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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 2022

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 2022 together with comparative figures for the corresponding period in 2021 as follows:

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

For the six months ended 30 June 2022

	Notes	**Six months ended 30 June 2022 (Unaudited) *S$'000***	2021 (Unaudited) *S$'000*
Revenue	*4*	**30,696**	30,466
Cost of sales		**(27,502)**	(27,294)
Gross profit		**3,194**	3,172
Other income		**494**	1,060
Other gains		**—**	67
Administrative expenses		**(3,773)**	(4,217)
Operating (loss)/profit		**(85)**	82
Finance income		**2**	5
Finance costs		**(218)**	(186)
Finance costs, net		**(216)**	(181)
Loss before income tax		**(301)**	(99)
Income tax credit/(expense)	*6*	**5**	(97)
Loss for the period attributable to equity holders of the Company	*7*	**(296)**	(196)

	Note	Six months ended 30 June **2022** **(Unaudited)** ***S$'000***	2021 (Unaudited) *S$'000*
Loss for the period attributable to equity holders of the Company		**(296)**	(196)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(5)**	(3)
Other comprehensive expense for the period		**(5)**	(3)
Total comprehensive expense for the period attributable to equity holders of the Company		**(301)**	(199)
Basic and diluted loss per share for loss attributable to equity holders of the Company (expressed in Singapore cents per share)	*9*	**(0.03)**	(0.02)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 (Unaudited) S$'000	As at 31 December 2021 (Audited) S$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,784**	2,016
Right-of-use assets		**519**	582
		2,303	2,598
Current assets			
Current income tax recoverable		**4**	17
Contract assets		**24,907**	32,572
Trade and other receivables, deposits and prepayments	*10*	**8,900**	9,937
Pledged fixed deposits		**1,674**	1,827
Cash and cash equivalents		**8,498**	10,651
		43,983	55,004
Total assets		**46,286**	57,602
EQUITY			
Share capital	*11*	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(19,510)**	(19,209)
Total equity		**12,049**	12,350
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**2,083**	2,583
Lease liabilities		**330**	365
Deferred income tax liabilities		**7**	13
		2,420	2,961
Current liabilities			
Trade and other payables and accruals	*13*	**24,339**	31,686
Contract liabilities		**29**	116
Provision for liquidated damages		**—**	898
Borrowings	*12*	**7,207**	9,319
Lease liabilities		**242**	268
Current income tax liabilities		**—**	4
		31,817	42,291
Total liabilities		**34,237**	45,252
Total equity and liabilities		**46,286**	57,602

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 services 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**").

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

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 2022 and 2021 is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Contract revenue	**30,696**	30,466
Timing of the revenue recognition: Over time	**30,696**	30,466

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 2022 and 31 December 2021:

	As at 30 June 2022	As at 31 December 2021
	(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 recognised within 1 year	**14,733**	28,665
— To be recognised between 1 to 2 year(s)	**7,023**	7,023
	21,756	35,688

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 30 June 2022 and 31 December 2021 may be recognised as revenue during the abovementioned reporting period. The amounts disclosed hereinabove do not include variable consideration which is highly probable that a significant reversal will occur.

5 SEGMENT INFORMATION

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

(a) Geographical information

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

Information about the Group's revenue from external customers is presented based 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 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021 (Audited)
	S$'000	*S$'000*	***S$'000***	*S$'000*
Singapore (country of domicile)	**30,696**	30,466	**2,034**	2,448
Malaysia	**—**	—	**269**	150
	30,696	30,466	**2,303**	2,598

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 2022, revenue generated from major customers which individually contributing over 10% of the total revenue of the Group accounted for approximately 59.9% (six months ended 30 June 2021: 29.3%) of the total revenue of the Group. Other individual customers accounted for less than 10% of the revenue.

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
	S$'000	*S$'000*
Customer A	**11,237**	N/A*
Customer B	**3,691**	N/A*
Customer C	**3,445**	N/A*
Customer D	**N/A***	5,150
Customer E	**N/A***	3,779
	18,373	8,929

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

6 INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
The tax (credit)/charge comprises:		
Underprovision in prior period		
— Singapore corporate income tax	**—**	95
	—	95
Deferred income tax (credit)/expense	**(5)**	2
Income tax (credit)/expense	**(5)**	97

Corporate income tax in Singapore and Malaysia is calculated at 17% and 24% of the estimated assessable profit for both periods respectively.

7 LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Contract assets written off	**2**	—
Depreciation of property, plant and equipment	**343**	347
Depreciation of right-of-use assets	**155**	162
Directors' remuneration	**333**	552
Other staff costs:		
— Salaries and other benefits	**5,278**	6,439
— Contribution to central provident fund	**223**	287
Total staff costs	**5,834**	7,278
Legal and professional fees	**706**	307
Cost of materials used recognised as cost of services	**3,555**	2,557
Subcontractor charges recognised as cost of services	**19,417**	19,131

8 DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022 and 2021.

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company (S$'000)	**(296)**	(196)
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic loss per share in Singapore cents	**(0.03)**	(0.02)

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 2021, and hence the diluted loss per share is the same as basic loss per share.

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2022	As at 31 December 2021
	(Unaudited)	(Audited)
	S$'000	*S$'000*
Trade receivables	**8,043**	8,988
Less: provision for expected credit losses ("**ECL**")	**(189)**	(189)
Trade receivables, net *(note i)*	**7,854**	8,799
Prepayments	**201**	189
Deposits	**843**	928
Other receivables	**2**	21
	1,046	1,138
Total	**8,900**	9,937

(i) Trade receivables

The Group normally grants credit term to customers of up to 65 days (31 December 2021: 65 days). The ageing analysis of these trade receivables based on the invoice date is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
	S$'000	*S$'000*
0 to 30 days	**5,529**	3,422
31 to 60 days	**357**	3,068
61 to 90 days	**1,498**	2,097
Over 90 days	**659**	401
	8,043	8,988

(a) ***Transferred receivables***

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement with full recourse basis. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange for approximately 80% of cash and is prevented from selling or pledging the receivables. However, the Group has still retained the credit risk.

The Group therefore continues to recognise the transferred assets in their entirety in its 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 2022 (Unaudited)	As at 31 December 2021 (Audited)
	S$'000	*S$'000*
Transferred receivables	**2,824**	—
Amortised trade financing borrowings *(note 12)*	**2,260**	—

(b) ***Fair values of trade receivables***

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

(c) ***Impairment and risk exposure of trade receivables***

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.

11 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	Nominal value of ordinary shares
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2021 (audited), 30 June 2021 (unaudited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (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 2021 (audited), 30 June 2021 (unaudited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	1,000,000,000	1,829

12 BORROWINGS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
	S$'000	*S$'000*
Trade financing from bank		
— Trade receivable	**2,260**	—
— Trade payable	**3,947**	8,319
Bank loan	**3,083**	3,583
	9,290	11,902

	As at 30 June 2022 (Unaudited) *S$'000*	As at 31 December 2021 (Audited) *S$'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	**1,083**	1,583
	3,083	3,583
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**6,207**	8,319
	6,207	8,319
Total borrowings	**9,290**	11,902
Less: amounts due within one year shown under current liabilities	**(7,207)**	(9,319)
Amounts shown under non-current liabilities	**2,083**	2,583

* 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 2022 and 31 December 2021 were set out as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Floating interest rate		
— Trade financing	**2.04%–3.95%**	2.04%–2.52%
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 2022 and 31 December 2021 are denominated in SGD.

The total banking facilities granted to the Group amounted to S$27,000,000 (31 December 2021: S$27,000,000), of which S$22,000,000 (31 December 2021: S$22,000,000) from the facilities of trade financing and specific advance facilities and loan facilities of S$5,000,000 (31 December 2021: S$5,000,000) as at 30 June 2022.

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 2022 and 31 December 2021 were set out as follows:

	As at 30 June 2022 (Unaudited) *S$'000*	As at 31 December 2021 (Audited) *S$'000*
Floating rate		
— Expiring within one year	**15,793**	13,681

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.

13 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	As at 30 June 2022 (Unaudited) ***S$'000***	As at 31 December 2021 (Audited) *S$'000*
Trade payables	**7,772**	8,043
Accruals for project cost	**13,070**	19,404
Retention payables *(note)*	**2,319**	2,739
Other payables and accruals		
— Accrued expenses	**805**	1,034
— Accrued unutilised leave	**232**	232
— Goods and service tax payable	**51**	230
— Others	**90**	4
	24,339	31,686

Note: 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 2022 (Unaudited) ***S$'000***	As at 31 December 2021 (Audited) *S$'000*
0 to 30 days	**4,362**	3,537
31 to 60 days	**1,518**	1,826
61 to 90 days	**705**	1,178
Over 90 days	**1,187**	1,502
	7,772	8,043

The credit period on purchases from suppliers and subcontractors as at 30 June 2022 is 30 to 90 days (31 December 2021: 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 2022, the Group's revenue increased by 0.8% to approximately S$30.7 million as compared to approximately S$30.5 million for the six months ended 30 June 2021. The Group's gross profit remained fairly constant at around S$3.2 million, as compared to the six months ended 30 June 2021. The Group's net loss also remained relatively stable at approximately S$0.3 million, as compared to approximately S$0.2 million for the six months ended 30 June 2021.

The increase in net losses was mainly due to the cessation of some grants given by the Singapore government to support firms affected by the Coronavirus Disease 2019 ("**COVID-19**") during the six months ended 30 June 2022.

We foresee the construction industry in Singapore to remain challenging in the short term given the uncertainty of the development of the 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 2022, we had 14 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$44.6 million, of which approximately S$7.5 million had been recognised as revenue in prior periods, approximately S$15.3 million had been recognised as revenue during the six months ended 30 June 2022 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining revenue of approximately S$15.4 million recognised during the six months ended 30 June 2022 was mainly attributed to projects which have been completed during the reporting period.

FINANCIAL REVIEW

	Six months ended 30 June		
	2022	2021	Change
Revenue *(S$'000)*	**30,696**	30,466	230
Gross profit *(S$'000)*	**3,194**	3,172	22
Gross profit margin	**10.4%**	10.4%	—
Net loss *(S$'000)*	**(296)**	(196)	(100)

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					
	2022			2021		
	Number of projects with revenue contribution	**Revenue**	**Percentage of revenue**	Number of projects with revenue contribution	Revenue	Percentage of revenue
		S$'000	***%***		*S$'000*	*%*
Owners/tenants	**25**	**12,878**	**42.0**	24	21,832	71.7
Construction contractors	**9**	**12,184**	**39.7**	5	7,308	24.0
Professional consultants	**8**	**5,634**	**18.3**	6	1,326	4.3
	42	**30,696**	**100.0**	35	30,466	100.0

The Group's overall revenue increased by approximately S$0.2 million or approximately 0.8% from approximately S$30.5 million for the six months ended 30 June 2021 to approximately S$30.7 million for the six months ended 30 June 2022.

Cost of Services

The Group's cost of services increased by approximately S$0.2 million or approximately 0.8% from approximately S$27.3 million for the six months ended 30 June 2021 to approximately S$27.5 million for the six months ended 30 June 2022. 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 2022 amounted to approximately $3.2 million, representing an increase of approximately 0.7% as compared to approximately S$3.2 million for the six months ended 30 June 2021.

The Group's gross profit margin for the six months ended 30 June 2022 remained fairly constant at approximately 10.4% compared to the six months ended 30 June 2021 as the market had been stablised.

Other Income

Other income mainly included income from (i) government grants; and (ii) sundry income. During the six months ended 30 June 2022, other income amounted to approximately S$0.5 million compared to approximately S$1.1 million for the six months ended 30 June 2021. 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 2022 amounted to approximately S$3.8 million as compared to S$4.2 million for the six months ended 30 June 2021. The decrease was mainly due to the cost saving measures such as pay cut arrangements and streamlining of our workforce in the second half of 2021 and early 2022.

Finance Costs

Finance costs for the six months ended 30 June 2022 was approximately S$218,000 (six months ended 30 June 2021: S$186,000) which represented interest on lease liabilities, trade financing and bank loans. Net finance cost increased due to the increasing interest rate and more trade financing was taken up in the six months ended 30 June 2022 as compared to six months ended 30 June 2021.

Income Tax Credit/(Expense)

No income tax expense was provided as the Group was in a loss-making position for the six months ended 30 June 2022.

Net Loss

Loss attributable to owners of the Company for the six months ended 30 June 2022 increased by approximately S$0.1 million from approximately S$0.2 million for the six months ended 30 June 2021 to a net loss of approximately S$0.3 million for the six months ended 30 June 2022. The increase was mainly due to the cessation of some COVID-19 related grants from the Singapore government.

Interim Dividend

The Board did not recommend any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 the 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 2022, the Group had total cash and bank balances of approximately S$8.5 million as compared to approximately S$10.7 million as at 31 December 2021.

As at 30 June 2022, the Group had a total available committed banking facilities of approximately S$27.2 million, of which approximately S$11.2 million was utilized which comprises S$6.2 million of trade financing and S$5.0 million of term loan. The outstanding term loan as at 30 June 2022 carried fixed interest rate at 2.25% per annum and will be settled by monthly instalments and matured by June 2025.

As at 30 June 2022, the Group also had facilities in relation to performance guarantee of approximately S$15.5 million, of which approximately S$7.3 million was utilised.

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

Pledge of Assets

Other than the building and pledged fixed deposits have been pledged to bank in respect of performance bond guarantee and trade financing provided to our Group, the Group did not pledge any assets to secure any banking facilities or bank loans during the six months ended 30 June 2022 and 30 June 2021.

Treasury Policy

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

Foreign Exchange Risk

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$2,000 as at 30 June 2022 (31 December 2021: S$22,000) 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 2022 was 81.8% (31 December 2021: 101.5%).

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 2022.

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 2022.

Employees and Remuneration Policy

As at 30 June 2022, the Group had a total of 368 employees (30 June 2021: 407 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the six months ended 30 June 2022 amounted to approximately S$5.8 million (six months ended 30 June 2021: approximately S$7.3 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employee 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 a 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 2022, the Group had performance bonds of approximately S$7.3 million (31 December 2021: S$10.3 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 2022, the Group acquired items of property, plant and equipment of approximately S$113,000 (30 June 2021: S$19,000).

As at 30 June 2022, the Group had no material capital commitments.

Use of Net Proceeds from the Share Offer

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

Purpose	**Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 18 February 2022**	**Approximate percentage of the total net proceeds**	**Approximate actual amount utilised as at 30 June 2022**	**Unused amount of net proceeds as at 30 June 2022**	**Expected date to fully utilise the unutilised amount**
	S$ million		*S$ million*	*S$ million*	
Extending our service scope to include MEP services	4.2	32.3%	4.2	—	N/A
Expanding the Group's premises for its various operational needs	2.7	20.8%	0.8	1.9	31 December 2023
Acquisition of a Singapore-based design company	—	—	—	—	N/A
Enhancing our information technology capacity and project implementation efficiency	1.2	9.2%	0.2	1.0	31 December 2022
Financing additional machinery and equipment	0.7	5.4%	0.3	0.4	31 December 2023
General working capital	4.2	32.3%	3.6	0.6	31 December 2022
	13.0	100.0%	9.1	3.9	

During the period from the Listing Date to 30 June 2022, the Group has utilised approximately S$9.1 million, which is in line with the purposes shown above.

As at 30 June 2022, the unused amount of net proceeds was placed in licensed banks in Singapore.

EVENTS AFTER THE REPORTING PERIOD AND SUSPENSION OF TRADING

Save as disclosed in this announcement and the announcement of the Company dated 25 July 2022 in relation to key findings of the supplemental independent investigation report, the Group had no other significant event requiring disclosure subsequent to 30 June 2022 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 contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022 with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

Under code provision C.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 the Group. Taking into account of the continuation of the implementation of our business plans, the Directors, including independent non-executive Directors, consider that Mr. Chua is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and its shareholders as a whole.

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 2022 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 2022.

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 2022 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 2022 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.

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.

UPDATES ON SUSPENSION OF TRADING

References are made to the announcements of the Company dated 23 March 2021, 24 March 2021, 31 March 2021, 1 April 2021, 23 April 2021, 25 May 2021, 26 May 2021, 30 June 2021, 8 July 2021, 10 September 2021, 30 September 2021, 31 December 2021, 18 January 2022, 2 March 2022, 31 March 2022, 6 May 2022, 29 May 2022, 7 June 2022, 9 June 2022, 24 June 2022, 30 June 2022, 25 July 2022, 7 August 2022 and 12 August 2022 in relation to, among others, the suspension and resumption of trading of the Company's shares on the Stock Exchange and the resumption guidance issued by the Stock Exchange.

The Company has been working diligently to fulfil the resumption guidance issued by the Stock Exchange. As at the date of this announcement, the Company has published all outstanding financial results, details of 2020 annual, 2021 interim and 2021 annual results are set out in the announcements of the Company dated 29 May 2022, 24 June 2022 and 7 August 2022. The Company is applying for resumption of trading and will continue to keep the shareholders and potential investors of the Company informed of any material development of the Group's business operations and financial performance, as and when appropriate in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

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

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

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

Hong Kong, 30 August 2022

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