Raffles Interior

Raffles Interior Limited

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

Annual Report 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ding Hing Hui
Mr. Leong Wai Kit (Liang Weijie)

Independent Non-Executive Directors

Mr. Chia Kok Seng
Mr. Gay Soon Watt
Mr. Tan Chong Huat
Mr. Wong Heung Ming Henry
(Non-executive chairman)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Lam Wing Chi

AUTHORISED REPRESENTATIVES

Mr. Ding Hing Hui
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

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

AUDITOR

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

COMPLIANCE ADVISER

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

COMPANY WEBSITE

www.rafflesinterior.com

STOCK CODE

1376

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**", "**we**" or "**us**"), I am delighted to present our annual report of the Group for the year ended 31 December 2022.

Russo-Ukrainian War during first half of the year ended 31 December 2022 added further pressure and disruption to the global supply chain which in turn boosted inflation significantly. The above affected our project margins and our overall performance for the year ended 31 December 2022.

It has been more than two years since Coronavirus Disease 2019 ("**COVID-19**") struck globally. The Singapore construction industry remained challenging, but the situation has finally begun to look better.

As the COVID-19 situation improves and Singapore resuming transition towards COVID resilience, majority of the Safe Management Measures and border controls have been eased since April 2022. Migrant workers have been returning to Singapore and according to the Ministry of Manpower of Singapore, the Singapore construction industry in December 2022 has recovered by 95% as compared to the pre-pandemic levels.

The Building and Construction Authority in Singapore is projecting 2023 construction demand to reach between S$27 billion and S$32 billion, similar to 2022's projection. Private sector construction demand is projected between S$11 billion and S$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase. Given our Group's solid track record, we are well positioned to seize new business opportunities amid the recovery of Singapore construction industry and emerge stronger from this unprecedented crisis.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their dedication, contributions and hard work throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

Wong Heung Ming Henry
Non-executive chairman and independent non-executive director

Singapore, 20 March 2023

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 had 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 had 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 had increased by 21.9% from 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 is 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 for the year ended 31 December 2022, mainly for the resumption exercise as a result of under accrual of resumption expenses in 2022, which is 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 outbreak of COVID-19 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 the year 2023, with the public sector projects contributing to 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 the 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 (audited)	2021 (audited)	Change
Revenue (S$'000)	**66,493**	79,576	(13,083)
Gross profit (S$'000)	**7,728**	6,385	1,343
Gross profit margin	**11.6%**	8.0%	45.0%
Net loss (S$'000)	**(1,363)**	(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 (S$'000)**	**Percentage of Revenue (%)**	Number of projects with revenue contribution	Revenue (S$'000)	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
	52	**66,493**	**100.0**	59	79,576	100.0

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 the year ended 31 December 2022. Such decrease in cost of sales 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 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 as compared to approximately S$1.5 million for the year ended 31 December 2021. The decrease was 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 approximately S$8.1 million for the year ended 31 December 2021. The increase was mainly due to an increase in 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 had increase as more performance bond guarantee had been taken up during the year. Interest expenses had increased due to more drawdowns and increasing interest rates.

Income Tax Expense/(Credit)

The Group had a tax credit of approximately S$15,000 for the year ended 31 December 2022 which was 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 of Hong Kong Limited (the "**Stock Exchange**") on 7 May 2020 (the "**Listing Date**") by way of the Share Offer 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 Singapore Dollars ("**S$**" or "**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 as compared to approximately S$11.9 million as at 31 December 2021.

Pledge of Assets

Other than the building included in 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 all the time.

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 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 of the Company dated 21 April 2020 (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 (2020: 387 employees), including executive Directors. Total staff costs including 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 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 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" of this 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 pro-longed 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 HK$190.5 million) in September 2022, the Board considered that it will 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 had 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 below:

Purpose	Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 5 October 2022 S$ million	Approximate percentage of the total net proceeds	Approximate actual amount utilised as at 31 December 2022 S$ million	Unutilised amount of net proceeds as at 31 December 2022 S$ million
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	—
Acquisition of a Singapore based design company	—	—	—	—
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	—
	13.0	100.0%	13.0	—

During the period from the Listing Date to 31 December 2022, the Group has fully utilised S$13.0 million, which is in line with the purposes shown above.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

There are six members in the Board and three members in our senior management. Their biographies up to the date of this report are set out below:

DIRECTORS

Executive Directors

Mr. Ding Hing Hui ("Mr. Ding"), aged 53, was appointed as our Director on 7 January 2019 and was re-designated as an executive Director on 25 March 2019. Mr. Ding has been with the Group since July 1996 and has been the operation director of the Group since January 2011. He currently leads a team of over 250 staff including project associates, project managers, construction managers, project support team, project administrators, site supervisors, safety/security team, general/painter team as well as the recently-set-up Malaysian Production Team. Mr. Ding oversees the day-to-day operations including but not limited to manpower planning, technical solutions, strategies planning and value engineering. He also strategizes new project approach, value engineering and methodology as well as implements construction activities and project schedules to improve the project team to work effectively. Mr. Ding monitors and ensures good QA/QC, SMM and WSH to achieve good project delivery to our customers. Mr. Ding is currently a director of our subsidiaries, namely Flourishing Honour Limited and Ngai Chin Construction Pte. Ltd.

Mr. Ding joined the Group in July 1996 as a site supervisor where he was responsible for on-site supervision. He was promoted to operation director in January 2011. Mr. Ding obtained a diploma in electronics engineering from the French-Singapore Institute in July 1992 and a certificate in construction productivity management from the Building and Construction Authority in June 2014. He completed the bizSAFE Level 1 course in April 2008, bizSAFE Level 2 course in September 2012 and Post COVID-19 Restart Course for Safe Management Officer in July 2020.

Mr. Leong Wai Kit (alias: Liang Weijie) ("Mr. Leong"), aged 48, was appointed as our Director on 7 January 2019 and was re-designated as an executive Director on 25 March 2019. Mr. Leong has been with the Group since October 2002 and has been the production director of our Group since January 2011. He is responsible for the procurement and sourcing of materials and hardware for the Group. Mr. Leong supports all custom-built furniture for all projects, handles all manpower allocation for the production team, negotiates costs with sub-contractors as well as controls and plans the job schedule for the four production teams of the Group. Mr. Leong started his career when he joined the Group as a project supervisor in July 1999. In October 2002, he rejoined the Group as an assistant project manager to manage the project team and was promoted to production director in January 2011. On 25 February 2022, Mr. Leong had resigned from his position as production director to pursue his other interest. Mr. Leong is currently a director of our subsidiary, namely Flourishing Honour Limited. Mr. Leong obtained a diploma in Marine Engineering from Singapore Polytechnic in May 1996.

Independent Non-Executive Directors

Mr. Chia Kok Seng ("Mr. Chia"), aged 59, was appointed as our independent non-executive Director on 30 March 2020. He is currently a partner of a Singapore law firm, KSCGP JURIS LLP (formerly known as K S Chia Gurdeep & Param). Mr. Chia has been in the legal practice since 1991, with three decades of experience in practice areas including but not limited to corporate and commercial law, alternative dispute resolution, bankruptcy and insolvency, building and construction claims, civil and commercial litigation, as well as criminal law, estate, family and matrimonial law, immigration and employment law, probate and administration as well as trusts. He founded KSCGP JURIS LLP in 1993 with other two founders and had been the firm's managing partner until 2016. Under his leadership, Mr. Chia grew the law firm from a start-up with three lawyers to a firm with more than 10 lawyers. He is also the legal advisor to local and foreign companies in Singapore.

Mr. Chia obtained a degree of bachelor of laws with honours from the National University of Singapore in July 1990. He is an advocate and a solicitor of the Supreme Court of Singapore and has been in practice since March 1991.

Mr. Gay Soon Watt ("Mr. Gay"), aged 68, was appointed as our independent non-executive Director on 30 March 2020. Until December 2017, Mr. Gay was the deputy chairman of Goodrich Global Holdings Pte. Ltd. and its subsidiary, Goodrich Global Pte. Ltd. ("**Goodrich Group**"). In March 1983, Mr. Gay co-founded Goodrich Group, which was engaged in the supply and installation of interior furnishings. Over the next 35 years, Mr. Gay grew Goodrich Group from a start-up to one of the leading interior furnishing players in Asia, with offices in Singapore, Malaysia, India, Indonesia, Thailand, Hong Kong and China. In 2001, Mr. Gay was appointed deputy chairman of Goodrich Group, managing over 120 employees. In 2013, Dymon Asia Private Equity, a Temasek linked company, took a 32.2% stake in Goodrich Group. In December 2017, Mr. Gay sold his 30.7% shareholding in Goodrich Group to a Japanese listed company, Sangetsu Corporation. Currently, Mr. Gay spends his time evaluating private equity investments and mentoring aspiring young entrepreneurs.

Mr. Wong Heung Ming Henry ("Mr. Wong"), aged 53, was appointed as our independent non-executive Director on 30 March 2020 and as non-executive chairman of our Company on 23 September 2022. He has also been appointed as the independent non-executive director of Helens International Holdings Company Limited (stock code: 9869) and Sansheng Holdings (Group) Co. Ltd. (stock code: 2183), both companies listed on the Main Board on the Stock Exchange since 31 August 2021 and 1 August 2022. On 26 April 2002 and 28 March 2023, Mr. Wong was also appointed as the independent non-executive directors of Ostin Technology Group Co., Ltd. (stock ticker: OST) and E-Home Household Service Holding Ltd. (stock ticker: EJH), both Nasdaq listed companies. He was an independent non-executive director of Meihua International Medical Technologies Co., Ltd. (stock ticker: MHUA), a Nasdaq listed company from 4 April 2022 to 10 June 2022.

Prior to that, Mr. Wong has also been serving as the independent non-executive director for other companies including TD Holdings, Inc (stock ticker: GLG), a Nasdaq listed company, and Shifang Holding Limited (stock code: 1831), a company listed on the Main Board on the Stock Exchange, since 27 April 2021 and 8 November 2010, respectively.

Mr. Wong has more than 29 years of experience in finance, accounting, internal controls and corporate governance in the United States, Singapore, China and Hong Kong. Prior to that, Mr. Wong was the chief financial officer of Meten EdtechX Group Ltd (stock ticker: METX), a Nasdaq listed company, during May 2020 to March 2021.

Mr. Wong was also the chief financial officer and senior finance executives of various companies including the chief financial officer of the Frontier Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0500), and the chief financial officer of Beijing Oriental Yuhong Waterproof Technology Co., Ltd., the leading waterproof materials manufacturer in China and a company listed on the Shenzhen Stock Exchange (stock code: 2271). Mr. Wong has been helping a number of companies listed in the stock exchanges in the United States and Hong Kong.

Mr. Wong began his career in an international accounting firm and moved along in audit fields by taking some senior positions both in internal and external audits including being a senior manager and a manager in PricewaterhouseCoopers, Beijing and in Deloitte Touche Tohmatsu, Hong Kong, respectively. Mr. Wong graduated from the City University of Hong Kong in 1993 with a bachelor's degree in Accountancy and also obtained a master's degree in Electronic Commerce from The Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2003. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Tan Chong Huat ("Mr. Tan"), aged 59, was appointed as our independent non-executive Director on 7 October 2022. He is also the senior partner and one of the founding members of RHTLaw Asia LLP, a leading full services legal practice with an Asia Pacific presence. Mr. Tan is the non-executive chairman of RHT group of companies which is involved in the sectors such as Fintech & Financial Services, Training, Learning & Development, Consulting & Advisory and Wealth & Asset Management. Mr. Tan is also the chairman of China ASEAN Business Alliance, a regionally focused think tank and business network.

Mr. Tan has been appointed as an independent non-executive director and the non-executive chairman of Takbo Group Holdings Limited (a company listed on GEM of the Stock Exchange (stock code: 8436)) since 29 September 2017 and an independent non-executive director of Lingbao Gold Group Company Ltd. (a company listed on the Main Board of the Stock Exchange (stock code: 3330)) since 28 May 2021.

His experience and track record, set out below, as a leading finance and corporate lawyer, successful entrepreneur and investor, reputable corporate leader and public service champion, and dedicated law professor coupled with his strong practical and academic grounding throughout his career has made Mr. Tan the trusted go-to expert for regulatory issues, complex financing (corporate finance and project finance transactions, deals structuring, funding and matching, corporate governance and board matters, and reputational management matters for corporate leaders and major corporates in the region and internationally.

Mr. Tan was the deputy chairman of the Singapore Exchange (the "**SGX**") disciplinary committee and was a member of the appeals committee of SGX. He was a member of the first corporate governance council set up by the Monetary Authority of Singapore. Mr. Tan was involved in the regulatory applications, formation and operational set up of numerous leading financial institutions including the Investment Company of the People's Republic of China, a subsidiary of the People's Bank of China.

Mr. Tan has extensive experience in corporate, banking and project finance law in Singapore and the region and acted in numerous significant corporate transactions in the areas of initial public offerings, reverse takeovers, management buyouts, restructuring, mergers and acquisitions, and financing of major real estate and infrastructure in Asia. He has been named frequently a leading practitioner in many reputable professional publications, including IFLR1000 and Legal 500 Asia Pacific.

Mr. Tan has been helping business owners and family businesses throughout his successful career. He has advised Asian and European high net worth clients in their mergers and acquisitions, listing, divestment, business succession planning, probate, wealth and asset preservation and protection, and family governance. As a trusted go-to adviser, Mr. Tan has been appointed as administrator and trustee for the estate of his high net worth clients, as well as counsel in estate disputes involving families of leading Asian conglomerates.

Mr. Tan is a Fellow with the Singapore Institute of Directors and Hong Kong Institute of Directors. He has been appointed on the boards as non-executive chairman and independent director of listed companies in Singapore and Hong Kong. He also co-founded RHT group of companies which is a leading professional services group in Asia. The Financial Planning Association of Singapore has also conferred on Mr. Tan an honorary membership. Over the years, he has successfully invested in startups, small and medium-sized enterprises and listed companies. Notably, he is knowledgeable and passionate in blockchain, distributed ledger and related technologies, and cryptocurrencies having invested into 2 exchanges which apply the distributed ledger technology. Mr. Tan was recently appointed as a mentor for the 10th Lee Kuan Yew Global Business Plan Competition.

Mr. Tan is also active in public service and charity work. He was the chairman of RHT Rajan Menon Foundation which serves causes such as Arts, Disadvantaged Groups, Education and Sustainability. He is the president of the Singapore Golf Association. He is also a member of the International Affairs Committee of Singapore Chinese Chamber of Commerce & Industry. He also sits as a Lay Person on the Institute of Singapore Chartered Accountants' Investigation and Disciplinary Panel. Mr. Tan is a member of the Selection Panel of Singapore Institute of Management University Law School. He has also established a National University of Singapore Grant in favour of the Law Faculty under the name of his deceased father. An award named RHT Tan Chong Huat Corporate Crime Award has also been established by the School of Law, Singapore Management University.

Mr. Tan taught at the Law Faculty, National University of Singapore (AY 2007–2013), Business School, National University of Singapore (AY 2008/2009), Nanyang Business School, Nanyang Technological University (AY 2008–2012) and various other universities in Asia. Besides authoring two leading literature on PRC Investment laws, he has co-authored leading titles on Corporate Governance, and Corporate Finance Law.

Mr. Tan obtained a Bachelor Degree in Law at the National University of Singapore in June 1989 and a LLM from the University of London (as External Student) in December 2007. He is an advocate & solicitor of the Supreme Court of Singapore, and a Solicitor of each of the Supreme Court of New South Wales, Australia, Supreme Court of England & Wales and the High Court of Hong Kong.

SENIOR MANAGEMENT

Ms. Cheong Kuei Jung ("Ms. Cheong"), aged 49, is our chief financial officer of the Group. She is responsible for the financial planning, accounting operations and reporting as well as the taxation and internal control systems of our Group.

Ms. Cheong has over 20 years of experience in accounting and audit. Prior to joining the Group in October 2018, Ms Cheong worked as the financial controller for Hu An Cable Holdings Limited (stock code: K13), Sincap Group Limited (stock code: 5UN) and Mary Chia Holdings Limited (stock code: 50X), all listed on the Singapore Exchange Limited. She also worked as a group finance manager in Success Resources Pte Ltd and Asia Environment Holdings Limited. Prior to that, she worked with KPMG LLP as a senior assistant and was then promoted to manager. She was also an auditor with BDO International.

Ms. Cheong obtained a bachelor's degree of arts from the National University of Singapore in July 1998. She was admitted as an affiliate, member and fellow of the Association of Chartered Certificate Accountant in August 2000, March 2004 and March 2009, respectively. Ms. Cheong has also been a member of the Institute of Certified Public Accountant of Singapore (non-practicing member) since November 2004 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Mr. Ng Foo Wah ("Mr. Ng"), aged 57, is the head of technical support of the Group. He is primarily responsible for project planning and monitoring with an emphasis on technical and soundness and resource efficiency of the Group.

Mr. Ng has over 20 years of experience in project management in the fitting out industry. Mr. Ng joined the Group in November 2000 as an assistant project manager and was promoted to technical director in January 2011. He is currently responsible for overseeing each project life cycle from conception to completion with an emphasis on technical and soundness and resources efficiency. He also meets with clients to refine and evaluate requirements, strategy and content needs.

Mr. Ng started his career in January 1990 and was an assistant project manager at Kwong Fook Seng Building Contractor where his role was to build shop houses in Brunei until April 1990. Between March 1995 and July 1995, Mr. Ng was the owner and project coordinator of Cavi Construction.

Mr. Low Lek Hee ("Mr. Low"), aged 56, is the general manager of the Group and has been with the Group since November 1994.

Mr. Low has over 20 years of administrative experience in the interior fitting-out industry. Mr. Low started his career when he joined the Group in November 1994 as an account and human resources assistant. He left the Group in January 1995 to pursue further studies in Australia. He rejoined the Group in July 1998 as a general manager and is responsible for human resources and administrative matters of the Group. In this role, Mr. Low drives and implements human resources strategies and initiatives, works closely with department heads and is responsible for management of both operational and business-related human resources matters.

Mr. Low obtained an associate diploma of business in marketing from the Holmsglen Institute of Tafe in Australia in June 1998.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2022.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately; and
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has devised its own code of corporate governance based on the principles and practices as set out in the CG Code.

In the opinion of the Directors, throughout the year ended 31 December 2022, the Company has complied with all the code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

The Company has also put in place certain recommended best practices as set out in the CG Code.

DIRECTORS' AND RELEVANT PERSONS' SECURITIES TRANSACTIONS

The Company devised its own Code of Ethics and Securities Transactions regarding the code of conduct of Directors and relevant person (who are likely to be in possession of unpublished price-sensitive information of the Company) on dealings in the securities of the Company and its listed principal subsidiaries (the "**Company's Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Code throughout the year ended 31 December 2022.

No incident of non-compliance of the Company's Code by the relevant persons of the Company was noted by the Company during the year ended 31 December 2022.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The composition of the Board is as follows:

Executive Directors

Mr. Chua Boon Par *(Chairman and Chief Executive Officer) (resigned on 23 September 2022)*
Mr. Ding Hing Hui
Mr. Leong Wai Kit

Independent Non-Executive Directors

Mr. Chia Kok Seng
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry *(appointed as Non-executive Chairman on 23 September 2022)*
Mr. Tan Chong Huat *(appointed on 7 October 2022)*

The biographical information of the Directors are set out in the section headed "Biography of Directors and Senior Management" on pages 11 to 14 of this report.

None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held one meeting with independent non-executive Directors without the presence of other Directors during the year.

A summary of the attendance records of the Directors at the Board meetings held during the year is set out below:

Name of Directors	Attendance
Mr. Chua Boon Par *(resigned on 23 September 2022)*	7/7
Mr. Ding Hing Hui	9/9
Mr. Leong Wai Kit	9/9
Mr. Chia Kok Seng	9/9
Mr. Gay Soon Watt	9/9
Mr. Wong Heung Ming Henry	9/9
Mr. Tan Chong Huat *(appointed on 7 October 2022)*	1/1

Chairman and Chief Executives

Under code provision C.2.1 of the CG 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 the positions of chairman of the Board and chief executive officer. 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.

Independent Non-Executive Directors

During the year ended 31 December 2022, the Board at all times fulfils the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2022, all Directors has completed the independence evaluation individually.

During the year ended 31 December 2022, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Paragraph D of the Mandatory Disclosure Requirement of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas Code Provision B.2.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

Each of the executive Directors, Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit, has entered into a service contract with the Company for a term of three years commencing from the Listing Date (i.e. 7 May 2020) and shall continue thereafter, which may be terminated by not less than three months' notice in writing served by either party on the other. Mr. Chua Boon Par resigned on 23 September 2022.

Each of the independent non-executive Directors, Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry, has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date (i.e. 7 May 2020), and renewable automatically for successive terms of one year after the expiry of the then current term, which may be terminated by not less than one month's notice in writing served by either party on the other.

Mr. Tan Chong Huat, the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of one year commencing from 7 October 2022, and renewable automatically for successive terms of one year after the expiry of the then current term, which may be terminated by not less than one month's notice in writing served by either party on the other.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Group are delegated to the management.

The Company has arranged appropriate insurance coverage on the Directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Reading material on relevant topics would be provided to the Directors.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2022, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2022 have been provided to the Company and are summarised as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Chua Boon Par *(resigned on 23 September 2022)*	A & B
Mr. Ding Hing Hui	A & B
Mr. Leong Wai Kit	A & B
Independent Non-Executive Directors	
Mr. Chia Kok Seng	A & B
Mr. Gay Soon Watt	A & B
Mr. Wong Heung Ming Henry	A & B
Mr. Tan Chong Huat *(appointed on 7 October 2022)*	A & B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this report.

Audit Committee

The Audit Committee consists of four independent non-executive Directors, namely Mr. Wong Heung Ming Henry, Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Tan Chong Huat. Mr. Wong Heung Ming Henry is the chairman of the Audit Committee. At least one of the committee members possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules and none of the committee members is a former partner of or has any financial interest in the Company's existing external auditors within two years before his/her appointment as a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and renewal of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2022, the Audit Committee held nine meetings to review, in respect of the latest status on the independent investigation on the audit issues raised by the former external auditor of the Company, the quarterly results on the Group's performance, the internal audit issues and the quarterly update on suspension of trading announcements with recommendations to the Board for approval.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Chia Kok Seng	9/9
Mr. Gay Soon Watt	9/9
Mr. Wong Heung Ming Henry	9/9
Mr. Tan Chong Huat *(appointed on 7 October 2022)*	1/1

Remuneration Committee

The Remuneration Committee consists of four independent non-executive Directors, namely Mr. Gay Soon Watt, Mr. Chia Kok Seng, Mr. Tan Chong Huat and Mr. Wong Heung Ming Henry. Mr. Gay Soon Watt is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2022, the Remuneration Committee held three meetings to review and make recommendation to the Board on the remuneration policy and the remuneration packages of executive Directors and senior management.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Chia Kok Seng	3/3
Mr. Gay Soon Watt	3/3
Mr. Wong Heung Ming Henry	3/3
Mr. Tan Chong Huat *(appointed on 7 October 2022)*	0/1

Details of the remuneration of the senior management by band are set out below:

	2022 Number of individuals
HK$500,001 to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	1

Exchange rate for HK$/S$: 5.7

Nomination Committee

The Nomination Committee consists of four independent non-executive Directors, namely Mr. Chia Kok Seng, Mr. Gay Soon Watt, Mr. Tan Chong Huat and Mr. Wong Heung Ming Henry. Mr. Chia Kok Seng is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including without limitation, gender, age, cultural and educational background, skills, knowledge, professional qualifications and industry experience) of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Under code provision B.3.1(a) of the CG Code, the Nomination Committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually.

During the year ended 31 December 2022, the Nomination Committee held three meetings to review the structure, size and composition of the Board and the independence of independent non-executive Directors, to consider the qualifications of the retiring Directors standing for re-election at the annual general meetings, to review the Board Diversity Policy and Director Nomination Policy of the Company, and to consider and recommend to the Board on the appointment of independent non-executive Director. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and will continue to achieve the measurable objective to implement the Board diversity policy.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	**Attendance**
Mr. Chia Kok Seng	3/3
Mr. Gay Soon Watt	3/3
Mr. Wong Heung Ming Henry	3/3
Mr. Tan Chong Huat *(appointed on 7 October 2022)*	0/0

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance corporate governance and the Board effectiveness. The Company sees achieving and maintaining an appropriate balance of diversity perspectives at the Board level as relevant to its business growth and is an essential element in supporting the attainment of its strategic objectives and sustainable development goals.

In designing the Board's composition, Board diversity has been considered from a range of perspectives, including but not limited to gender, age, length of service, cultural and educational background, professional qualifications, skills, knowledge and industry experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the business needs of the Company from time to time.

Selection of candidates for appointment as the Directors will be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will also review the Board Diversity Policy annually, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account of our existing business model and the background and experience of the Directors, the Nomination Committee considered that the composition of the Board satisfies the Board Diversity Policy.

The Company's measurable objective is to achieve not less than one-fifth of the Board comprising of females and not less than one-half of our senior management comprising of females within two years.

The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	**Male**
Board	0.00% (0)	100.00% (6)
Senior Management	33.33% (1)	66.67% (2)
Other employees	10.99% (42)	89.01% (340)
Overall workforce	11.00% (43)	89.00% (348)

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 46 to 72 of this annual report.

During the year ended 31 December 2022, there is no Board members comprising of females while there is one-third of the senior management comprising of females. The Company has confirmed that the Nomination Committee will identify and recommend one female candidate to the Board for its consideration on her appointment as a Director and continue to apply the principle of appointments based on merit with reference to our Board Diversity Policy as a whole.

Up to the date of this report, the Nomination Committee is in progress of identifying suitable female candidate(s) for appointment to the Board and Senior Management on merit against objective criteria.

The Nomination Committee will review such measurable objective from time to time to ensure its appropriateness and ascertain the progress made towards achieving the objective.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of the Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria, process and procedures for the Nomination Committee to recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Attributes complementary to the Board;
- Business experience & Board expertise and skills;
- Availability;
- Integrity; and
- Independence.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Directors

1. The Nomination Committee, with or without assistance from human resources department and external agencies, identifies candidates in accordance with the selection criteria set out in the Director Nomination Policy.
2. The Nomination Committee evaluates the candidates and recommends to the Board the appointment of the appropriate candidate for directorship.
3. The Board decides the appointment based upon the recommendation of the Nomination Committee.
4. The letter of appointment or the key terms and conditions of the appointment should be approved by Remuneration Committee.
5. The company secretary or his or her designated delegate shall ensure all disclosure obligations under the Listing Rules and the Companies Ordinance in Hong Kong and liaise with Cayman secretarial service provider regarding the appointment or re-election are duly complied.

Re-election of Directors at General Meeting

1. The Nomination Committee reviews the overall contribution to the Company of the retiring Director.
2. The Nomination Committee also reviews and determines whether the retiring Director continues to meet the selection criteria set out in the Policy.
3. The Nomination Committee shall recommend to the Board which shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

During the year ended 31 December 2022 and up to the date of this report, the Nomination Committee recommended to the Board the appointment of a new independent non-executive Director, namely Mr. Tan Chong Huat. The appointment was subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee will review the Director Nomination Policy periodically in line with the Company's strategy and recommend any proposed changes to the Board for approval, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended 31 December 2022 and up to the date of this report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Company has adopted the Corporate Governance Practice Manual which sets out the corporate governance standards and practices used by the Company to direct and manage its business and affairs. The Board will review the Corporate Governance Practice Manual, as appropriate, with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company is aiming to develop a sound risk management and internal control system for managing operational and financial risks. The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The Board is responsible for reviewing the effectiveness and adequacy of the Group's risk management and internal control systems annually.

The Company has established a Risk Management Policy for the Group setting out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying, assessing and managing risks within its divisions, as well as identifying and assessing the principal risks on a quarterly basis with mitigation plans to manage those risks. The management is responsible for overseeing the risk management and internal control activities of the Group, and for convening quarterly meetings with each division to ensure principal risks are properly managed and new or changing risks are identified and documented. The main features of the risk management and internal control systems together with the Risk Management Policy, risk register and an implementation framework, are to allow the Audit Committee and the Board to have a better overview of the Group's major business risks and how the Group's management had sought to monitor and mitigate them. The risk management framework, coupled with the Group's internal controls, ensures that the risks associated with different divisions are effectively controlled in line with the Group's risk appetite. The risk assessment report will be submitted to the Audit Committee and the Board for reviewing the effectiveness of the risk management and internal control systems and resolving any material internal control defects on an annual basis. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Whistleblowing Policy

The Company has adopted a Whistleblowing Policy to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in the practices and procedures, including financial reporting, internal control and other matters.

Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for the Directors and Senior Management to report any suspected corruption and bribery. Employees can also make anonymous reports to the reporting channels and process stated in the Company's Whistleblowing Policy.

The procedures for dissemination of inside information

The procedures and internal controls of the Company for handling and dissemination of inside information include conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding inside information.

During the year ended 31 December 2022, the Board reviewed the effectiveness of the Group's risk management and internal control systems and the above-mentioned policies/procedures and considered the Group's risk management and internal control systems to be effective and adequate.

The Group does not have an internal audit function within the Group. The Company engaged an external consultant, Baker Tilly Consultancy (Singapore) Pte. Ltd., to carry out internal audit function and had during the year ended 31 December 2022 conducted review of the effectiveness of the Group's risk management and internal control systems. The internal control review report was submitted to the Audit Committee and the Board for review. The Audit Committee has requested the management of the Group to follow up the recommendations of the external consultant to remedy the control issues identified or to further improve the internal control system of the Group.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 73 to 78.

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditor in respect of audit services and non-audit services for the year ended 31 December 2022 amounted to S$374,000.

An analysis of the remuneration paid and payable to the external auditor of the Company, Moore Stephens CPA Limited ("**Moore Stephens**"), in respect of audit services and non-audit services for the year ended 31 December 2022 is set out below:

Service Category	**Fees Paid/Payable** S$'000
— Non-audit services	
— Interim review	48
— Review of preliminary results announcement	10
— Audit Services	316
	374

COMPANY SECRETARY

Ms. Lam Wing Chi ("**Ms. Lam**") from Tricor Services Limited, being an external service provider, is acting as the company secretary of the Company.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Cheong Kuei Jung, the Chief Financial Officer of the Group, has been designated as the primary contact person at the Company which would work and communicate with Ms. Lam on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2022, Ms. Lam has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Any Shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong or via email not less than 15 business days prior to the date of the general meeting. The mail address and email address are set out in the subsection headed "Contact Details" below.

Putting Forward Enquiries to the Board

For enquiries about shareholdings, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, and the contact details are set out as follows:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Telephone: (852) 2980 1333
Email: is-enquiries@hk.tricorglobal.com

Shareholders may also make enquires via the online holding enquiry service at www.tricoris.com.

For enquiries about corporate governance or other matters to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal place of business in Hong Kong or via email/fax. The details are set out in the subsection headed "Contact Details" below.

Contact Details

Shareholders can send their proposals and enquiries as mentioned above to the Company as follows:

Address: 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
(For the attention of Company Secretary)
Telephone: (852) 2980 1305
Fax: (852) 2262 7701
Email: charlotte.lam@hk.tricorglobal.com

For the avoidance of doubt, Shareholder(s) must deposit and send the duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Company will normally not deal with verbal or anonymous enquiries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, the Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at http://rafflesinterior.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

The Company has adopted an amended and restated Memorandum and Articles of Association by a special resolution passed on 30 March 2020 and with effect from 30 March 2020. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website. Save as disclosed above, there was no change in the constitutional documents of the Company for the year ended 31 December 2022.

Shareholders Communication Policy

The Company has in place a Communication Policy for Shareholders and External Parties to ensure that Shareholders' and external parties' views and concerns are appropriately addressed. The policy is regularly reviewed by the Board to ensure its effectiveness. The Board has reviewed the implementation of the Shareholders Communication Policy during the year ended 31 December 2022 and considered that it was effectively implemented.

Dividend Policy

The Company has adopted a Dividend Policy on frequency, amount and form of payment of dividends and is available on the website of the Company. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The dividend payout ratio will vary from year to year. The level of dividend payout is expected to be not less than 35% of the retained earnings before dividend declared but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as the Board may deem relevant at such time. There is no assurance that dividends will be paid in any particular amount for any given period.

The Directors are pleased to present their annual report together with the audited consolidated financial statements of the Group for year ended 31 December 2022 (the "**Financial Statements**").

The Company was incorporated in the Cayman Islands on 7 January 2019. The Company completed the corporate reorganisation (the "**Reorganisation**") on 30 March 2020 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group.

Details of the Reorganisation are set out in the section headed "History, Development and Group Reorganisation" in the Prospectus dated 21 April 2020 has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rafflesinterior.com). The Shares were listed on the Main Board of the Stock Exchange on 7 May 2020 by way of share offer.

PRINCIPAL PLACE OF BUSINESS

The headquarters and principal place of business of the Company is located at 59 Sungei Kadut Loop, Singapore 729490.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiary, Ngai Chin Construction Pte Ltd, are provision of interior fitting-out service. The principal activities of the subsidiaries of the Group are set out in note 32 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2022.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 31 December 2022 are set out in the Financial Statements in this annual report. A review of the business of the Group for the year ended 31 December 2022, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and Financial Statements of this annual report. The review forms part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 15 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 31 December 2022 are set out in note 32 to the Financial Statements.

KEY RISK AND UNCERTAINTY

The principal risks and uncertainties facing the Group are set out in the sections headed "Management Discussion and Analysis" and "Environmental, Social and Governance Report" of this annual report. The financial risk is set out in note 28 to the Financial Statements.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 142 of this annual report. This summary does not form part of the Financial Statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 21 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2022 are set out in the "Consolidated Statement of Changes in Equity" on page 82 of this annual report. As at 31 December 2021 and 31 December 2022, the Group has no reserves available for distribution.

DONATIONS

During the year ended 31 December 2022, the Group made charitable and other donations totalling HK$13,632.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Mr. Chua Boon Par *(Chairman and Chief Executive Officer) (resigned on 23 September 2022)*
Mr. Ding Hing Hui
Mr. Leong Wai Kit (Liang Weijie)

Independent Non-executive Directors:

Mr. Chia Kok Seng
Mr. Gay Soon Watt
Mr. Tan Chong Huat *(appointed on 7 October 2022)*
Mr. Wong Heung Ming Henry

In accordance with article 84 of the Articles of Association of the Company, Mr. Ding Hing Hui and Mr. Leong Wai Kit would retire at the forthcoming 2023 annual general meeting of the Company ("**2023 AGM**"). In addition, Mr. Tan Chong Huat who had been appointed as independent non-executive Director on 7 October 2022 would hold office until the 2023 AGM pursuant to article 83(3) of the Articles of Association of the Company. Mr. Ding Hing Hui and Mr. Tan Chong Huat, being eligible, would offer themselves for re-election at the 2023 AGM. Mr. Leong Wai Kit would retire from office as an executive Director with effect from the conclusion of the 2023 AGM and would not offer himself for re-election.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 11 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACT AND APPOINTMENT LETTER

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and thereafter will continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than three months' written notice served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date, except that, the initial fixed term of Mr. Tan Chong Huat that stated in his letter of appointment was one year commencing from 7 October 2022 and thereafter shall continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than one month's written notice served by either party on the other.

None of the Directors, including those to be re-elected at the annual general meeting of the Company, has a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.

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

As at 31 December 2022, 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 as set out in Appendix 10 of the Listing Rules were as follows:

(a) Interest in the Shares

Name of Directors	Long/short position	Nature of interest	Number of Shares and underlying Shares held	Percentage of shareholding in the Company
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 Enterprises Limited ("**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 (collectively, the "**Ultimate Shareholders**"). Accordingly, by virtue of the SFO, Mr. Ding Hing Hui and Mr. Leong Wai Kit are deemed to be interested in the Shares held by Ultimate Global.

(b) Interest 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. 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 31 December 2022, 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.

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

As at 31 December 2022, 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	No of Shares and underlying shares held	Percentage of shareholding in the Company
Ultimate Global Enterprises Limited (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%

Name of substantial shareholder	Long/Short position	Nature of interest	No of Shares and underlying shares held	Percentage of shareholding in the Company
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.

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 31 December 2022, 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.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed herein, at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 31 to the Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or its holding company was a party, and in which a Director or an entity connected with a Director had a material interest, directly or indirectly subsisted at the end of the year or at any time during the year ended 31 December 2022.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of their subsidiaries had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2022.

CONNECTED PARTY TRANSACTIONS

During the year ended 31 December 2022, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. Details of the significant related party transactions undertaken in the normal course of business are set out in the note 31 to the Financial Statements.

COMPETING INTERESTS

The controlling shareholders of the Company, the Directors and their respective close associates confirm that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 December 2022.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Kingsway Capital Limited ("**Kingsway**"), as at 31 December 2022, except for the compliance adviser agreement entered into between the Company and Kingsway dated 7 May 2020, none of Kingsway, its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association of the Company, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

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 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. All employees, proposed employees (whether full time or part time employees, including Directors) of any member of the Group or any invested entity, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders and participants who has contributed or may contribute by way of the development and growth of the Group or any invested entity are eligible to participate in the Share Option Scheme (the "**Eligible Person**"). The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The remaining life of the Share Option Scheme is seven years. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 March 2020, and there is no outstanding share option as at 31 December 2022.

The maximum number of shares which can be awarded under the Share Option Scheme is 10% (i.e. 100,000,000 Shares) of the Shares in issue as at the date of this annual report. Upon acceptance of an offer for grant of option(s) under the Share Option Scheme, the participant shall pay HK$1.00 to our Company by way of consideration for the grant, which option(s) will be offered for acceptance for a period of 21 days from the date of grant.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time. As at 1 January 2022 and 31 December 2022, the total number of Shares available for issue under the Share Option Scheme were both 100,000,000 Shares, representing 10% of the issued share capital of the Company.

The number of shares that may be issued in respect of options granted under the Share Option Scheme for the year ended 31 December 2022 divided by the weighted average number of Shares in issue for the year ended 31 December 2022 is nil.

Unless approved by Shareholders in a general meeting, the amount of Shares which can be awarded to a substantial Shareholder or an independent non-executive Directors or their respective associates in the Share Option Scheme in the 12-month period up to and including the date of such grant for any particular aforementioned person in aggregate, is at maximum 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, of a maximum of HK$5.0 million.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person in the 12-month period up to and including such further grant would exceeds 1.00% of the total number of Shares in issue, unless the grant has been approved by Shareholders' resolution in general meeting, a circular regarding the grant has been dispatched to the Shareholders, and the number and terms of the options to be granted are fixed before shareholder approval is sought.

The subscription price for the Shares subject to any particular option granted under the Share Option Scheme shall be such price as determined by our Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option(s), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option(s); and (iii) the nominal value of a Share on the date of the grant of the option(s).

The Board may in its absolute discretion determine, save that the exercise period shall not be more than 10 years from the date of grant.

EQUITY-LINKED AGREEMENTS

Except for the Share Option Scheme disclosed above, no equity-linked agreement subsisted at the end of the year ended 31 December 2021 or was entered into during the year ended 31 December 2022.

CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 5.9% and 22.0% (2021: approximately 11.0% and 20.4%) respectively of the Group's total purchases. 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. To the best of the Directors' knowledge, none of the Directors and none of the Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and none of their respective close associates had any material beneficial interest in the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group has maintained good relationship with our employees. The Group offers to our employees' salary, bonuses and other allowances. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

Customers

The Group has established stable business relationships with our major customers which include Professional Consultants and multinational corporations. The Directors consider that our long-term business relationships with our major customers and suppliers would further enhance our market recognition and enable us to attract more potential business opportunities as all our customers were either our existing customers or referred to us by past customers or Professional Consultants.

Suppliers and Subcontractors

The Group maintains an internal list of approved suppliers. We carefully evaluate the performance of our suppliers and select them based on a number of factors such as pricing, quality of material or equipment provided, timeliness of delivery and ability to comply with our requirements and specifications. The Group will review and update our internal list of approved suppliers according to our assessment of their performance on an ongoing basis.

The Group maintains an internal list of approved subcontractors. We carefully evaluate the performance of our subcontractors and select subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations. The Group will review and update our internal approved list of subcontractors according to our assessment of their performance on an ongoing basis.

The Group is accountable to customers for the works performed in a project, including those carried out by our subcontractors.

RETIREMENT SCHEME

The Group participates in the central provident fund, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2022.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors have been reviewed by the Remuneration Committee, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the years ended 31 December 2022 and 31 December 2021 are set out in notes 9 and 10 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient minimum public float under the Listing Rules for the year ended 31 December 2022 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to existing Shareholders by reason of their holdings in the Shares.

DIVIDEND POLICY

The Company has adopted a Dividend Policy which sets forth the Company's approach when considering the payment of dividends and to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the future growth of the Group and provided that the Group records profits and that the declaration and payment of dividends does not affect the normal operations of the Group.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the actual and expected financial results of the Group; general economic and financial conditions and other internal or external factors that may have an impact on the business or financial performance of the Group; the business strategies, including future commitments and investment needs to sustain the growth of the business; the expansion and acquisition plan of the Group; the current and future operations, liquidity and capital requirements of the Group; statutory and regulatory restrictions; interests of Shareholders as a whole; and any other factors that the Board deems appropriate. The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations and the Articles of Association of the Company. The dividend policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

DIVIDEND

The Board has not declared or paid interim dividends during the year ended 31 December 2022.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 16 to 32 in this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the Financial Statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by Moore Stephens who retire and, being eligible, offer themselves for re-appointment.

CHANGE OF AUDITOR

With reference to the announcement of the Company dated 24 May 2021, PricewaterhouseCoopers resigned as the auditor of the Company with effect from 24 May 2021 and Moore Stephens was appointed as the Company's auditor to fill the casual vacancy following the resignation of PricewaterhouseCoopers with effect from 24 May 2021.

Save as disclosed above, there was no change in the auditor of the Company in the preceding three years.

ANNUAL GENERAL MEETING

The 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 for registration not later than 4:30 p.m. on Friday, 19 May 2023.

On behalf of the Board
Wong Heung Ming Henry
Non-executive chairman, and independent non-executive director

Singapore, 20 March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Board of Directors (the "**Board**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "Group", "**we**" or "**us**"), is pleased to present the Group's sustainability report (this "**Report**") for the financial year ended 31 December 2022 ("**FY2022**").

Our Board provides the overall oversight of the Group's Environmental, Social and Governance ("**ESG**") performance, as well as the review of ESG material topics.

In particular, the Board identifies and assesses its ESG-related risks and opportunities, sets up the relevant risk management and internal control systems; charters the Group's ESG management approach and strategies; reviews its performance periodically against its metrics and targets, and approves the various disclosures in this Report.

Furthermore, we are committed to be socially responsible for our stakeholders. Additionally, we also continued our efforts in environmental protection to reduce our air and greenhouse gases emissions, energy and water consumption, as well as construction wastes generation.

Generally, we are satisfied with the Group's ESG performance during FY2022 as there were no reported breaches of laws and regulations and zero cases of workplace incidents occurred in Singapore and Malaysia, where the Group's business activities are carried out. To allow us to further our sustainability journey, we will continue to substantiate our sustainability initiatives in various environmental and social aspects across our business operation.

Notably, the Board acknowledges its responsibility for ensuring the integrity of the ESG report. The key performance indicator ("**KPI**") data presented and contents within this ESG Report have been disclosed in good faith and to the best of our knowledge, which demonstrates the key approaches and practices to address the Group's material ESG aspects and discloses the future performance targets on the Group's ESG performances.

Yours faithfully,
For and on behalf of the Board
Mr. Wong Heung Ming Henry
Non-executive chairman and Independent Non-Executive Director

ABOUT THIS REPORT

Overview

The ESG report presents a summary of the Group's approaches, measures and performances related to its environmental, social and governance issues for the financial year ended 31 December 2022. The Report is a summary of the Group's environmental-, social- and governance-related impacts arising from its business operations in the interior fitting-out industry; and the measures taken by the Group to achieve the balance between profitability and sustainability.

Reporting Scope

The ESG Report covers the Group's business activities in Singapore and Malaysia, which is made up of (i) project and construction management of interior fitting-out services; and (ii) designing, manufacturing and supplying of carpentry, joinery items and integral fixtures.

Reporting Basis and Principles

The ESG Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("**HKEX**"). This Report has complied with all mandatory disclosure requirements and "comply or explain" provisions outlined in the ESG Guide.

ESG Working Taskforce

The Board of Directors continues to direct the Group's ESG strategies and evaluate the performances for the Group. The Group has established the ESG working taskforce (the "**Taskforce**"), which is made up of key management personnel from various departments. The Taskforce is responsible for identifying the Group's material ESG risks, collating the relevant information and reporting the ESG performances to the Board of Directors.

Approaches to ESG reporting

The ESG Report is prepared based on the principles of "Materiality", Quantitative", "Balance" and "Consistency". The Board of Directors has identified the material ESG issues from the annual materiality assessment exercise that involved the Taskforce. The KPI data of material ESG issues are presented in specific and measurable numbers. This Report covers key issues that are related to different stakeholders, and we endeavour to provide honest and reliable information in the Report.

Feedback

The Group respects all stakeholders' views on the ESG Report and welcome opinions or suggestions which can be shared with us at nc@ngaichin.com.sg.

STAKEHOLDER ENGAGEMENT

We aim to maintain strong and lasting relationships with our stakeholders by understanding their expectations and concerns. Both internal and external stakeholders are crucial to us, and we engage them through various platforms and feedback mechanisms to make a positive and meaningful impact on our sustainable business goal.

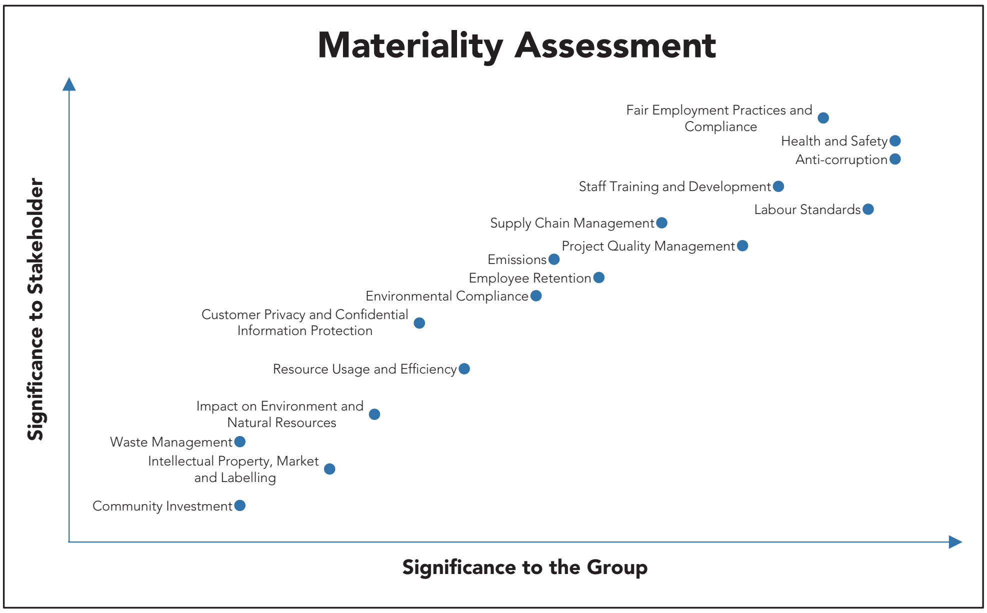
The following table summarises the stakeholders' engagement activities as well as the stakeholders' key concerns to sustainability.

Stakeholders	Communication Channel	Feedback/Concerns
Employees	• Employee training programmes • Feedback platform • Performance review	• Remuneration and benefits • Fair employment practices • Safe and healthy workplace • Job security • Career development opportunities
Customers	• Email • Tele-conversation • Project progress meetings	• Quality and reliable services • Timely response to customer requirements • Protection of confidential information
Suppliers and subcontractors	• Email • Tele-conversation • Management meeting	• Long-term cooperation • Fair and equal treatment of suppliers • Timely payments to suppliers
Regulatory authorities	• Written or electronic correspondences	• Compliance with laws and regulations, including listing rules in HKEX • Safe work environment • Fair employment practices
Shareholders and investors	• Annual general meetings and other shareholder meetings • Annual reports and financial result announcements • Announcements and circulars	• Sustainable profitability and shareholder returns • Timely and transparent financial reporting • Sound corporate governance
Local Communities	• Volunteering and participating in charitable events	• Corporate citizen • Contribution to society

MATERIALITY ASSESSMENT

The Board discusses and identifies the key environmental, social and governance issues faced by the Group annually. The ESG working group has performed a materiality assessment which involved the gathering of feedback from employees and key stakeholders to better understand which ESG topics are most relevant to them.

Subsequently, each ESG topics was placed and ranked on a materiality matrix, as seen below, and its relative position is dependent on their significance to our stakeholders and the Group's operations. There is no change in the material topics in FY2022. The 16 key ESG material topics of varying degrees of importance to the Group are further detailed in this Report.



1: Our Environment

Our operations are mainly based in Singapore and Malaysia. The Group's operation has minimal environmental impact and is also not adversely affected by climate conditions. The main emissions produced by our company are dust and non-hazardous waste, and we do not release any hazardous or illegal substances into the air, water, or land.

Nevertheless, the Group endeavours to maintain green operations and adopt environmentally friendly measures in order to build a sustainable business in the long run. The Group is also committed to enhancing stakeholders' awareness on responsible use of resources to reduce potential impacts on the environment.

1.1: Environmental Compliance

The Group is required to follow the environmental laws and regulations in Singapore, including but not limited to:

1. Building Control (Environmental Sustainability) Regulations
2. Building Control Act (Chapter 29)
3. Environmental Protection and Management Act (Chapter 94A)
4. Environmental Public Health Act (Chapter 95)
5. Sewerage and Drainage Act (Chapter 294)
6. Energy Conservation Act (Chapter 92C)

As the Group has manufacturing factory in Malaysia for production of carpentry/joinery items, it is also subjected to compliance with the Environmental Quality Act of Malaysia. During FY2022, the Group was not aware of any reported non-compliance with the relevant environmental laws and regulations in Singapore and Malaysia.

1.2: Environmental Management Policies and Strategies

The Group has its latest version of Environmental, Health and Safety Management System ("**EHSMS**"), which was reviewed and updated in February 2021. The EHSMS consists of guidelines and practice measures governing environmental protection compliances that the Group's employees, suppliers and subcontractors are obliged to follow.

1.3: Emissions

Air Dust

The Group's interior fitting-out projects are conducted inside buildings, therefore the air pollutants generated from its business operations are not significant. Dust generated at the project sites and manufacturing factory is the main source of air pollutants. The following measures have been implemented for comprehensive dust control and reduction:

Location	**Dust Control Measures**
Project sites	• Installation of mechanical ventilator fan and dust collector machine to exhaust dust in project worksites. • Scheduling air purging when necessary. • Performing Indoor Air Quality ("**IAQ**") assessment at project worksites. • Conduct daily mass housekeeping at project worksites.
Factory	• Utilisation of saw-cutting machine equipped with gas vacuum to exhaust dust in production areas. • Keep the factory airy and ventilated. • Conduct housekeeping at production areas twice per day.

Motor Vehicles

Fuel consumption from motor vehicles is another source of air pollution. The Group purchase a lorry in FY2022, and there is no disposal in FY2022. There were total of 15 motor vehicles in the year ended 31 December 2022.

The following measures have been implemented to reduce the fuel consumption from motor vehicles:

- Purchase or lease motor vehicles of EURO 6 Emission Standard;
- Switch off the engine whenever the vehicle is idling;
- Examine and obtain certification for the vehicles per Section 90 of Road Traffic Act; and
- Perform regular vehicle maintenance to ensure optimal engine performance and fuel use.

The comparison of total emission of air pollutants from the motor vehicles during FY2022 and FY2021 are as shown below:

Air Pollutant Emissions	Unit	Amount (FY2022)	Amount (FY2021)
Nitrogen oxides ("**NOx**")[1]	Tonnes	**3.288**	1.964
Sulphur oxides ("**SOx**")	Tonnes	**0.016**	0.002
Particulate matter ("**PM**")[1]	Tonnes	**0.326**	0.115
Total	**Tonnes**	**3.630**	**2.081**

Greenhouse Gas Emissions

Fuel consumption from motor vehicles (Scope 1) and the purchased electricity (Scope 2) are the prime sources of Greenhouse Gas ("**GHG**") emissions. The comparison of the Group's GHG emission data during FY2022 and FY2021 are as shown below:

GHG Emissions[2]	Unit	Amount (FY2022)	Amount (FY2021)
Scope 1 — Direct GHG emissions	tCO_2e[3]	**232.51**	254.23
Scope 2 — Indirect GHG emissions	tCO_2e[3]	**226.65**	233.00
Total	tCO_2e	**459.16**	487.23
Intensity	tCO_2e per million SGD revenue	**6.96**	6.12

Notes:

1 The calculation of NOx and PM gas emission require the inclusion of the total travelling distance accumulated from all vehicles. The Group did not track the actual distance travelled. As such, an estimation of the travelling distance was obtained based on the make and model of the respective vehicles, which further derived with the fuel economy, measured in "L/100KM". The data was obtained from the Singapore Government Official (Land Transport Authority) website: https://vrl.lta.gov.sg/lta/vrl/action/pubfunc?ID=FuelCostCalculator. The estimated travelling distance was then calculated as: (1/"fuel economy")*total fuel consumption.

2 GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report? — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2015 (AR5) and the Electricity Grid Emission Factors and Upstream Fugitive Methane Emission Factor issued by the Energy Market Authority of Singapore.

3 tCO_2e is defined as tonnes of carbon dioxide equivalent.

Targets

The Group targets to reduce our emission amount by 5% over the next 3 years, by creating greater awareness of fuel saving for drivers and purchasing energy-efficient motor vehicles.

1.4: Waste Management

Hazardous Waste Management

During the construction of interior fitting-out projects, hazardous chemicals such as glues, paints, plasters, and sealants are used. The suppliers provide material safety data sheets, and our workers and subcontractors are trained in the safe handling of these hazardous chemicals. As environmental stewards, our company strictly adheres to a zero-hazardous waste policy, and does not tolerate any pollution caused by hazardous waste.

During FY2022, the Group did not generate material hazardous wastes according to the list of hazardous wastes defined under the Schedule of the Environmental Public Health (Toxic Industrial Waste) Regulations 1988 of Singapore.

Non-hazardous Waste Management

The major types of non-hazardous wastes are generated from the Group's project sites and manufactory factory, such as scraped metal, wood, and partitions. Being environmentally conscious, we always encourage reuse and recycle of construction materials where possible in our business operations.

Construction and production waste is stored in designated containers at project sites and the manufacturing facility, labelled and separated for proper disposal. Our waste disposal vendors are licensed and follow the guidelines set by the National Environment Agency of Singapore ("**NEA**") for the collection and segregation of waste.

In our corporate office, we promote environmentally friendly practices to reduce paper usage. This includes reusing scrap paper, implementing electronic systems to minimize paperwork, and encouraging a paperless office culture.

1.5: Water Use and Efficiency

Water consumption is essential in the Group's business activities of providing interior fitting-out services. Despite Singapore being relatively water secure through her 4 National Taps Programme, our Group does not take this notion for granted as water remains a finite and precious resource. Therefore, we are committed to water conservation as a socially responsible corporation.

The Group has adopted the following measures to encourage good practice of water savings:

1. Reuse of wastewater at project sites when practicable.
2. Ensuring that there are no leaking faucets and reporting for repair as soon as leakages are identified.
3. Placement of water saving posters on the project sites, manufacturing factory, dormitory and office premises.
4. Adoption of water efficient fixtures & fittings, such us Public Utilities Board ("**PUB**") Water Efficiency Labelling Scheme ("**WLES**") products.

The Group does not have any issues in sourcing for water for its business operations in Singapore and Malaysia. The comparison of the Group's water consumption statistics during FY2022 and FY2021 are as shown below:

Water Consumption	**Unit**	**Amount (FY2022)**	Amount (FY2021)
Singapore office	m^3	**10,349**	12,456
Malaysia office	m^3	**998**	592
Total	m^3	**11,347**	13,048
Intensity	m^3 per million SGD revenue	**171.92**	163.92

1.6: Energy Use and Efficiency

The Group recognises the importance of energy conservation, as it not only reduces our carbon footprint but also leads to cost savings. We are dedicated to implementing effective measures to reduce our energy consumption.

The Group has implemented the following measures to increase awareness of energy savings among employees, vendors and contractors:

1. Switch off unnecessary electrical appliances when not in use.
2. Installation of energy-efficient fixtures and fittings, such as LED lights and motion sensors.
3. Daily on-site monitoring of energy consumption.
4. Daily check to ensure lights are switch off after working hour.
5. Performing regular cleaning and maintenance of refrigerators to minimise the amount of refrigerant lost.

The comparison of the Group's energy consumption statistics during FY2022 and FY2021 are as shown below:

Type of Energy	**Unit**	**Amount (FY2022)**	Amount (FY2021)
Diesel	kWh	**967,834**	1,007,486
Electricity	kWh	**484,956**	570,347
Total	kWh	**1,452,790**	1,577,833
Intensity	kWh per million SGD revenue	**22,012**	19,822

We have established KPI targets for water and energy consumption as shown below:

Targets
The Group targets to reduce our water and energy consumption by 5% over the next 3 years, by enhancing awareness among employees and usage of more energy saving equipment.

1.7: Impact on Environment and Natural Resources

Our construction activities may cause inconvenience to the public, and we aim to minimise any negative environmental impacts that result from these activities. The following control measures have been taken up to reduce the material impacts that we identified on the environment:

Environmental Impact	**Key Control Measures**
Noise and vibration pollution	• A Noise Management Plan is drafted for each construction project. • Noisy works are scheduled during permitted hours (07:00 to 19:00) and not on Public Holidays or Sundays. • Noise level is monitored at all times and immediate action will be taken if noise level readings reach alert levels.
Pest infestation	• Periodic in-house disinfection spraying at worksites. • Periodic pest inspections performed at worksites.
Public safety	• Notices and signs are placed around the worksites to indicate walkways for public.
Public disturbance	• For project sites near residential areas, notices will be placed to inform residents of work commencement. • Banners and notices include feedback hotline for public to provide feedback on environmental infringements.

2: Our People

The Group endeavours to deliver the best quality of interior fitting-out services to our customers, and we are also committed to promoting a fair, open, inclusive and collaborate working environment for our valued employees.

In addition, we also strive to maintain high standards of health and safety practices in our project sites, manufacturing factory, corporate office as well as dormitory to provide our employees with a safe, rewarding and nurturing environment to work and live.

2.1: Employment Policies and Practices

The Group has established the Employee Handbook, together with Human Resource Policies and Procedures safeguard the rights and welfare of employees, fostering a consistent and conductive employment and payroll practices for our employees:

Employee Handbook

- Requirements on general conduct, dress code, attendance, confidentiality, business gifts and disciplinary procedures.
- Guidelines on employee remuneration, bonus, increment.
- Leave benefits such as annual sick leave, hospitalisation leave, marriage leave etc.
- Employee responsibilities on use of office equipment and security.

Human Resource Policies and Procedures

- Manpower budgeting, recruitment, resignation and termination.
- Staff record maintenance, staff allowance and claims.
- Leave processing, payroll processing and disbursement.
- Performance evaluation and training.

During FY2022, the Group was not aware of any reported breaches with employment related laws and regulations, including but not limited to the Employment Act (Chapter 91) and the Employment of Foreign Manpower Act (Chapter 91A) of Singapore, and the Employment Act 1955 of Malaysia.

2.2: Employment Management

Recruitment and Dismissal

To foster a positive corporate culture for our people, the Group is committed to fair and merit-based recruitment of talents by assessing new hires based on their relevant skills, experience and qualifications potential under our robust and transparent recruitment processes. We recognise the skills and expertise of senior personnel as well as the enthusiasm and adaptability of younger candidates.

Notably, unfair and wrongful dismissal is unacceptable and is prohibited at the Group. Termination of employees only occur when there are instances of criminal wrongdoings, serious misconduct, unethical as well as corruptive behaviours.

Equal Opportunity, Diversity and Anti-discrimination

We are also firm believers that a diversified and inclusive working culture enhances growth and development of our business practice. Our recruitment, promotion and bonus practices are free from biases, regardless of employees' nationality, gender, age, race, religion, or sexual orientation. All employees can make significant contributions to the Group and should be treated fairly with respect and dignity.

The Group values and responses to every complaint, grievance and concern received from our employees. We have zero tolerance for physical or verbal discrimination, abuse and sexual harassment based on gender, physical or mental state, race, nationality, religion, age, family status or sexual orientation towards our employees.

We have employees based in both Singapore and Malaysia. As at 31 December 2022, the Group's employee headcount is 391, and the comparison of employee profiles during FY2022 and FY2021 are as shown below:

Workforce	**No. of headcount (FY2022)**	No. of headcount (FY2021)	**Percentage of total headcount during FY2022 (%)**	Percentage of total headcount during FY2021(%)
By Gender				
Male	**348**	359	**89**	90
Female	**43**	40	**11**	10
By Age Group				
18–30 years old	**155**	154	**40**	39
31–50 years old	**193**	214	**49**	54
Over 50 years old	**43**	31	**11**	7
By Geographical Regions				
Singapore	**372**	385	**95**	96
Malaysia	**19**	14	**5**	4
By Employment Type				
Permanent	**391**	399	**100**	100
Contract/Part-time	**0**	0	**0**	0

2.3: Employee Retention

Remuneration and Compensation

To attract and retain employees, we offer competitive compensation packages that are based on an individual's job performance, skills, expertise, and professional qualifications.

The Group also purchased the Work Injury Compensation Insurance Policy under the requirement of Work Injury Compensation Act (Chapter 354) of Singapore, which provides coverage for employees' injuries from workplace accidents or illnesses while undertaking work duties.

Staff Benefits and Welfare Activities

The Group strives to motivate employees by rewarding them with attractive benefits and care, such as monthly allowance, reimbursement of expenses, and medical benefits.

Additionally, we also welcome activities that promote social, recreational, and health-conscious awareness to foster stronger bonds among our employees. Therefore, we have organised various events such as festive celebrations for employees from different ethnic backgrounds to raise employee morale and sense of belonging to the Group.

The total number of employee resignation totalled 143, and the comparison of turnover profiles during FY2022 and FY2021 are as shown follow:

Employee turnover	**FY2022 Percentage (%)**	FY2021 Percentage (%)
By Gender		
Male	**34**	22
Female	**56**	50
By Age Group		
18–30 years old	**28**	40
31–50 years old	**44**	10
Over 50 years old	**33**	52
By Geographical Region		
Singapore	**38**	23
Malaysia	**0**	71

2.4: Health and Safety

The Group's Environment, Health and Safety Management System ("**EHSMS**") has been established and certified by ISO45000:2018. Within the Group, the Health & Safety Committee was established with relevant Safety Coordinators appointed with documented terms of reference. Moreover, the periodic inspection will be conducted by Safety Coordinators. The objective of EHSMS is to provide guidance for safety standards and practices in order to mitigate workplace health and safety risk factor.

The EHSMS has outlined the following:

1. Management and employees' roles and responsibilities
2. General safe work practices
3. Hazard analysis/risk assessment
4. Violations and Infringements
5. Environmental, Health and Safety ("**EHS**") training
6. Housekeeping
7. Personal Protection Equipment ("**PPE**")
8. Material storage, handling and disposal
9. Safety training
10. Group meetings (i.e., site meeting, tool-box meeting and safety committee meeting)
11. Safety inspection
12. Incident investigation and reporting
13. Emergency preparedness (i.e., emergency drill, fire-fighting equipment, first-aid and emergency response equipment)

Safety and Health Policies for the Group's Singapore and Malaysia business operations have also been formalised and reviewed annually. The Group is certified with BizSafe Level STA, which is subject to renewal every three years. During FY2022, the Group was not aware of any reported non-compliance with health and safety related laws and regulations, including but not limited to Workplace Safety and Health Act (Chapter 354A), COVID-19 Phase Advisories from Ministry of Health of Singapore.

The Group has implemented the following measures to protect the health and safety of our employees:

Health and Safety Concerns	Key Control Measures
Workplace safety	• Risk assessment for each project is conducted by the project manager and the safety team. • Project and factory workers are issued with the required Personal Protective Equipment ("**PPE**"). • Safety committee for each project is made up of the Safety Manager, Operation Manager and Safety Coordinators. • Safety Coordinators are stationed at each project site to oversee safety practices and execute safety inspections. • Appointment of occupational first aiders and provision of first aid boxes at project sites. • New workers are expected to attend the safety induction course conducted by project managers prior to the start of work. • Daily tool box meetings are conducted at project sites on safety practices. • Compulsory for workers to obtain Construction Safety Orientation Course ("**CSOC**") certificate and supervisors to obtain Building Construction Supervisor Safety ("**BCSS**") certificate. • Monthly management meetings to discuss on the upcoming training courses for employees to renew their safety related certificates.
Clean and healthy working and living environment	• Provision of clean and ventilated dormitory rooms to workers. • Daily housekeeping activities at the project sites, factory and dormitory. • Regular housekeeping inspections of dormitory by the Safety Manager. • Bi-weekly disinfection activities at project sites, office, factory and dormitory. • Regular pest control activities at project sites, factory and dormitory.

The Group has formalised the incident reporting process from respective departments to the Human Resource Department. Employee injuries that result in Medical Leaves of 3 days and more shall be reported to the Ministry of Manpower of Singapore. The comparison of the total number of reported health and safety incidents during FY2022 and FY2021 are as shown below:

	FY2022	FY2021
Number of reportable accidents	**2**	1
Number of fatalities	**0**	0
Fatalities rate per 1,000 employees and workers	**0**	0
Lost days due to injuries	**51**	14

Targets

The Group targets to maintain workplace fatality rate at zero and reduce lost days due to injuries by 5% over the next three years through creation of wider and greater awareness of safety measures amongst employees.

2.5: Staff Training and Development

The Group believes in investing in the growth of our employees as our success is dependent on our employee's skills, expertise and working attitude. Employees are encouraged to constantly upgrade their skills to stay up-to-date with the ever-changing business environment as well as add value to the organisational performance and enhance our competitive advantages in the industry. Our Human Resource department is proactive in identifying suitable training and development programmes for our employees.

In addition to the health and safety related training courses (i.e., CSOC and BCSS) under the requirement of Workplace Safety and Health Council (WSHC) of Singapore, we also send our workers to attend training courses in their areas of specialises, such as Earthwork Supervisor Course, Operate Scissor Lift, Operate Boom Lift, Forklift Driver's Training, Managing Work at Height, Perform Rigger and Signalman task.

During FY2022, a total of 162 employees have attended training courses and the total training time added up to 1,971 hours. The comparison of training statistics during FY2022 and FY2021 are as shown below:

Percentage of Employees Receiving Training	**FY2022**	FY2021
By Gender		
Male	**89%**	54%
Female	**0%**	3%
By Employment Category		
Manager or above	**1%**	39%
Supervisor	**4%**	73%
Operator/Support level	**95%**	46%

Average Training Hours	**FY2022**	FY2021
By Gender		
Male	**5.66 hours**	11.59 hours
Female	**0 hours**	0.86 hour
By Employment Category		
Manager or above	**34 hours**	11.70 hours
Supervisor or above	**18.29 hours**	25.40 hours
Operator/Support level	**11.75 hours**	8.28 hours

Targets

The Group seeks to provide more training opportunities for our employees. We target to increase the average training hours of employees by 5% over the next three years.

2.6: Labour Standards and Compliance

In Singapore, the revised edition of Employment (Children and Young Persons) Regulations was published in 2000, where no child who is below the age of 13 years shall be employed in any occupation. Also, the Laws Governing Exploitative Child Labour was released in 2003 that applies to children under the age of 18, where all forms of slavery or practices similar to slavery, such as the sale or trafficking of children, and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict, should be prohibited.

The Group adopts a zero-tolerance attitude against child and forced labour, ensuring that we do not have any child and forced labour for our business operations in both Singapore and Malaysia. Specifically. we have formalised the minimum age requirement of 18 years old in our recruitment policies, and the Human Resource department is responsible for collecting as well as verifying the personal data and information provided by new hires. For instance, obtain the original copies of personal identification cards, make reference calls with educational institutions in order to prevent incidental hiring of child labours. The Group has also formalised procedures to eliminate illegal labour practices immediately if discovered, including escalation, investigation, and rectification actions (i.e., sending illegal hires back to their countries).

During FY2022, the Group was not aware of reported non-compliance with laws and regulations on child and forced labour, including but not limited to the Employment (Children and Young Persons) Regulations 2000 and the Prevention of Human Trafficking Act 2014 of Singapore, the Children and Young Person (Employment) Act 1966 and Anti-Trafficking in Persons & Smuggling of Migrants 2010 of Malaysia.

3: Our Supply Chain

We are committed to responsibly managing the impact of our vendor performances and operations by continuously reviewing relevant operational procedures as well as adhering to our guidelines. To improve supply chain efficiency and ensure the quality of materials, we aims to promote sustainability in its supply chain, together with appoint responsible and ethical suppliers.

During FY2022, the Group has approximately 254 approved vendors where 97% of the procurement are locally sourced in Singapore. The other 3% vendors are sourced from countries like Australia, Europe, Mainland China, Hong Kong, and South East Asia (i.e. Indonesia, Malaysia, Philippine, Thailand and Vietnam).

3.1: Supplier and Subcontractor Selection

We place great importance on stringent vendor selection and evaluation for our suppliers and subcontractors. The assessment criteria of our vendor entail product compliance to meet tender specifications, capacity and resources to meet project requirements, price competitiveness, track records, after-sales services, branding and reputation as well as financial performances.

Moreover, vendors of some projects are subjected to environmental considerations of its "green" components and features, where the materials and services provided must be environmentally-friendly and have the Green Mark certification. We also assess the vendors' sustainability practices, business ethics and compliance with applicable socioeconomic and environmental regulations. Annually, we will re-evaluate the suppliers to ensure that the Group's requirements are being met. The suppliers' accreditation is monitored closely to ensure that they have achieved the required standards in accordance with our operations manual.

3.2: Supplier and Subcontractor Profile

The Group safeguards supplier and subcontractor's profiles and information in our information system. The Group also maintains a diversified base of suppliers and subcontractors, as well as working with alternative suppliers that are locally located in Singapore, to mitigate the impact of supply chain disruption.

Furthermore, the Group strictly prohibits unethical business practices, such as bribery, kick-backs, and discrimination against any vendors. The Group also does not have reliance on any suppliers that are owned, controlled or managed by the Group's controlling shareholders, directors and their associates. During FY2022, the Group did not have any reported cases of conflict of interests from its management team and Board of Directors.

3.3: Supplier and Subcontractor Control and Monitoring

Annual performance evaluations are performed for key suppliers and subcontractors to evaluate their quality of service and product, price competitiveness and financial conditions.

Additionally, we also regularly review the environmental and social risks of our vendors. Project manager and production manager reviews the subcontractors' work quality, no payments are made to subcontractors before certification of their work. Also, the Quantity Surveyor's team closely monitors and follows up with vendors for timely delivery of materials.

The Group will terminate our business relationship with any vendor with serious regulatory breaches or fines due to bribery and corruption practices, environmental pollution and destruction, as well as illegal employment practices. During FY2022, the Group was not aware of any vendors that had reported issues on business ethics, environmental protection, human rights or employment practices.

4: Our Customers

The Group places strong emphasis on the quality, timeliness and safety of our projects. Forging and maintaining customer relationships is crucial for the long-term success of our business and we seek to do so by providing the highest standard of service to our customers.

4.1: Project and Service Quality

The Group has established the Quality Control System ("**QCS**") which is continuously reviewed according to ISO 9001:2015 requirements. We always endeavour our resources and efforts in delivering high quality projects to meet the customer requirements.

The project managers continuously keep an eye on the progress and quality of work performed by both our employees and subcontractors. Regular project management sessions are held to review any defects, assess the timeline, evaluate subcontractor performance, and address any other obstacles encountered during the project. Additionally, weekly quality inspections, ongoing supervision of project work, and pre-completion quality assessments performed by the project managers and customer representatives guarantee adherence to the customer's specifications and requirements.

The Group is dedicated to delivering top-notch services and value to its customers by meeting industry standards and fulfilling customer promises. A structured and transparent process for handling and monitoring customer feedback has been established to ensure prompt resolution. The Group maintains a record of customer feedback and regularly tracks the status of resolutions and follow-up actions taken in response to each piece of feedback. All customer feedbacks are discussed during project management meetings.

Based on the list of customer feedbacks, there were a total of 3 project related complaints received from customers and no long outstanding unresolved complaints during our reporting period ended 31 December 2022.

4.2: Intellectual Property, Marketing and Labelling

The Group has registered logo and domain name as a trademark in Singapore and Hong Kong. Should there be Intellectual Property infringement by third parties, the Group will engage its legal counsel to take necessary legal actions against them. During FY2022, there were zero cases of infringement of our property by third parties and vice versa.

The Group does not have research and development, product packaging and labelling activities in our business activities. Additionally, the Group also does not engage in marketing and advertising efforts.

4.3: Customer Privacy and Confidential Information Protection

The Group adopts a zero-tolerance attitude towards any breach of customer privacy and leakage of customer's confidential information. The Group only collects and maintains records of business contacts and emails of customers.

The Group has established guidelines on collection, usage, protection and disclosure of confidential and sensitive information pertaining to our customers and projects. The Group has implemented firewall, anti-virus software, and anti-spam solutions in its Information Technology ("**IT**") system to safeguard the confidential and sensitive information. During FY2022, the Group was not aware of any reported non-compliance to privacy related laws and regulations in Singapore and Malaysia.

5: Business Ethics

The Group is committed to upholding our branding and reputation to foster stakeholders' trust in our business operations as we believe that these factors are imperative to the Group's strong governance as well as sustainable development. Notably, our Board and Management are devoted to a high standard of corporate governance and have established strong internal controls in our Group. And unwavering commitment to integrity, honesty and transparency to our stakeholders.

5.1: Anti-Corruption Policies and Practices

The primary law and legislation in Singapore relating to bribery, extortion, fraud and money laundering include the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act ("**CDSA**") governed by the Commercial Affairs Department and the Anti-Money Laundering and Countering the Financing of Terrorism ("**AML/CFT**") regime under the enforcement of the Monetary Authority of Singapore. The Group holds zero-tolerance attitude towards bribery, corruption and fraudulent conduct. We believe that a strong corporate culture is imperative to ethical behaviours of our employees.

The Group's Code of Conduct and the Anti-Fraud and Anti-Money Laundering Policy are communicated to new employees and directors during onboarding orientation. In addition, seven members of the Group's Senior Management Team and Executive Directors have attended anti-corruption training course in March 2019 prior to the Group's Initial Public Offering on the Hong Kong Stock Exchange.

During FY2022, the Group was not aware of any reported non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Corruption Act of Singapore and Anti-Corruption Commission Act 2009 of Malaysia. There were also no legal cases regarding corrupt practices brought against the Group or our employees during FY2022.

5.2: Whistleblowing Policies

The Group has established the whistleblowing system that allow stakeholders to report concerns over any real or perceived misconduct, suspected unlawful conduct, financial malpractice or irregularity, management override of controls, and/or unethical behaviours. Under this policy, employees or any other persons may report suspected matters of wrongdoing affecting the Group to the appointed whistleblowing officer who has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken All reports are confidential, and the whistle-blowers can report without fears of unfair treatment or reprisal. During FY2022, there were no whistle-blowing cases being received by the Group's Audit Committee members.

6: Our Society

As a socially responsible corporation, the Group recognises its obligation to care for our community and support the less fortunate and underprivileged in the society. We volunteer and participate in charitable events conducted by non-profit organisations to contribute to society and enhance our presence as responsible corporate citizens.

6.1: Community Investments

During FY2022, the Group was committed to monthly-recurring donations of SGD200 to Kwong Wai Shiu Hospital in support of healthcare needs of the community. As such, the Group made total donation of SGD2,400.

CONTENT INDEX

The ESG Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules.

Disclosures and KPIs	Description	Section/Declaration
Part B of Appendix 27: Mandatory Disclosure Requirements		
Governance Structure	• A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	• Board Statement
Reporting Principles	• A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: (i) Materiality (ii) Quantitative (iii) Consistency	• About This Report • Materiality Assessment
Reporting Boundary	• A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report • If there is a change in the scope, the issuer should explain the difference and reason for the change	• About This Report

Disclosures and KPIs	Description	Section/Declaration
Part C of Appendix 27: "Comply or explain" Provisions		
Aspect A1: Emissions	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 1.1: Environmental Compliance • 1.2: Environmental Management Policies and Strategies • 1.3: Emissions • 1.4: Waste Management
KPI A1.1	• Types of emissions • Respective emissions data	• 1.3: Emissions
KPI A1.2	• Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.3: Emissions
KPI A1.3	• Total hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	The Group did not generate material hazardous wastes in its business activities.
KPI A1.4	• Total non-hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.4: Waste Management
KPI A1.5	• Description of emissions target(s) set • Steps taken to achieve them	• 1.3: Emissions
KPI A1.6	• Description of how hazardous and non-hazardous wastes are handled • Description of reduction target(s) set and steps taken to achieve them	• 1.4: Waste Management

Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources	• General Disclosure • Policies on the efficient use of resources, including energy, water and other raw materials	• 1.5: Water Use and Efficiency • 1.6: Energy Use and Efficiency
KPI A2.1	• Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) • Intensity (e.g. per unit of production volume, per facility)	• 1.6: Energy Use and Efficiency
KPI A2.2	• Water consumption in total • Intensity (e.g. per unit of production volume, per facility)	• 1.5: Water Use and Efficiency
KPI A2.3	• Description of energy use efficiency target(s) set • Steps taken to achieve them	• 1.6: Energy Use and Efficiency
KPI A2.4	• Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set • Steps taken to achieve them	• 1.5: Water Use and Efficiency
KPI A2.5	• Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The use of packaging material is not a material ESG aspect of the Group's business activities.
Aspect A3: The Environment and Natural Resources	• General Disclosure • Policies on minimising the issuer's significant impacts on the environment and natural resources	• 1.8: Impact on Environment and Natural Resources
KPI A3.1	• Description of the significant impacts of activities on the environment and natural resources • Actions taken to manage them	• 1.8: Impact on Environment and Natural Resources

Disclosures and KPIs	Description	Section/Declaration
Aspect A4: Climate Change	• General Disclosure • Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	The Group was not affected materially by any climate-related issues during the reporting period ended 31 December 2022.
KPI A4.1	• Description of the significant climate-related issues which have impacted • Actions taken to manage them.	The Group was not affected materially by any climate-related issues during the reporting period ended 31 December 2022.
Aspect B1: Employment	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 2.1: Employment Policies and Practices
KPI B1.1	• Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	• 2.2: Employment Management
KPI B1.2	• Employee turnover rate by gender, age group and geographical region	• 2.3: Employee Retention
Aspect B2: Health and Safety	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 2.4: Health and Safety
KPI B2.1	• Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• 2.4: Health and Safety
KPI B2.2	• Lost days due to work injury	• 2.4: Health and Safety
KPI B2.3	• Description of occupational health and safety measures adopted • How they are implemented and monitored	• 2.4: Health and Safety

Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training	• General Disclosure • Policies on improving employees' knowledge and skills for discharging duties at work. • Description of training activities	• 2.1: Employment Policies and Practices • 2.5: Staff Training and Development
KPI B3.1	• The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• 2.5: Staff Training and Development
KPI B3.2	• The average training hours completed per employee by gender and employee category	• 2.5: Staff Training and Development
Aspect B4: Labour Standards	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• 2.1: Employment Policies and Practices • 2.6: Labour Standards and Compliance
KPI B4.1	• Description of measures to review employment practices to avoid child and forced labour	• 2.6: Labour Standards and Compliance
KPI B4.2	• Description of steps taken to eliminate such practices when discovered	• 2.6: Labour Standards and Compliance
Aspect B5: Supply Chain Management	• General Disclosure • Policies on managing environmental and social risks of the supply chain	• 3: Our Supply Chain
KPI B5.1	• Number of suppliers by geographical region	• 3: Our Supply Chain
KPI B5.2	• Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• 3: Our Supply Chain

Disclosures and KPIs	Description	Section/Declaration
KPI B5.3	• Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3 Supplier and Subcontractor Control and Monitoring
KPI B5.4	• Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3 Supplier and Subcontractor Control and Monitoring
Aspect B6: Product Responsibility	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• 4: Our Customers
KPI B6.1	• Percentage of total products sold or shipped subject to recalls for safety and health reasons	This is not applicable for the Group's business activities.
KPI B6.2	• Number of products and service-related complaints received and how they are dealt with	• 4.1: Project and Service Quality
KPI B6.3	• Description of practices relating to observing and protecting intellectual property rights	• 4.2: Intellectual Property, Marketing and Labelling
KPI B6.4	• Description of quality assurance process and recall procedures	• 4.1: Project and Service Quality
KPI B6.5	• Description of consumer data protection and privacy policies, and how they are implemented and monitored	• 4.3: Customer Privacy and Confidential Information Protection

Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• 5: Business Ethics
KPI B7.1	• Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• 5.1: Anti-Corruption Policies and Practices
KPI B7.2	• Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• 5.2: Whistleblowing Policies
KPI B7.3	• Description of anti-corruption training provided to directors and staff	• 5.1: Anti-Corruption Policies and Practices
Aspect B8: Community Investment	• General Disclosure • Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• 6.1: Community Investments
KPI B8.1	• Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• 6.1: Community Investments
KPI B8.2	• Resources contributed (e.g. money or time) to the focus area	• 6.1: Community Investments

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

To the shareholders of Raffles Interior Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Raffles Interior Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 79 to 141, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from interior fitting-out services contracts	
We identified the recognition of revenue from interior fitting-out services contracts as a key audit matter due to the involvement of significant management estimates in determining the contract revenue for each interior fitting-out services contract in progress. During the year ended 31 December 2022, the Group recognised revenue of S$66,493,000 from provision of interior fitting-out services in Singapore by reference to the stage of completion of the contract activity as disclosed in note 4 to the consolidated financial statements. As set out in notes 3 and 4 to the consolidated financial statements, the amounts of revenue recognised reflect the management's estimate of each contract's outcome and stage of completion, which were based on the input method by considering the proportion of contract costs incurred for the work performed to the end of the reporting date, relative to the total estimated costs of the contract at completion.	Our procedures in relation to recognition of revenue from interior fitting-out services contracts included: • Understanding key controls on how management estimates and revises the total contract costs and margins and recognises revenue from interior fitting-out services contracts; • Assessing the reasonableness of the total estimated contract costs of significant projects by checking against quotations, agreements or other correspondences provided by subcontractors or suppliers, on a sample basis; • Evaluating the reasonableness of the estimated profit margins of significant projects, on a sample basis, taking into account of the complexity and duration of the projects and margins of similar completed projects; • Examining the accuracy of costs incurred to date and stage of completion by checking the certificates or invoices issued by the subcontractors or suppliers, on a sample basis; and • Evaluating the reliability of the management's forecast, on a sample basis, by comparing the total actual contract costs incurred at completion of completed projects against the total budgeted contract costs.

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of trade receivables and contract assets

Key audit matter

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period.

As at 31 December 2022, the Group's trade receivables and contract assets amounted to S$8,779,000 (net of loss allowance of S$257,000) and S$23,503,000 (net of loss allowance of S$746,000) respectively. During the year ended 31 December 2022, the Group provided impairment allowances of S$68,000 and S$405,000 for trade receivables and contract assets, respectively.

As disclosed in notes 18, 17 and 28 to the consolidated financial statements, management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on the Group's historical credit loss experience, aging analysis, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of trade receivables and contract assets included:

- Obtaining an understanding of how management estimates the loss allowance for trade receivables and contract assets;
- Testing the integrity of information used by management to develop the ECL assessment, including aging analysis of trade receivables as at 31 December 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;
- Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group;
- Reviewing the valuation methodology and parameters in the ECL assessment;
- Challenging management's basis and judgment in determining loss allowance on trade receivables and contract assets as at 31 December 2022, including their identification of credit-impaired trade receivables and contract assets and the basis of estimated loss rates applied (with reference to historical default rates and forward-looking information); and
- Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in the notes to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 20 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 S$'000	2021 S$'000
Revenue	4	**66,493**	79,576
Cost of sales	8	**(58,765)**	(73,191)
Gross profit		**7,728**	6,385
Other income	6	**631**	1,543
Other gains	7(a)	**—**	67
Impairment losses under expected credit loss model, net of reversal	7(b)	**(473)**	(480)
Administrative expenses	8	**(8,731)**	(8,125)
Operating loss		**(845)**	(610)
Finance income		**3**	8
Finance costs		**(536)**	(409)
Finance costs, net	11	**(533)**	(401)
Loss before income tax		**(1,378)**	(1,011)
Income tax credit/(expense)	12	**15**	(107)
Loss for the year attributable to equity holders of the Company		**(1,363)**	(1,118)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(14)**	(4)
Other comprehensive expense for the year		**(14)**	(4)
Total comprehensive expense for the year attributable to equity holders of the Company		**(1,377)**	(1,122)
Basic loss per share for loss attributable to equity holders of the Company (expressed in Singapore cents per share)	13	**(0.14)**	(0.11)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 S$'000	2021 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,407**	2,016
Right-of-use assets	16	**435**	582
		1,842	2,598
Current assets			
Current income tax recoverable		**19**	17
Contract assets	17	**23,503**	32,572
Trade and other receivables, deposits and prepayments	18	**9,882**	9,937
Pledged fixed deposits	19	**2,180**	1,827
Cash and cash equivalents	20	**4,047**	10,651
		39,631	55,004
Total assets		**41,473**	57,602
EQUITY			
Share capital	21	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(20,586)**	(19,209)
Total equity		**10,973**	12,350
LIABILITIES			
Non-current liabilities			
Borrowings	22	**1,583**	2,583
Lease liabilities	16	**282**	365
Deferred income tax liabilities	23	**10**	13
		1,875	2,961

	Notes	2022 S$'000	2021 S$'000
Current liabilities			
Trade and other payables and accruals	24	**23,022**	31,686
Contract liabilities	17	**28**	116
Provision for liquidated damages	25	**—**	898
Borrowings	22	**5,371**	9,319
Lease liabilities	16	**204**	268
Current income tax liabilities		**—**	4
		28,625	42,291
Total liabilities		**30,500**	45,252
Total equity and liabilities		**41,473**	57,602

The consolidated financial statements on pages 79 to 141 were approved and authorised for issue by the Board of Directors on and were signed on its behalf on 20 March 2023.

Ding Hing Hui
Director

Leong Wai Kit
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 S$'000	Total equity S$'000
Balance at 1 January 2021	1,829	29,730	(13,047)	—	(5,040)	13,472
Loss for the year	—	—	—	—	(1,118)	(1,118)
Other comprehensive expense for the year	—	—	—	(4)	—	(4)
Total comprehensive expense for the year	—	—	—	(4)	(1,118)	(1,122)
Balance at 31 December 2021	1,829	29,730	(13,047)	(4)	(6,158)	12,350
Balance at 1 January 2022	**1,829**	**29,730**	**(13,047)**	**(4)**	**(6,158)**	**12,350**
Loss for the year	**—**	**—**	**—**	**—**	**(1,363)**	**(1,363)**
Other comprehensive expense for the year	**—**	**—**	**—**	**(14)**	**—**	**(14)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(14)**	**(1,363)**	**(1,377)**
Balance at 31 December 2022	**1,829**	**29,730**	**(13,047)**	**(18)**	**(7,521)**	**10,973**

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 issued, pursuant to a group reorganisation in preparation for the listing of the Company's shares.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 S$'000	2021 S$'000
Cash flows from operating activities			
Loss before income tax		**(1,378)**	(1,011)
Adjustments for:			
Depreciation of property, plant and equipment	15	**665**	693
Depreciation of right-of-use assets	16(b)	**291**	316
Property, plant and equipment written off		**51**	4
Provision for expected credit loss of trade receivables	7(b)	**68**	166
Provision for expected credit loss of contract assets	7(b)	**405**	314
Finance income	11	**(3)**	(8)
Finance costs	11	**536**	409
Gain on disposal of financial asset at fair value through profit or loss	7(a)	**—**	(67)
Loss on disposal of property, plant and equipment		**—**	2
Provision for liquidated damages	25	**—**	898
Operating cash flows before working capital changes		**635**	1,716
Changes in working capital:			
— contract assets		**7,760**	(3,753)
— contract liabilities		**(88)**	(162)
— trade and other receivables, deposits and prepayments		**(20)**	1,580
— pledged fixed deposits		**(353)**	(239)
— trade and other payables and accruals		**(8,657)**	(3,758)
Cash used in operations		**(723)**	(4,616)
Interest received		**3**	8
Income tax refunded/(paid)		**8**	(333)
Net cash used in operating activities		**(712)**	(4,941)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(113)**	(112)
Proceeds from disposal of financial asset at fair value through profit or loss		**—**	1,485
Net cash (used in)/from investing activities		**(113)**	1,373

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 S$'000	2021 S$'000
Cash flows from financing activities		
Proceeds from borrowings	35,242	24,662
Repayment of borrowings	(40,190)	(26,823)
Payment for lease liabilities	(291)	(278)
Finance costs paid	(536)	(409)
Net cash used in financing activities	(5,775)	(2,848)
Net decrease in cash and cash equivalents	(6,600)	(6,416)
Cash and cash equivalents at beginning of the year	10,651	17,070
Effect of foreign exchange rate changes	(4)	(3)
Cash and cash equivalents at end of the year	4,047	10,651

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Raffles Interior Limited (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. 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, are the provision of interior fitting-out services 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 consolidated financial statements are presented in Singapore Dollars ("**S$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand ("**S$'000**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(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[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024

The directors of the Company 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.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Intra-group transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Singapore dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currencies**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive directors (the "**Executive Directors**"), who make strategic decisions.

2.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to consolidated statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. In terms of building and renovation, the shorter lease term are as follows:

Building	12 years
Renovation	7–10 years
Plant and equipment	5–10 years
Motor vehicles	5–6 years
Furniture and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6).

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other gains" in the consolidated statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories:

— those to be measured subsequently at fair value through profit or loss ("**FVTPL**"), and

— the those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

2.7 Financial assets (Continued)

(c) Measurement (Continued)

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost of the Group mainly comprise of cash and cash equivalent and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires ECL to be recognised from initial recognition of the receivables and contract assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For other receivables, the Group applies either 12-month ECL ("**12m ECL**") or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime ECL.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in fair value.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the consolidated statement of profit or loss and other comprehensive income as applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. See note 2.7 and impairment policies for trade and other receivables.

2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held with banks and bank overdrafts which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.12 Borrowings (Continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised in profit or loss using the effective interest method.

There were no qualifying assets during the years. All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("**CPF**") in Singapore, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the reporting period to which they relate.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the good and service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good and service is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates or enhances an asset that the customer controls as the Group performs; or

— does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and service. Specific criteria where revenue is recognised are described below.

(a) Revenue from construction contract

The Group specialises in interior fitting-out works, including new commercial properties and existing commercial spaces that involve upgrades and/or makeovers and/or demolition works, as well as small scale works, such as interior alteration, repair and maintenance works that involve no structure changes.

The Group has to identify the performance obligation in a contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, the interior fitting-out construction contract will provide a significant integration services and the good and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treats all of the construction contracts as a single performance obligation as the construction works are not capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits of the Group's performance as the Group performs.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not assess whether the arrangement with customers has significant financing component. The Group has, therefore, recognised revenue on percentage of completion over the period during which the services are rendered and transferred to customers.

The Group recognises the revenue from the contract progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

(a) Revenue from construction contract (Continued)

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2.15.

The Group has used the practical expedients to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

There is no obligation for returns and refunds for construction contract.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention receivables are settled in accordance with the terms of the respective contracts. Retention receivables are classified as contract assets when the portion is related to the uncompleted contracts.

Variable consideration

For contracts that contain variable consideration (including variation order of construction contract), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

(b) Interest income

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.17 Leases

Lessee

The Group leases a land, certain office equipment and motor vehicles. Leases are recognised as a right of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the consolidated statements of profit or loss and other comprehensive income over the lease term using effective interest rate method.

Right-of-use assets are measured at cost comprising the following, where applicable:

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) reinstatement costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Leases (Continued)

Land	12 years
Office	2 years
Plant and machinery	5 years
Motor vehicle	5–7 years

The Group has applied short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the consolidated financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability at the end of the reporting period.

2.19 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of profit or loss and other comprehensive income over the periods necessary to match them with the costs that they are intended to compensate.

2.20 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition of construction works

The Group reviews and revises the estimates of contract revenue and contract costs prepared for construction works contract of the Group as the contract progresses. Progress towards complete satisfaction of performance obligations of construction contract is measured according to the input method of individual contract, which is measured based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgment and involves estimation uncertainty.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontractor charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly.

Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment under ECL model on trade receivables and contract assets

Management of the Group estimates the amount of lifetime ECL of the trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets, except for those trade receivables and contract assets that are credit-impaired or significant to the Group would be assessed their ECL individually.

The contract assets relate to unbilled revenue and retention receivables, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical observed default rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate in Singapore in which it provides services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty and the provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables, contract assets and their ECL provision are disclosed in notes 18, 17 and 28, respectively.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment under ECL model on trade receivables and contract assets (Continued)

As at 31 December 2022, the carrying amounts of trade receivables and contract assets were S$8,779,000 (2021: S$8,799,000), net of provision for ECL of S$257,000 (2021: S$189,000), and S$23,503,000 (2021: S$32,572,000), net of provision for ECL of S$746,000 (2021: S$341,000), respectively.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve.

As at 31 December 2022, the carrying amounts of property, plant and equipment and right-of-use assets, subject to impairment assessment were S$1,407,000 and S$435,000 (2021: S$2,016,000 and S$582,000) respectively, no impairment losses respect of property, plant and equipment and right-of-use assets have been recognised.

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	66,493	79,576
Timing of revenue recognition: Over time	66,493	79,576

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)	—	7,023
	37,985	35,688

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 of the Company being the 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 that were prepared based on the same set of accounting policies as set out in note 2. Accordingly, the Group has a single operating segment and no discrete operating segment financial information is available.

5 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 Year ended 31 December		Non-current assets (note) As at 31 December	
	2022 S$'000	2021 S$'000	**2022 S$'000**	2021 S$'000
Singapore (country of domicile)	**66,493**	79,576	**1,559**	2,448
Malaysia	**—**	—	**283**	150
	66,493	79,576	**1,842**	2,598

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 S$'000	2021 S$'000
Customer A	**18,781**	11,161
Customer B	**N/A[1]**	8,237
Customer C	**N/A[1]**	8,143
Customer D	**6,704**	N/A[1]
	25,485	27,541

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

6 OTHER INCOME

	2022 S$'000	2021 S$'000
Government grant (note a)	505	1,543
Others	126	—
	631	1,543

Note a: The Group obtained government grants and recognised as income of S$27,000 (2021: S$10,000) from Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme for the years ended 31 December 2022. The Group had also obtained a series of government grants to combat COVID-19 amounting to S$478,000 (2021: S$1,533,000) for the year ended 31 December 2022. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants.

7(a) OTHER GAINS

	2022 S$'000	2021 S$'000
Gain from disposal of financial asset at FVTPL	—	67

7(b) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2022 S$'000	2021 S$'000
Provision for ECL of trade receivables	68	166
Provision for ECL of contract assets	405	314
	473	480

8 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) (note 9)	**12,680**	14,549
Depreciation of property, plant and equipment (note 15)	**665**	693
Depreciation of right-of-use assets (note 16)	**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
	67,496	81,316
Represented by:		
Cost of sales	**58,765**	73,191
Administrative expenses	**8,731**	8,125
	67,496	81,316

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S EMOLUMENTS)

	2022 S$'000	2021 S$'000
Wages, salaries, bonus and allowances	**12,066**	13,563
Pension costs — defined contribution plans	**496**	599
Other employment benefits	**118**	387
	12,680	14,549

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include two (2021: three) directors, whose emoluments are reflected in the analysis shown in note 10. The emoluments paid to the remaining three (2021: two) individuals during the year ended 31 December 2022 are as follows:

	2022 S$'000	2021 S$'000
Wages, salaries and allowances	**621**	454
Employer's contribution to defined contribution plans	**31**	24
	652	478

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2022	2021
Emolument band HK$1,000,001 — HK$1,500,000	**3**	2

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES)

(a) Directors' emoluments

The remuneration of the directors for each of the years ended 31 December 2022 and 2021 were as follows:

	Fee S$'000	Salaries S$'000	Other allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Employer's contribution to a retirement benefit scheme S$'000	Total S$'000
For the year ended 31 December 2022						
Executive directors						
Mr. Chua Boon Par (Note a)	**14**	**144**	**7**	**—**	**5**	**170**
Mr. Ding Hing Hui	**10**	**186**	**9**	**16**	**15**	**236**
Mr. Leong Wai Kit	**—**	**40**	**2**	**—**	**4**	**46**
Independent non-executive directors						
Mr. Chia Kok Seng	**42**	**—**	**—**	**—**	**—**	**42**
Mr. Gay Soon Watt	**42**	**—**	**—**	**—**	**—**	**42**
Mr. Tan Chong Huat (Note b)	**11**	**—**	**—**	**—**	**—**	**11**
Mr. Wong Heung Ming Henry	**70**	**—**	**—**	**—**	**—**	**70**
	189	**370**	**18**	**16**	**24**	**617**
For the year ended 31 December 2021						
Executive directors						
Mr. Chua Boon Par	74	216	9	10	13	322
Mr. Ding Hing Hui	42	209	9	10	14	284
Mr. Leong Wai Kit	42	203	9	9	14	277
Independent non-executive directors						
Mr. Chia Kok Seng	41	—	—	—	—	41
Mr. Gay Soon Watt	41	—	—	—	—	41
Mr. Wong Heung Ming Henry	41	—	—	—	—	41
	281	628	27	29	41	1,006

Note a: Mr. Chua Boon Par has resigned as Chairman, executive director and chief executive officer with effect from 23 September 2022.

Note b: Mr. Tan Chong Huat was appointed as an independent non-executive director with effect from 7 October 2022.

There was no arrangement under which a director of the Company waived and agreed to waive and remuneration during the years ended 31 December 2022 and 2021.

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES) (Continued)

(b) Directors' retirement benefits and termination benefits

No retirement benefits were paid to or receivable by any directors of the Company in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2022 and 2021.

No payment was made to directors of the Company as compensation for the early termination of the appointment during the years ended 31 December 2022 and 2021.

(c) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of directors of the Company for making available the services of them as a director of the Company during the years ended 31 December 2022 and 2021.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in note 31, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors of the Company during the years ended 31 December 2022 and 2021.

(e) Director's material interests in transactions, arrangements or contracts

Save as disclosed in note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2022 and 2021.

11 FINANCE COSTS, NET

	2022 S$'000	2021 S$'000
Finance costs:		
Bank charges	**(15)**	(12)
Performance bond guarantee	**(124)**	(117)
Interest charges		
Lease liabilities (note 16(b))	**(23)**	(29)
Borrowings	**(68)**	(91)
Trade financing (note 18(i))	**(306)**	(160)
	(536)	(409)
Finance income:		
Bank deposits	**3**	8
Finance costs, net	**(533)**	(401)

12 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)
	(13)	105
Deferred income tax (credit)/expense (note 23)	**(2)**	2
Income tax (credit)/expense	**(15)**	107

The tax on the Group's loss before income tax differs from the theoretical amount as follows:

	2022 S$'000	2021 S$'000
Loss before income tax	**(1,378)**	(1,011)
Tax calculated at tax rate of 17% (2021: 17%)	**(234)**	(172)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	9
Tax effect of expenses not deductible for tax purpose	**717**	471
Tax effect of income not taxable for tax purpose	**—**	(13)
Utilisation of tax losses previously not recognised	**(468)**	(293)
(Over)/under provision of tax in prior year	**(13)**	105
Others	**(17)**	—
Income tax (credit)/expense	**(15)**	107

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 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	**(0.14)**	(0.11)

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.

14 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.

15 PROPERTY, PLANT AND EQUIPMENT

	Building S$'000	Renovation S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Total S$'000
Year ended 31 December 2022						
Opening net book amount	**1,411**	**46**	**351**	**202**	**6**	**2,016**
Additions	**—**	**9**	**98**	**5**	**1**	**113**
Disposal	**—**	**(4)**	**(44)**	**—**	**(3)**	**(51)**
Depreciation	**(445)**	**(6)**	**(150)**	**(62)**	**(2)**	**(665)**
Translation difference	**—**	**(3)**	**(4)**	**1**	**—**	**(6)**
Closing net book amount	**966**	**42**	**251**	**146**	**2**	**1,407**
As at 31 December 2022						
Cost	**5,460**	**522**	**1,636**	**790**	**102**	**8,510**
Accumulated depreciation	**(4,494)**	**(480)**	**(1,385)**	**(644)**	**(100)**	**(7,103)**
Net book value	**966**	**42**	**251**	**146**	**2**	**1,407**
Year ended 31 December 2021						
Opening net book amount	1,857	46	451	277	11	2,642
Additions	—	4	71	—	—	75
Disposal	—	—	(8)	—	—	(8)
Depreciation	(446)	(3)	(164)	(75)	(5)	(693)
Translation difference	—	(1)	1	—	—	—
Closing net book amount	1,411	46	351	202	6	2,016
As at 31 December 2021						
Cost	5,460	522	1,620	784	107	8,493
Accumulated depreciation	(4,049)	(476)	(1,269)	(582)	(101)	(6,477)
Net book value	1,411	46	351	202	6	2,016

As at 31 December 2022 and 2021, the building has been pledged to a bank in respect of performance bond guarantee and the trade financing provided for the Group.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 S$'000	2021 S$'000
Cost of sales	**397**	408
Administrative expenses	**268**	285
	665	693

16 LEASES

(a) Amounts recognised in the consolidated statement of financial position

	2022 S$'000	2021 S$'000
Right-of-use assets		
Land	**150**	213
Building	**160**	162
Plant and equipment	**41**	64
Motor vehicles	**84**	143
Total right-of-use assets	**435**	582
Lease liabilities		
Current	**204**	268
Non-current	**282**	365
Total lease liabilities	**486**	633

16 LEASES (Continued)

(a) Amounts recognised in the consolidated statement of financial position (Continued)

Additions to the right-of-use assets for the year ended 31 December 2022 were S$152,000 (2021: S$51,000).

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	2022 S$'000	2021 S$'000
Depreciation charge of right-of-use assets		
Land	**63**	62
Building	**144**	141
Plant and equipment	**25**	51
Motor vehicle	**59**	62
	291	316
Interest expense	**23**	29
Expense relating to short-term lease	**369**	541
	392	570

The total cash outflow for leases during the year ended 31 December 2022 was S$683,000 (2021: S$848,000).

(c) Variable lease payments

The land lease contains variable payment term that rent is subject to annual revision based on the market rent rate. Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date and lease liabilities are remeasured when there is a change to reflect changes in market rental rates following a market rent review. The lease liability shall be remeasured to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect).

There is no adjustments for variable rent for the year ended 31 December 2022 and 2021.

17 CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table sets out the contract assets and contract liabilities:

	2022 S$'000	2021 S$'000
Contract assets	**24,249**	32,913
Less: provision for ECL	**(746)**	(341)
	23,503	32,572
Contract liabilities	**(28)**	(116)
	23,475	32,456

Movement in contract assets (net of loss allowance):

	2022 S$'000	2021 S$'000
At the beginning of the year	**32,572**	29,132
Revenue recognised during the year	**63,098**	78,601
Progress billing during the year	**(71,762)**	(74,847)
Impairment of contract assets	**(405)**	(314)
At the end of the year	**23,503**	32,572

17 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Movement in contract liabilities

	2022 S$'000	2021 S$'000
At the beginning of the year	116	278
Receipt from customers	3,307	813
Revenue recognised upon the provision of project works	(3,395)	(975)
At the end of the year	28	116

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$4,339,000 (2021: S$4,253,000), 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 of 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.

17 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

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 year, 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.

Details of impairment assessment on contract assets are set out in note 28.1(b).

18 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 S$'000	2021 S$'000
Trade receivables	9,036	8,988
Less: provision for ECL	(257)	(189)
Trade receivables, net (note i)	8,779	8,799
Prepayments (note ii)	374	189
Deposits	727	928
Other receivables	2	21
	1,103	1,138
Total	9,882	9,937

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

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

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

(i) Trade receivables

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	1,236	401
	9,036	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 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.

	2022 S$'000	2021 S$'000
Transferred receivables	3,673	—
Associated trade financing borrowing (note 22)	(2,938)	—
Net position	735	—

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are 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.

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

(i) Trade receivables (Continued)

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

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.

Details of impairment assessment on trade receivables are set out in note 28.1(b).

(ii) Prepayments

As at 31 December 2022, the amounts of S$374,000 (2021: S$189,000) represent sundry prepayments made for daily operations.

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

The detail status of the Service Agreements was set out in the Company's announcement dated 25 July 2022.

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

(ii) Prepayments (Continued)

Included the amounts of HK$9,500,000 (equivalent to approximately S$1,738,000) and HK$3,000,000 (equivalent to approximately S$549,000) in the Losses arising from the Transactions recognised in the year ended 31 December 2020 were related to a write-off of prepayments to a service provider for the provision of consultancy services for a period of 38 months starting from May 2020 in respect of financial and business matters and internal control matters, the directors of the Company considered the related prepayments had been fully written down during the year ended 31 December 2020 because the Group's expansion to Hong Kong had been put on hold and hence the Company decided that it no longer needed the services to be provided by this service provider. The Company has written to this service provider seeking termination of the agreements and asked for a refund in the amount of HK$8,550,000 and HK$2,700,000 respectively. However, this service provider has refused the Company's request for termination and refund. The directors of the Company considered such amounts had not been recognised as assets as there was uncertainty about the potential to generate future economic benefits to the Group as at 31 December 2020 and such amounts had been fully recognised and included in the Losses arising from the Transactions during the year ended 31 December 2020, and there was no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the year ended 31 December 2021 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2021. For the year ended 31 December 2022, in the opinion of the directors of the Company, the Company ratified to terminate such contracts due to this service provider was neither cooperative nor willing to negotiate and upon considering the legal advice provided to the Company and after making its own assessment as to the prospect and cost consequences of legal proceedings. For the year ended 31 December 2022, there was also no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the year ended 31 December 2022 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2022.

Besides, included the amount of HK$700,000 (equivalent to approximately S$126,000) in the Losses arising from the Transactions recognised in the year ended 31 December 2020 was related to a write-off of prepayment to another service provider of the provision of public relations and communication services provided the financial public relations services and further agreed with the Company to extend to arrange for a listing ceremony and listing dinner due to the COVID-19 pandemic. The Company would be responsible for all the further costs of the listing ceremony and listing dinner when it is held. The directors of the Company considered that this related amount had also been fully recognised and included in the Losses arising from the Transactions during the year ended 31 December 2020, and there was also no consequential impact on the consolidated financial statements and hence no amount of any services had been recognised for the year ended 31 December 2021 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2021. For the year ended 31 December 2022, in the opinion of the directors of the Company, the Company ratified not to hold the listing ceremony and listing dinner mainly in consideration of the costs saving measures. For the year ended 31 December 2022, there was also no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the year ended 31 December 2022 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2022.

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

(ii) Prepayments (Continued)

For the years ended 31 December 2022 and 2021, other than the abovementioned three Professional Services, the directors of the Company further supplemented that for the remaining Professional Services, there was no consequential impact on the consolidated financial statements and hence no amount of any consultancy services had been recognised for the years ended 31 December 2022 and 2021 and neither unutilised prepayment nor other receivable was recognised as at 31 December 2022 and 2021.

19 PLEDGED FIXED DEPOSITS

	2022 S$'000	2021 S$'000
Bank deposits	1,980	1,827
Cash collateral	200	—
Cash and cash equivalent held as collateral	2,180	1,827

The average effective interest rates per annum for the years ended 31 December 2022 and 2021 were set out as follows:

	2022	2021
Fixed deposits pledged	0.1%	0.2%

As at 31 December 2022 and 2021, fixed deposits have been pledged to bank in respect of performance bond guarantee provided for the Group.

20 CASH AND CASH EQUIVALENTS

	2022 **S$'000**	2021 S$'000
Cash at bank	**4,040**	10,646
Cash on hand	**7**	5
	4,047	10,651

21 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	**Nominal value of ordinary shares** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	10,000,000,000	100,000

	Number of ordinary shares	**Nominal value of ordinary shares** S$'000
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,000,000,000	1,829

22 BORROWINGS

	2022 S$'000	2021 S$'000
Trade financing from bank		
— Trade receivable	**2,938**	—
— Trade payable	**1,433**	8,319
Bank loan	**2,583**	3,583
	6,954	11,902

	2022 S$'000	2021 S$'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	**583**	1,583
	2,583	3,583
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**4,371**	8,319
	4,371	8,319
Total borrowings	**6,954**	11,902
Less: amounts due within one year shown under current liabilities	**(5,371)**	(9,319)
Amounts shown under non-current liabilities	**1,583**	2,583

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

22 BORROWINGS (Continued)

The average effective interest rates per annum at the end of each year ended 31 December 2022 and 2021 were set out as follows:

	2022	2021
Floating interest rate		
— Trade financing	**2.04%–6.10%**	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 31 December 2022 and 2021 are denominated in S$.

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

	2021 **S$'000**	2021 S$'000
Floating rate		
— Expiring within one year	**17,629**	13,681

The facilities expiring within one year from the end of the reporting period are facilities subject to annual review. The other facilities are arranged mainly to help finance the Group's proposed expansion.

23 DEFERRED INCOME TAX LIABILITIES

The movements in the deferred income tax liabilities of the Group during the year are as follows:

	Accelerated tax depreciation	
	2022	2021
	S$'000	S$'000
Beginning of the year	**13**	11
(Credited)/charged to profit or loss (note 12)	**(2)**	2
Translation difference	**(1)**	—
End of the year	**10**	13

The Group has unrecognised tax losses of S$2,298,000 (2021: S$5,051,000) as at 31 December 2022 which can be carried forward indefinitely and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

No deferred tax asset has been recognised in respect of the unrecognised tax losses and capital allowance due to the unpredictability of future profit streams.

24 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	2022	2021
	S$'000	S$'000
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	**18**	4
	23,022	31,686

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.

24 TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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

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

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$.

25 PROVISION FOR LIQUIDATED DAMAGES

	2022 S$'000	2021 S$'000
Provision for liquidated damages	**—**	898

During the year ended 31 December 2021, the Group had made a provision for liquidated damages of S$898,000 for a project due to a delay in project completion. During the year ended 31 December 2022, the Group had settled the provision claimed by the customer.

26 COMMITMENTS

Short-term lease commitments — the Group as a leasee

The Group leases land from third parties under non-cancellable lease agreements. The future aggregate minimum lease payments under non-cancellable leases in respect of land leases are as follows:

	2022 S$'000	2021 S$'000
Not later than 1 year	**325**	325

27 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 S$'000	2021 S$'000
Financial assets as per consolidated statement of financial position		
Financial assets measured at amortised cost		
— Trade and other receivables and deposits	**9,508**	9,748
— Cash and cash equivalents	**4,047**	10,651
— Pledged bank deposits	**2,180**	1,827
Total	**15,735**	22,226
Financial liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
— Trade and other payables	**22,657**	31,224
— Borrowings	**6,954**	11,902
Lease liabilities	**486**	633
Total	**30,097**	43,759

28 FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

(a) Market risk

(i) 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 Singapore Dollars.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for cash at bank and fixed deposits, which earn low interest income. The Group's exposures to change in interest rates are mainly attributable to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

If interest rates on borrowings with floating interest rate had been 100 (2021: 100) basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 December 2022 would have been affected by S$254,000 (2021: S$132,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to trade and other receivables.

(i) Risk management

Management of the Group considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management of the Group does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the ECL model:

- cash and cash equivalents and pledged fixed deposits
- trade receivables

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

- contract assets relating to construction contracts

- other receivables

While cash and cash equivalents and pledged fixed deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Cash at bank and fixed deposit are mainly deposited in regulated banks with high credit ratings assigned by international credit agencies.

The Group applies the simplified approach to perform impairment assessment under ECL model, which permits the use of the lifetime expected loss provision for trade receivables and contract assets, and other receivables.

As part of the Group's credit risk management, the Group applies internal credit rating for the customers. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Performing	The counterparty has a low risk of default and does not have any past-due amounts or debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Under-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m ECL or lifetime ECL	2022 Gross carrying amount S$'000	2021 Gross carrying amount S$'000
Financial assets at amortised cost					
Trade receivables	18	Note (ii)	Lifetime ECL (simplified approach)		
		Performing	— not credit-impaired	**8,586**	6,490
		Under-performing	— not credit-impaired	**220**	2,097
		Non-performing	— credit-impaired	**230**	401
				9,036	8,988
Other receivables and deposits	18	Low risk	12m ECL	**729**	949
Pledged fixed deposits	19	Low risk	12m ECL	**2,180**	1,827
Bank balances	20	Low risk	12m ECL	**4,040**	10,646
Other item					
Contract assets	17	Note (ii)	Lifetime ECL (simplified approach)		
		Performing	— not credit-impaired	**21,187**	29,014
		Under-performing	— not credit-impaired	**2,054**	1,942
		Non-performing	— credit-impaired	**1,008**	1,957
				24,249	32,913

Notes:

(i) For the purpose of internal credit assessment, the Group based on the financial background, financial condition and the historical settlement records of the debtors, and also quantitative and qualitative information that is reasonable and supportive forward-looking information without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

(ii) The Group has applied the simplified approach in IFRS 9 to measure the loss allowance for trade receivables and contract assets on lifetime ECL basis.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets arising from contracts with customers

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 December 2022 and 2021 within lifetime ECL.

As at 31 December 2022

		Gross carrying amount		ECL	
	Average loss rate	**Trade receivables** S$'000	**Contract assets** S$'000	**Trade receivables** S$'000	**Contract assets** S$'000
At 31 December 2022					
Performing	**0.8%**	**8,586**	**21,187**	**115**	**134**
Under-performing	**2.3%**	**220**	**2,054**	**1**	**52**
Non-performing	**56.6%**	**230**	**1,008**	**141**	**560**
		9,036	**24,249**	**257**	**746**
At 31 December 2021					
Performing	0.5%	6,490	29,014	101	92
Under-performing	2.1%	2,097	1,942	74	11
Non-performing	10.7%	401	1,957	14	238
		8,988	32,913	189	341

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Due to greater financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could lead to increased credit default rates.

Movement of impairment allowance

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables			**Contract assets**		
	Lifetime ECL (not credit-impaired) S$'000	**Lifetime ECL (credit-impaired)** S$'000	**Total** S$'000	**Lifetime ECL (not credit-impaired)** S$'000	**Lifetime ECL (credit-impaired)** S$'000	**Total** S$'000
At 1 January 2021	10	13	23	27	—	27
Impairment losses recognised, net of reversal	166	—	166	314	—	314
Transfer to credit-impaired	(1)	1	—	(238)	238	—
At 31 December 2021	175	14	189	103	238	341
Impairment losses recognised, net of reversal	**—**	**68**	**68**	**83**	**322**	**405**
Transfer to credit-impaired	**(59)**	**59**	**—**	**—**	**—**	**—**
At 31 December 2022	**116**	**141**	**257**	**186**	**560**	**746**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

The Group adopts the general approach for ECL of other receivables and consider that these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12m ECL.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and when the interest and/or principal repayment are 30 days past due. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

— significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

There is no other receivables balance that is past due and/or impaired. On that basis, the Group determined that the risk of default by counterparties is low based on their credit history. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. There is immaterial loss provision required for other receivables as at 31 December 2022 and 2021 based on historical recoverability experience and creditability of its debtors.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days when they fall due. Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

For the year ended 31 December 2022, the Group incurred a loss of approximately S$1,363,000. The Group's bank balances and cash as at 31 December 2022 amounted to approximately S$4,047,000 as compared to the Group's borrowings approximately S$6,954,000, of which S$5,371,000 are repayable within the next twelve months from the end of the reporting period, and a net cash outflow of S$712,000 used in the operating activities for the year ended 31 December 2022. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(i) taking active measures to collect trade receivables and contract assets to improve operating cash flows and its financial position;

(ii) negotiating with respective lenders to renew and extend the existing borrowings upon their maturities, of which there is unutilised banking facilities of approximately S$17,629,000 (as details in note 22) as at 31 December 2022 as stand-by facilities for meeting immediate obligations when they fall due;

(iii) implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

28.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern (Continued)

The directors of the Company have carried out detailed review on the Group's cash flow projections prepared by management including preparation and an analysis of the cash flow projections covering a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period and hence the Group's consolidated financial statements have been prepared on a going concern basis.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (note 22) to meet obligations when due. At the end of the reporting period, assets held by the Group for managing liquidity risk included cash and cash equivalents as disclosed in note 20.

Management monitors rolling forecasts of the liquidity reserve comprises undrawn borrowing facility (note 22) and cash and cash equivalents (note 20) of the Group on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows by considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Weighted average effective interest rate	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amounts
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 31 December 2022							
Trade and other payables	**—**	**—**	**22,657**	**—**	**—**	**22,657**	**22,657**
Borrowings	**2.25%**	**4,405**	**1,046**	**1,023**	**586**	**7,060**	**6,954**
Lease liabilities	**3.54%**	**—**	**216**	**187**	**102**	**505**	**486**
Total		**4,405**	**23,919**	**1,210**	**688**	**30,222**	**30,097**
As at 31 December 2021							
Trade and other payables	—	—	31,224	—	—	31,224	31,224
Borrowings	2.25%	8,338	1,068	1,046	1,610	12,062	11,902
Lease liabilities	3.54%	—	289	189	204	682	633
Total		8,338	32,581	1,235	1,814	43,968	43,759

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern (Continued)

Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretions to demand immediate repayment. The directors believe that such loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreement.

28.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity as shown in consolidated statement of financial position. Total debt represents borrowings plus lease liabilities, and total capital is calculated as combined capital plus accumulated losses.

The gearing ratios as at 31 December 2022 and 2021 were as follows:

	2022 **S$'000**	2021 S$'000
Borrowings	**6,954**	11,902
Lease liabilities	**486**	633
Total debt	**7,440**	12,535
Total equity	**10,973**	12,350
Gearing ratio	**67.8%**	101.5%

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

This section sets out the reconciliation of liabilities arising from financing activities for the years ended 31 December 2022 and 2021.

	Lease liabilities S$'000	Borrowings S$'000	Total S$'000
At 1 January 2021	861	14,063	14,924
Addition to new lease	51	—	51
Drawdown	—	24,662	24,662
Principal repayments	(278)	(26,823)	(27,101)
Bank charges paid	—	(12)	(12)
Performance bond guarantee charges paid	—	(117)	(117)
Interest paid	(29)	(251)	(280)
Finance costs accretion	29	380	409
Translation difference	(1)	—	(1)
At 31 December 2021	**633**	**11,902**	**12,535**
Addition to new lease	**152**	**—**	**152**
Drawdown	**—**	**35,242**	**35,242**
Principal repayments	**(291)**	**(40,190)**	**(40,481)**
Bank charges paid	**—**	**(15)**	**(15)**
Performance bond guarantee charges paid	**—**	**(124)**	**(124)**
Interest paid	**(23)**	**(374)**	**(397)**
Finance costs accretion	**23**	**513**	**536**
Translation difference	**(8)**	**—**	**(8)**
At 31 December 2022	**486**	**6,954**	**7,440**

30 PERFORMANCE BONDS

Some of the projects require the Group to provide an insurance performance bond or insurance performance guarantee issued by a licensed bank in Singapore to the Group's customers (typically between 5.0% to 10.0% of the contract value), which will remain in effect until the expiry of the defects liability period. The duration of the performance bond or performance guarantee typically covers the contractual period of the project and an additional period corresponding to the defects liability period.

As at 31 December 2022, performance guarantees of S$10,748,000 (2021: S$10,264,000), were given by banks and insurance company in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted under the banking facilities of the Group as set out in notes 15, 19 and 22. None of the Group's customers has enforced the insurance performance bond or insurance performance guarantee provided by the Group during the year ended 31 December 2022 (2021: none).

In the opinion of the directors of the Company, it is not probable that a claim will be made against the Group in respect of the above performance guarantees.

31 RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during both years:

Name of related parties	Relationship with the Group
Lo Lek Chew	Shareholder of the Company
Low Lek Huat	Shareholder of the Company
Low Lek Hee	Senior management and shareholder of the Company
Chua Boon Par	Executive director (resigned as executive director with effect from 23 September 2022) and shareholder of the Company
Ding Hing Hui	Executive director and shareholder of the Company
Leong Wai Kit	Executive director and shareholder of the Company
Ng Foo Wah	Senior management and shareholder of the Company

There is no transaction or balance with a related company or corporations outside of the Group.

(a) Key management compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Company are considered as key management personnel of the Group.

Compensation of key management personnel of the Group, including directors' remuneration, is disclosed in note 9 to the consolidated financial statements.

(b) Transactions with related parties

During the years ended 31 December 2022 and 2021, the remuneration received by related parties is as follows:

	2022 **S$'000**	2021 S$'000
Executive directors' emoluments (note 10(a))	**452**	883
Other related parties' remunerations		
Wages, salaries, bonus and allowances	**724**	771
Pension costs — defined contribution plan	**43**	47
	1,219	1,701

32 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following is a list of principal subsidiaries of the Company as at 31 December 2022 and 2021:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Issued or registered/ paid up capital	Effective interest held as at 31 December	
					2022	2021
Directly held by the Company						
Flourishing Honour Limited	Investment holding	BVI	27 July 2018	US$1	100%	100%
Indirectly held by the Company						
Ngai Chin Construction Pte. Ltd.	Construction, interior decoration and renovation, including manufacturing and supply of furniture and fittings	Singapore	30 June 1986	S$1,500,000	100%	100%
Ngai Chin Construction Sdn. Bhd.	Manufacturing and supply of furniture and fittings	Malaysia	9 July 2020	RM750,000	100%	100%

33 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2022 S$'000	2021 S$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		—	—
Amounts due from subsidiaries		8,240	10,528
		8,240	10,528
Current assets			
Prepaid expenses		83	76
Cash and cash equivalents		54	325
		137	401
Total assets		8,377	10,929
EQUITY			
Equity attributable to the owners of the Company			
Share capital	21	1,829	1,829
Share premium		29,730	29,730
Accumulated losses		(23,521)	(21,093)
Total equity		8,038	10,466
LIABILITIES			
Current liabilities			
Accruals		339	463
Total liabilities		339	463
Total equity and liabilities		8,377	10,929

33 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	Share premium S$'000	Accumulated losses S$'000	Total S$'000
Balance at 1 January 2021	29,730	(20,182)	9,548
Loss for the year	—	(911)	(911)
Total comprehensive expense for the year	—	(911)	(911)
Balance at 31 December 2021	29,730	(21,093)	8,637
Balance as at 1 January 2022	**29,730**	**(21,093)**	**8,637**
Loss for the year	**—**	**(2,428)**	**(2,428)**
Total comprehensive expense for the year	**—**	**(2,428)**	**(2,428)**
Balance at 31 December 2022	**29,730**	**(23,521)**	**6,209**

34 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 31 December 2022 and 2021.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	Year ended 31 December				
	2022	2021	2020	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**66,493**	79,576	64,221	76,659	81,167
Cost of sales	**(58,765)**	(73,191)	(66,803)	(60,440)	(65,820)
Gross profit/(loss)	**7,728**	6,385	(2,582)	16,219	15,347
Other income	**631**	1,543	2,341	21	51
Other gains	**—**	67	—	5	8
Administrative expenses	**(9,204)**	(8,605)	(15,452)	(9,803)	(7,487)
Finance (costs)/income, net	**(533)**	(401)	(381)	(361)	115
(Loss)/profit before income tax	**(1,378)**	(1,011)	(16,074)	6,081	8,034
Income tax credit (expense)	**15**	(107)	125	(1,443)	(1,594)
(Loss)/profit for the year	**(1,363)**	(1,118)	(15,949)	4,638	6,440

	As at 31 December				
	2022	2021	2020	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS AND LIABILITIES					
Non-current assets	**1,842**	2,598	3,490	3,484	4,064
Current assets	**39,631**	55,004	60,853	40,990	37,003
Total assets	**41,473**	57,602	64,343	44,474	41,067
Non-current liabilities	**1,875**	2,961	4,174	589	671
Current liabilities	**28,625**	42,291	46,697	31,476	32,625
Total liabilities	**30,500**	45,252	50,871	32,065	33,296
Total equity	**10,973**	12,350	13,472	12,409	7,771