$'000	2020 (Unaudited) S\$'000
Government grants (note a)	1,052	1,152
Others	8	5
	1,060	1,157

Note a: Government grants mainly include (i) the Wage Credit Scheme; (ii) Special Employment Credit Scheme; and (iii) additional wage support like job support scheme and foreign worker rebate received during this period of economic uncertainty due to Coronavirus Disease 2019 ("COVID-19") for the six months ended 30 June 2021 and 30 June 2020. All of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

8 OTHER GAINS

	For the six months ended 30 June	
	2021 (Unaudited) S\$'000	2020 (Unaudited) S\$'000
Gain on fair value changes of financial asset at fair value through profit or loss ("FVTPL")	67	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9 FINANCE COSTS, NET

	For the six months ended 30 June	
	2021 (Unaudited) S\$'000	2020 (Unaudited) S\$'000
Finance costs:		
Bank charges	(13)	(43)
Performance bond guarantee	(61)	(33)
Interest on:		
— Lease liabilities	(15)	(13)
— Borrowings	(48)	(47)
— Trade financing	(49)	(108)
	(186)	(244)
Finance income:		
Bank deposits	5	—*
Finance costs, net	(181)	(244)

* Interest income from deposits is less than S\$1,000 for the six months ended 30 June 2020.

10 INCOME TAX EXPENSE

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11 LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	For the six months ended 30 June	
	2021 (Unaudited) S\$'000	2020 (Unaudited) 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

12 DIVIDENDS

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13 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 (Unaudited)	2020 (Unaudited)
Loss for the period attributable to the 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 18 during the six months ended 30 June 2020, in addition to the 750,000,000 ordinary shares after the completion of capitalisation issue of shares as detailed in note 18.

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.

14 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group disposed of wrote off curtailed plant and equipment with an aggregate carrying amount of S\$1,000 (six months ended 30 June 2020: certain plant and equipment with an aggregate carrying amount S\$3,000), resulting a loss on disposal of S\$1,000 (six months ended 30 June 2020: nil).

In addition, during the six months ended 30 June 2021, the Group acquired certain plant and equipment with an amount of S\$19,000 (six months ended 30 June 2020: certain plant and equipment with an amount S\$88,000).

As at 30 June 2021, building with total carrying amount of S\$1,634,000 (31 December 2020: S\$1,857,000) is pledged to bank in respect of performance bank guarantee and trade financing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 (Unaudited) S\$'000	As at 31 December 2020 (Audited) S\$'000
Beginning of the financial period	1,418	—
Acquisition	—	1,418
Fair value change during the period (note 8)	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 of the Company 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 17(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 17(ii)) were refunded to the Group in July 2021.

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table sets out the contract assets and liabilities as at the respective reporting dates as indicated below:

	As at 30 June 2021 (Unaudited) S\$'000	As at 31 December 2020 (Audited) S\$'000
Contract assets	22,387	29,159
Less: provision for expected credit losses ("ECL")	(27)	(27)
Contract liabilities	22,360 (96)	29,132 (278)
	22,264	28,854

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets represent the Group's right to consideration from customers for the provision of interior fitting-out services to customers that is not yet due for billing, as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at each reporting date. The contract assets arise when: (i) the Group completed the relevant services under such contracts and pending certification by the customers; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (i.e. defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer. After the Group's customers and/or the professional consultants of the projects certified the Group's progress claims and after the Group issued the billings, contract assets would be reclassified as trade receivables.

Included in contract assets, there were retention receivables amounting to S\$4,510,000 (31 December 2020: S\$3,601,000), representing certain percentage of the total contract sum held by the Group's customers. Depending on the contract terms, the Group's customers may hold up a certain percentage of each payment (including progress payment) made to the Group as retention money. Retention money is normally equivalent to 2.5% to 10.0% of the value of works done and subject to a maximum 5.0% of the total contract sum. Typically, half of the retention money is released upon handover of the project and the remaining amount will be released upon expiry of the defect liability period of around 12 months. The defect liability period commences on the date on which the certificate of completion issued by the customer. Thus, the amount of retention receivables as at the end of the reporting period depends on the completion of the project and the defect liability period.

Contract liabilities represent the Group's obligation to transfer project works to customers for which the Group has received consideration in advance from the customers according to progress billing arrangement stated in the contracts.

Contract assets and liabilities are normally affected by (i) the number, value and stage of projects on hand; (ii) the amount of works completed by the Group at the time close to the end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by the Group's customers or the professional consultant of the project; and (v) depending on the contract terms, the amount of the retention money held by the Group's customers yet to be released.

The Group considered that the provision for ECL of contract assets is sufficient as the customers of the Group are reputable organisations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17 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 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(i) Trade receivables (Continued)

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(i) Trade receivables (Continued)

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 by 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 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 of the Company represented that these service providers were advisory or consulting firms and were independent of the Group and not related to any of the directors of the Company 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 15), 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 of the Company 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 of the Company 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18 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		
<i>Authorised:</i>		
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
<i>Issued and fully paid:</i>		
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 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 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, rank pari passu in all respects with all the then existing shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19 BORROWINGS (Continued)

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

20 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 S\$'000	As at 31 December 2020 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.

21 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (i) As detailed in note 15, the Group requested to terminate the investment agreement on 1 March 2021, and the amount of HK\$8,689,000 (approximately equivalent to S\$1,478,000) (including the investment costs and a holding profit of HK\$389,000) (approximately equivalent to S\$60,000) and a remaining balance of the prepaid asset management fee HK\$310,000 (approximately equivalent to S\$53,000) together with the monies placed in brokerage account of HK\$622,000 (equivalent to approximately S\$106,000) have been refunded to the Group in July 2021.
- (ii) As detailed in note 17(ii), subsequent to the end of the reporting period, the Group has terminated that service agreement and requested for refund and the amount of HK\$2,000,000 (equivalent to approximately S\$359,000) has been refunded to the Group in June and July 2021.

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, our 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. Our 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. Our Group's net loss also decreased by 52.8% to approximately S\$0.2 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 COVID-19 impact which has resulted in a significant slowdown in the progress of our 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 resulted 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

	Six months ended 30 June		
	2021 (Unaudited)	2020 (Unaudited)	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
Construction 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. The increase is mainly due to cessation of imposition of circuit breaker measures 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 S\$3.2 million, representing a 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 cost, labor cost 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 approximately 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 cessation of some grants given by 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 mainly due to the fact that no listing expenses was 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 represents interest on lease liabilities and bank borrowings. The interest has decreased as a result of falling interest rate.

Income Tax Expense

No income tax had been provided as the Company is 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 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 approximately 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 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 14, 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% (as at 31 December 2020: 110.8%).

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

There were no significant investment, material acquisitions or disposals of subsidiaries and associated companies or joint ventures 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 “**Prospectus**”), 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 the date of Listing 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 date of Listing 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.

OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(a) Interests in the shares of HK\$0.01 each of the Company (the "Shares")

Name of Director	Long/short position	Nature of interest	Number of Shares and underlying Shares held	Percentage of shareholding in the Company
Mr. Chua Boon Par	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ding Hing Hui	Long	Interest in controlled corporation	750,000,000	75%
Mr. Leong Wai Kit	Long	Interest in controlled corporation	750,000,000	75%

Ultimate Global is legally and beneficially owned by the Ultimate Shareholders, namely, 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 Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively. Accordingly, by virtue of the SFO, Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit are deemed to be interested in the Shares held by Ultimate Global.

(b) Interests in the shares of associated corporations

Name of Director	Long/short position	Name of associated corporation	Nature of interest	Number of shares held/interested in	Percentage of shareholding interest
Mr. Chua Boon Par	Long	Ultimate Global	Beneficial owner	15	15%
Mr. Ding Hing Hui	Long	Ultimate Global	Beneficial owner	12	12%
Mr. Leong Wai Kit	Long	Ultimate Global	Beneficial owner	10	10%

Note: Ultimate Global is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholder	Long/short position	Nature of interest	Number of Shares and underlying Shares held	Percentage of shareholding in the Company
Ultimate Global (Note 1)	Long	Beneficial owner	750,000,000	75%
Mr. Lo Lek Chew (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Chua Boon Par (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ding Hing Hui (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Leong Wai Kit (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ng Foo Wah (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Low Lek Hee (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Low Lek Huat (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Ms. Ong Poh Eng (Note 2)	Long	Interest of spouse	750,000,000	75%
Ms. Neo Bee Ling, Pauline (Note 3)	Long	Interest of spouse	750,000,000	75%
Ms. Loke Yoke Mei (Note 4)	Long	Interest of spouse	750,000,000	75%
Ms. Lee Ling Wei (Note 5)	Long	Interest of spouse	750,000,000	75%
Ms. Sng Siew Luan, Emily (Note 6)	Long	Interest of spouse	750,000,000	75%
Ms. Lim Bee Peng (Note 7)	Long	Interest of spouse	750,000,000	75%
Ms. Pan LuLu (Note 8)	Long	Interest of spouse	750,000,000	75%

Note 1: Ultimate Global is the direct shareholder of the Company. Ultimate Global is legally and beneficially owned by the Ultimate Shareholders, namely, 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 Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively. Accordingly, by virtue of the SFO, 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 Wah are deemed to be interested in the Shares held by Ultimate Global.

OTHER INFORMATION (CONTINUED)

Note 2: Ms. Ong Poh Eng is the spouse of Mr. Lo Lek Chew. Accordingly, Ms. Ong Poh Eng is deemed or taken to be interested in the shares in which Mr. Lo Lek Chew is interested in under the SFO.

Note 3: Ms. Neo Bee Ling, Pauline is the spouse of Mr. Chua Boon Par. Accordingly, Ms. Neo Bee Ling, Pauline is deemed or taken to be interested in the shares in which Mr. Chua Boon Par is interested in under the SFO.

Note 4: Ms. Loke Yoke Mei is the spouse of Mr. Ding Hing Hui. Accordingly, Ms. Loke Yoke Mei is deemed or taken to be interested in the shares in which Mr. Ding Hing Hui is interested in under the SFO.

Note 5: Ms. Lee Ling Wei is the spouse of Mr. Leong Wai Kit. Accordingly, Ms. Lee Ling Wei is deemed or taken to be interested in the shares in which Mr. Leong Wai Kit is interested in under the SFO.

Note 6: Ms. Sng Siew Luan, Emily is the spouse of Mr. Ng Foo Wah. Accordingly, Ms. Sng Siew Luan, Emily is deemed or taken to be interested in the shares in which Mr. Ng Foo Wah is interested in under the SFO.

Note 7: Ms. Lim Bee Peng is the spouse of Mr. Low Lek Hee. Accordingly, Ms. Lim Bee Peng is deemed or taken to be interested in the shares in which Mr. Low Lek Hee is interested in under the SFO.

Note 8: Ms. Pan LuLu is the spouse of Mr. Low Lek Huat and Accordingly, Ms. Pan LuLu is deemed or taken to be interested in the shares in which Mr. Low Lek Huat is interested in under the SFO.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 30 March 2020. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 March 2020 and during the six months ended 30 June 2021, and there is no outstanding share option as at 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD AND SUSPENSION OF TRADING

Save as disclosed in this report, 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 report.

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 currently holds both positions. Throughout our business history, Mr. Chua Boon Par 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, our Directors, including our independent non-executive Directors, consider that Mr. Chua Boon Par 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.

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 on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

By Order of the Board
Raffles Interior Limited
Chua Boon Par

Chairman, chief executive officer and executive director

Raffles Interior Limited