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## Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Raffles Interior Limited (the “**Company**”) is pleased to present the audited annual results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 S\$'000	2021 S\$'000
<b>Revenue</b>	4	<b>66,493</b>	79,576
Cost of sales	6	<u>(58,765)</u>	<u>(73,191)</u>
<b>Gross profit</b>		<b>7,728</b>	6,385
Other income		<b>631</b>	1,543
Other gains		—	67
Impairment losses under expected credit loss model, net of reversal		<b>(473)</b>	(480)
Administrative expenses	6	<u>(8,731)</u>	<u>(8,125)</u>
<b>Operating loss</b>		<b>(845)</b>	(610)
Finance income		<b>3</b>	8
Finance costs		<u>(536)</u>	<u>(409)</u>
Finance costs, net		<u>(533)</u>	<u>(401)</u>
<b>Loss before income tax</b>		<b>(1,378)</b>	(1,011)
Income tax credit/(expense)	7	<u>15</u>	<u>(107)</u>
<b>Loss for the year attributable to equity holders of the Company</b>		<u><b>(1,363)</b></u>	<u>(1,118)</u>
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(14)</u>	<u>(4)</u>
Other comprehensive expense for the year		<u>(14)</u>	<u>(4)</u>
Total comprehensive expense for the year attributable to equity holders of the Company		<u>(1,377)</u>	<u>(1,122)</u>
<b>Basic loss per share for loss attributable to equity holders of the Company (expressed in Singapore cents per share)</b>	8	<u><b>(0.14)</b></u>	<u>(0.11)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,407	2,016
Right-of-use assets		<u>435</u>	<u>582</u>
		<b><u>1,842</u></b>	<b><u>2,598</u></b>
<b>Current assets</b>			
Current income tax recoverable		19	17
Contract assets		23,503	32,572
Trade and other receivables, deposits and prepayments	10	9,882	9,937
Pledged fixed deposits		2,180	1,827
Cash and cash equivalents		<u>4,047</u>	<u>10,651</u>
		<b><u>39,631</u></b>	<b><u>55,004</u></b>
<b>Total assets</b>		<b><u>41,473</u></b>	<b><u>57,602</u></b>
<b>EQUITY</b>			
Share capital	11	1,829	1,829
Share premium		29,730	29,730
Deficit		<u>(20,586)</u>	<u>(19,209)</u>
<b>Total equity</b>		<b><u>10,973</u></b>	<b><u>12,350</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		1,583	2,583
Lease liabilities		282	365
Deferred income tax liabilities		<u>10</u>	<u>13</u>
		<b><u>1,875</u></b>	<b><u>2,961</u></b>
<b>Current liabilities</b>			
Trade and other payables and accruals	12	23,022	31,686
Contract liabilities		28	116
Provision for liquidated damages		—	898
Borrowings		5,371	9,319
Lease liabilities		204	268
Current income tax liabilities		<u>—</u>	<u>4</u>
		<b><u>28,625</u></b>	<b><u>42,291</u></b>
<b>Total liabilities</b>		<b><u>30,500</u></b>	<b><u>45,252</u></b>
<b>Total equity and liabilities</b>		<b><u>41,473</u></b>	<b><u>57,602</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 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 KY1-111, Cayman Islands.

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

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

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

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

## 2 BASIS OF PREPARATION

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

Certain comparative figures have been re-presented to conform with current year's presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

### 3 ADOPTION OF NEW AND AMENDED STANDARDS

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

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

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2022 for the preparation of the 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

#### 4 REVENUE

An analysis of the Group's revenue for the years ended 31 December 2022 and 2021 is as follows:

	2022 S\$'000	2021 S\$'000
Contract revenue	<u>66,493</u>	<u>79,576</u>
Timing of revenue recognition: Over time	<u>66,493</u>	<u>79,576</u>

#### Transaction price allocated to the remaining performance obligations

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

	2022 S\$'000	2021 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	37,985	28,665
To be recognised between 1 to 2 year(s)	<u>—</u>	<u>7,023</u>
	<u>37,985</u>	<u>35,688</u>

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 31 December 2022 and 2021 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.

## 5 SEGMENT INFORMATION

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

### (a) Geographical information

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

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

	Revenue from external customers		Non-current assets (note)	
	Year ended 31 December		As at 31 December	
	2022	2021	2022	2021
	S\$’000	S\$’000	S\$’000	S\$’000
Singapore (country of domicile)	66,493	79,576	1,559	2,448
Malaysia	—	—	283	150
	<u>66,493</u>	<u>79,576</u>	<u>1,842</u>	<u>2,598</u>

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

### (b) Information about major customers

Revenue attributable to the Group’s largest customer and the five largest customers in aggregate accounted for approximately 28.2% and 61.1% (2021: approximately 14.0% and 47.7%) respectively of the Group’s total revenue for the year ended 31 December 2022.

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

	2022	2021
	S\$’000	S\$’000
Customer A	18,781	11,161
Customer B	N/A <sup>1</sup>	8,237
Customer C	N/A <sup>1</sup>	8,143
Customer D	<u>6,704</u>	<u>N/A<sup>1</sup></u>
	<u>25,485</u>	<u>27,541</u>

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

## 6 EXPENSES BY NATURE

	2022 S\$'000	2021 S\$'000
Subcontractor charges (included in cost of sales)	42,592	53,781
Cost of materials used	6,372	7,976
Employee benefit expenses (including Directors' emoluments)	12,680	14,549
Depreciation of property, plant and equipment	665	693
Depreciation of right-of-use assets	291	316
Insurance expenses	252	272
Rental expenses	369	541
Utilities	190	292
Repair and maintenance	872	888
Auditors' remuneration		
— Audit services	340	396
Legal and professional fees	1,951	789
Foreign exchange difference, net	23	22
Others	899	801
	<u>67,496</u>	<u>81,316</u>
Represented by:		
Cost of sales	58,765	73,191
Administrative expenses	8,731	8,125
	<u>67,496</u>	<u>81,316</u>

## 7 INCOME TAX (CREDIT)/EXPENSE

Singapore income tax has been provided at the rate of 17% (2021: 17%) on the estimated assessable profit during the year ended 31 December 2022.

Malaysia income tax has been provided at the rate of 24% (2021: 24%) on the estimated assessable profit during the year ended 31 December 2022.

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

	2022 S\$'000	2021 S\$'000
The tax (credit)/charge comprises:		
(Over)/under provision in prior years		
— Singapore income tax	—	117
— Malaysia income tax	(13)	(12)
	<u>(13)</u>	<u>105</u>
Deferred income tax (credit)/expense	(2)	2
	<u>(15)</u>	<u>107</u>

## 8 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2022 and 2021.

	2022	2021
Loss for the year attributable to equity holders of the Company (S\$'000)	(1,363)	(1,118)
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic loss per share in Singapore cents	<u>(0.14)</u>	<u>(0.11)</u>

There were no potential dilutive ordinary shares outstanding for the years ended 31 December 2022 and 2021, and hence the diluted loss per share is the same as basic loss per share.

## 9 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	S\$'000	S\$'000
Trade receivables	9,036	8,988
Less: provision for expected credit losses (“ECL”)	<u>(257)</u>	<u>(189)</u>
Trade receivables, net	<u>8,779</u>	<u>8,799</u>
Prepayments	374	189
Deposits	727	928
Other receivables ( <i>note</i> )	<u>2</u>	<u>21</u>
	<u>1,103</u>	<u>1,138</u>
Total	<u>9,882</u>	<u>9,937</u>

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

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



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

	2022 S\$'000	2021 S\$'000
0–30 days	6,344	3,422
31–60 days	1,451	3,068
61–90 days	5	2,097
Over 90 days	<u>1,236</u>	<u>401</u>
	<u><u>9,036</u></u>	<u><u>8,988</u></u>

**(a) Transferred receivables**

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

	2022 S\$'000	2021 S\$'000
Transferred receivables	3,673	—
Associated trade financing borrowing	<u>(2,938)</u>	<u>—</u>
Net position	<u><u>735</u></u>	<u><u>—</u></u>

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

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

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

The Group applies the simplified approach permitted by IFRS 9, which requires loss allowance to be measured at an amount equal to lifetime ECL on the trade receivables and contract assets. During the year ended 31 December 2022, the amounts of provision charged to the consolidated statement of profit or loss and other comprehensive income were S\$68,000 (2021: S\$166,000).

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

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

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

## 11 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>10,000,000,000</u>	<u>100,000</u>
	Number of ordinary shares	Nominal value of ordinary shares <i>S\$'000</i>
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>1,000,000,000</u>	<u>1,829</u>

## 12 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Trade payables	8,048	8,043
Accruals for project cost	13,071	22,143
Other payables and accruals		
— Accrued expenses	1,520	1,034
— Good and services tax payables	221	230
— Accrued unutilised leave	144	232
— Others	<u>18</u>	<u>4</u>
	<u>23,022</u>	<u>31,686</u>

Included in accruals for project cost is retention payable amounting to S\$1,048,000 (2021: S\$2,739,000). The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

The ageing analysis of the trade payables based on invoice date as at 31 December 2022 and 2021 is as follows:

	<b>2022</b>	2021
	<b>S\$'000</b>	S\$'000
0–30 days	<b>4,439</b>	3,537
31–60 days	<b>1,338</b>	1,826
61–90 days	<b>862</b>	1,178
Over 90 days	<u><b>1,409</b></u>	<u>1,502</u>
	<u><b>8,048</b></u>	<u>8,043</u>

The credit period on purchases from suppliers and subcontractors as at 31 December 2022 is 30 to 90 days (2021: 30 to 90 days) or payable upon delivery.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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

During the year ended 31 December 2022, the Group's revenue decreased by 16.4% to approximately S\$66.5 million as compared to approximately S\$79.6 million for the year ended 31 December 2021. Despite the decreased in revenue, the Group's gross profit increased by 21.0% from approximately S\$6.4 million for the year ended 31 December 2021 to approximately S\$7.7 million for the year ended 31 December 2022 and net loss of the Group increased by 21.9% from approximately S\$1.1 million for the year ended 31 December 2021 to S\$1.4 million for the year ended 31 December 2022. The decrease in revenue was mainly due to market slowdown in first half of 2022, while the increase in gross profit was mainly due to projects secured in the first half of 2022 was of a smaller value, the margin was much higher as all can be completed inhouse. The increase in net loss was mainly due to legal and professional fees of approximately S\$1.9 million incurred during the year ended 31 December 2022 mainly for the resumption exercise as a result of under-provision of resumption expense in 2020, which was one-off in nature.

We foresee the construction industry in Singapore to remain challenging in the short run given the uncertainty of the development of the Coronavirus Disease 2019 (“**COVID-19**”) outbreak globally and the Russo-Ukrainian War that added further pressure and disruption to the global supply chain which in turn boosted inflation significantly. 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 2023, 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 2024 to 2027, with the public sector expected to lead the demand, contributing S\$14 billion to S\$18 billion per year from 2024 to 2027. We are confident that the private sector demand will improve steadily, in tandem with the recovery of the global economy.

Thus, despite projects were postponed in light of market uncertainties and disruption, we are confident that business will start to pick up in 2023 to 2024. With the supervision of the Group's senior management and dedicated staff, the Group believes that it is in a very healthy position to weather any storm ahead.

As at 31 December 2022, the Group had 15 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional contract value of approximately S\$73.1 million, of which approximately S\$35.1 million had been recognised as revenue before 31 December 2022. The remaining balance will be recognised as the Group's revenue in accordance with the progress towards completion.

## FINANCIAL REVIEW

	For the year ended		
	31 December		
	2022	2021	Change
	(audited)	(audited)	
Revenue ( <i>S\$000</i> )	<b>66,493</b>	79,576	(13,083)
Gross profit ( <i>S\$000</i> )	<b>7,728</b>	6,385	1,343
Gross profit margin	<b>11.6%</b>	8.0%	45.0%
Net loss ( <i>S\$000</i> )	<b>(1,363)</b>	(1,118)	(245)

### Revenue

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

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Number of projects with revenue contribution	Revenue ( <i>S\$'000</i> )	Percentage of Revenue (%)	Number of projects with revenue contribution	Revenue ( <i>S\$'000</i> )	Percentage of Revenue (%)
Owners/tenants	32	34,498	51.9	41	56,948	71.6
Construction contractors	9	20,095	30.2	8	15,573	19.6
Professional consultants	11	11,900	17.9	10	7,055	8.8
	<b>52</b>	<b>66,493</b>	<b>100.0</b>	<b>59</b>	<b>79,576</b>	<b>100.0</b>

The Group's overall revenue decreased by approximately S\$13.1 million or approximately 16.4% from approximately S\$79.6 million for the year ended 31 December 2021 to approximately S\$66.5 million for the year ended 31 December 2022. The decrease is mainly due to (i) market slowdown in the first half of 2022 where there are less projects available and the projects available are of a smaller value; and (ii) most of the projects brought forward from 2021 was completed in first half of 2022.

### Cost of Sales

The Group's cost of sales decreased by approximately S\$14.4 million or approximately 19.7% from approximately S\$73.2 million for the year ended 31 December 2021 to approximately S\$58.8 million for year ended 31 December 2022. Such decrease was in line with the decrease in revenue.

## **Gross Profit and Gross Profit Margin**

The gross profit of the Group for the year ended 31 December 2022 amounted to approximately S\$7.7 million, representing an increase of approximately 21.0% as compared to the gross profit of approximately S\$6.4 million for the year ended 31 December 2021. Despite a decrease in revenue, the increase in gross profit was mainly due to (i) improvement in project margin as lower portion of the project are sub-contracted out; and (ii) reduction in indirect overheads like staff cost, workers accommodations, utilities.

## **Other Income**

Other income mainly included income from (i) government grants and (ii) sundry income. During the year ended 31 December 2022, other income amounted to approximately S\$0.6 million compared to approximately S\$1.5 million for the year ended 31 December 2021. This is mainly due to the cessation of some grants given by the Singapore government to support firms affected by COVID-19 during the year.

## **Administrative Expenses**

The administrative expenses of the Group for the year ended 31 December 2022 amounted to approximately S\$8.7 million as compared to S\$8.1 million for year ended 31 December 2021. The increase was mainly due to an increase in (i) legal and professional fees of approximately S\$1.4 million mainly for the under accrual of resumption expenses in 2020, offset by cost saving measures undertaken by the Group which reduced the staff cost by S\$0.8 million.

## **Finance Costs**

Finance costs for the year ended 31 December 2022 was approximately S\$536,000 (2021: S\$409,000) which represents bank charges and interest on lease liabilities, trade financing and loans. The bank charges have increased due to more performance bond were taken up during the year. Interest expenses had increased due to more drawdowns and increasing interest rates.

## **Income Tax (Credit)/Expenses**

The Group had a tax credit of approximately S\$15,000 for the year ended 31 December 2022 mainly due to the over provision of tax in prior year.

## **Net Loss**

As a result of the foregoing, loss attributable to owners of the Company for the year ended 31 December 2022 increased by approximately S\$0.3 million from approximately S\$1.1 million for the year ended 31 December 2021 to approximately S\$1.4 million for the year ended 31 December 2022.

## **Final Dividend**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (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 capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

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

As at 31 December 2022, the Group had total cash and bank balances of approximately S\$4.0 million as compared to approximately S\$10.7 million as at 31 December 2021 and bank borrowings of approximately S\$7.0 million as at 31 December 2022 compared to approximately S\$11.9 million as at 31 December 2021.

## **Pledge of Assets**

Other than the buildings including property, plant and equipment, and pledged fixed deposits, the Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 31 December 2021 and 31 December 2022.

## **Treasury Policy**

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

## **Foreign Exchange Risk**

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

## **Gearing Ratio**

Gearing ratio is calculated by dividing all interest-bearing borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2022 was approximately 67.8% (2021: 101.5%).

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies by the Group during the year ended 31 December 2022. Save for the business plan as disclosed in the Prospectus and the announcements of the Company dated 18 February 2022 and 5 October 2022, there was no plan for material investments or capital assets as at 31 December 2022.

## **Future Plans for Material Investments or Capital Assets**

Save as disclosed in the Prospectus and the announcements of the Company dated 18 February 2022 and 5 October 2022, the Group did not have other future plans for material investments or capital assets as at 31 December 2022.

## **Employees and Remuneration Policy**

As at 31 December 2022, the Group had a total of 383 employees (2021: 387 employees), including executive Directors. Total staff costs including the Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the year ended 31 December 2022 amounted to approximately S\$12.7 million (2021: approximately S\$14.5 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employees are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and experience, responsibility, workload and time devoted to the Company, and approved by the Board.

## **Environmental Policies and Performance**

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in the 2022 Annual Report.

## **Contingent Liabilities**

As at 31 December 2022, the Group had performance bonds of approximately S\$10.7 million (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 year ended 31 December 2022, the Group acquired items of property, plant and equipment of approximately S\$114,000 (2021: S\$75,000).

As at 31 December 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 announcements of the Company dated 18 February 2022 and 5 October 2022, due to the impact of the prolonged COVID-19 pandemic and the award of 3 sizeable projects with an aggregate contract sum of not less than approximately S\$34.7 million (equivalent to approximately HK\$190.5 million) in September 2022, the Board considered that it would not be in the best timing for the Group to execute its expansion plan of acquiring a design company and expanding the Group's premises in the short run and the Board has resolved to re-allocate the then unutilised portion of the net proceeds for general working capital to reinforce its capital base for projects' funding needs. For details, please refer to the Company's announcements dated 18 February 2022 and 5 October 2022. An analysis of the utilisation of the revised allocation of the net proceeds from the Share Offer during the period from the Listing Date up to 31 December 2022 is set out as below:

Purpose	Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 5 October 2022 <i>S\$ million</i>	Approximate percentage of the total net proceeds	Approximate actual amount utilised as at 31 December 2022 <i>S\$ million</i>	Unused amount of net proceeds as at 31 December 2022 <i>S\$ million</i>
Extending our service scope to include MEP services	4.2	32.3%	4.2	—
Expanding the Group's premises for its various operational needs	0.9	6.9%	0.9	—
Enhancing our information technology capacity and project implementation efficiency	0.2	1.5%	0.2	—
Financing additional machinery and equipment	0.3	2.4%	0.3	—
General working capital	7.4	56.9%	7.4	—
	<u>13.0</u>	<u>100.0%</u>	<u>13.0</u>	<u>—</u>

During the period from the Listing Date to 31 December 2022, the Group has fully utilised the net proceeds from the Share Offer, which is in line with the purposes shown above.

## EVENTS AFTER THE REPORTING PERIOD

The Company did not have any material subsequent event after the year ended 31 December 2022 and up to the date of this announcement.

## **AUDIT COMMITTEE**

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

The annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee. The Group’s consolidated financial statements have been audited by the Company’s auditor, Moore Stephens CPA Limited (“**Moore Stephens**”).

The Audit Committee has reviewed the Group’s audited annual results for the year ended 31 December 2022 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

## **SCOPE OF WORK OF MOORE STEPHENS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore Stephens, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2022.

## **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 year ended 31 December 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 for the period from 1 January 2022 to 23 September 2022.

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. During the period from 1 January 2022 to 23 September 2022, Mr. Chua (the then chairman of the Board, executive director and chief executive officer) held both positions. Throughout our business history, Mr. Chua has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies, management of the business and operations of our Group. Taking into account the

continuation of the implementation of our business plans, the Directors, including the independent non-executive Directors, considered that Mr. Chua was the best candidate for both positions and the then arrangements are beneficial and in the interests of the Group and its shareholders as a whole.

Following the resignation of Mr. Chua's positions as chairman of the Board and chief executive officer of the Company with effect from 23 September 2022, Mr. Wong Heung Ming Henry has been appointed as the non-executive chairman of the Board on the same day. The Company has complied with the code provision C.2.1 of the Corporate Governance Code up to 31 December 2022.

## **CODE FOR SECURITIES TRANSACTIONS**

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

## **ANNUAL GENERAL MEETING**

The 2023 annual general meeting of the Company (“**2023 AGM**”) will be held on Thursday, 25 May 2023, and the notice of the 2023 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, registration not later than 4:30 p.m. on Friday, 19 May 2023.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.rafflesinterior.com](http://www.rafflesinterior.com).

The 2022 annual report will also be published on the above websites and will be dispatched to the shareholders of the Company in due course.

## **APPRECIATION**

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

By Order of the Board  
**Raffles Interior Limited**  
**Wong Heung Ming Henry**  
*Non-executive Chairman*  
*and independent non-executive director*

Hong Kong, 20 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Ding Hing Hui and Mr. Leong Wai Kit; and the independent non-executive directors of the Company are Mr. Chia Kok Seng, Mr. Gay Soon Watt, Mr. Wong Heung Ming Henry and Mr. Tan Chong Huat.*