Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 30 June 2023 together with comparative figures for the corresponding period in 2022 as follows:

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

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	**(Unaudited)**	(Unaudited)
		S$'000	*S$'000*
Revenue	*4*	**52,918**	30,696
Cost of sales		**(46,941)**	(27,502)
Gross profit		**5,977**	3,194
Other income		**63**	494
Administrative expenses		**(3,718)**	(3,773)
Operating profit/(loss)		**2,322**	(85)
Finance income		**14**	2
Finance costs		**(126)**	(218)
Finance costs, net		**(112)**	(216)
Profit/(loss) before income tax		**2,210**	(301)
Income tax (expense)/credit	*6*	**(6)**	5
Profit/(loss) for the period attributable to equity holders of the Company	*7*	**2,204**	(296)

	Note	Six months ended 30 June **2023** **(Unaudited)** ***S$'000***	 2022 (Unaudited) *S$'000*
Profit/(loss) for the period attributable to equity holders of the Company		**2,204**	(296)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(13)**	(5)
Other comprehensive expense for the period		**(13)**	(5)
Total comprehensive income/(expense) for the period attributable to equity holders of the Company		**2,191**	(301)
Basic and diluted earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (expressed in Singapore cents per share)	*9*	**0.22**	(0.03)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**As at 30 June 2023 (Unaudited) *S$'000***	As at 31 December 2022 (Audited) *S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,135**	1,407
Right-of-use assets		**480**	435
		1,615	1,842
Current assets			
Current income tax recoverable		**18**	19
Contract assets		**25,705**	23,503
Trade and other receivables, deposits and prepayments	*10*	**9,096**	9,882
Pledged fixed deposits		**2,180**	2,180
Cash and cash equivalents		**6,217**	4,047
		43,216	39,631
Total assets		**44,831**	41,473
EQUITY			
Share capital	*11*	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(18,395)**	(20,586)
Total equity		**13,164**	10,973
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**1,083**	1,583
Lease liabilities		**303**	282
Deferred income tax liabilities		**16**	10
		1,402	1,875
Current liabilities			
Trade and other payables and accruals	*13*	**28,987**	23,022
Contract liabilities		**54**	28
Borrowings	*12*	**1,000**	5,371
Lease liabilities		**224**	204
		30,265	28,625
Total liabilities		**31,667**	30,500
Total equity and liabilities		**44,831**	41,473

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the provision of interior fitting-out services in the Republic of Singapore ("**Singapore**"). The address of the Company's principal place of business is 59 Sungei Kadut Loop, Singapore 729490.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 7 May 2020.

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

2 BASIS OF PREPARATION

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

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

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

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

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2023 and 2022 is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Contract revenue	**52,918**	30,696
Timing of the revenue recognition: Over time	**52,918**	30,696

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023	As at 31 December 2022
	(Unaudited)	(Audited)
	S$'000	*S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
— To be recognised within 1 year	**24,789**	37,985

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 30 June 2023 and 31 December 2022 may be recognised as revenue during the abovementioned reporting period. The amounts disclosed hereinabove do not include variable consideration which is highly probable that a significant reversal will occur.

5 SEGMENT INFORMATION

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

(a) Geographical information

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

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

	Revenue from external customers		**Non-current assets (note)**	
	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	**As at 30 June 2023 (Unaudited)**	As at 31 December 2022 (Audited)
	S$'000	*S$'000*	***S$'000***	*S$'000*
Singapore (country of domicile)	**52,918**	30,696	**1,379**	1,559
Malaysia	**—**	—	**236**	283
	52,918	30,696	**1,615**	1,842

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

(b) Information about major customers

For the six months ended 30 June 2023, revenue generated from major customers which individually contributing over 10% of the total revenue of the Group accounted for approximately 71.9% (six months ended 30 June 2022: 59.9%) of the total revenue of the Group. Other individual customers accounted for less than 10% of the revenue.

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
	S$'000	*S$'000*
Customer A	**7,096**	11,237
Customer B	**17,310**	3,691
Customer C	**N/A***	3,445
Customer D	**7,593**	N/A*
Customer E	**6,060**	N/A*
	38,059	18,373

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

6 INCOME TAX EXPENSE/(CREDIT)

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
The tax charge/(credit) harge comprises:		
Deferred income tax expense/(credit)	**6**	(5)

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

7 PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	S$'000	*S$'000*
Contract assets written off	**—**	2
Depreciation of property, plant and equipment	**290**	343
Depreciation of right-of-use assets	**102**	155
Directors' remuneration	**263**	333
Other staff costs:		
— Salaries and other benefits	**5,808**	5,278
— Contribution to central provident fund	**228**	223
Total staff costs	**6,299**	5,834
Legal and professional fees	**570**	706
Cost of materials used recognised as cost of services	**8,276**	3,555
Subcontractor charges recognised as cost of services	**33,539**	19,417

8 DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to equity holders of the Company (S$'000)	**2,204**	(296)
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic earnings/(loss) per share in Singapore cents	**0.22**	(0.03)

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2023 and 2022, and hence the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2023	As at 31 December 2022
	(Unaudited)	(Audited)
	S$'000	*S$'000*
Trade receivables	**8,704**	9,036
Less: provision for expected credit losses ("**ECL**")	**(257)**	(257)
Trade receivables, net *(note i)*	**8,447**	8,779
Prepayments	**154**	374
Deposits	**493**	727
Other receivables	**2**	2
	649	1,103
Total	**9,096**	9,882

(i) Trade receivables

The Group normally grants credit term to customers of up to 65 days (31 December 2022: 65 days). The ageing analysis of these trade receivables based on the invoice date is as follows:

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
0 to 30 days	**3,934**	6,344
31 to 60 days	**4,101**	1,451
61 to 90 days	**641**	5
Over 90 days	**28**	1,236
	8,704	9,036

(a) ***Transferred receivables***

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

The Group therefore continues to recognise the transferred assets in their entirety in its condensed consolidated statement of financial position. The amount repayable under the factoring agreement is presented as trade financing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
Transferred receivables	**—**	3,673
Amortised trade financing borrowings *(note 12)*	**—**	(2,938)
Net position	**—**	735

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

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

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

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

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

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

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

As part of the Group's credit risk management, trade receivables are assessed on a collective basis with internal credit ratings for each group of debtors. 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.

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

11 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	Nominal value of ordinary shares *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2022 (audited), 30 June 2022 (unaudited), 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	10,000,000,000	100,000

	Number of ordinary shares	Nominal value of ordinary shares *S$'000*
Issued and fully paid:		
As at 1 January 2022 (audited), 30 June 2022 (unaudited), 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	1,000,000,000	1,829

12 BORROWINGS

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
Trade financing from bank		
— Trade receivable	**—**	2,938
— Trade payable	**—**	1,433
Bank loan	**2,083**	2,583
	2,083	6,954

	As at 30 June 2023 (Unaudited) *S$'000*	As at 31 December 2022 (Audited) *S$'000*
The carrying amounts of the above borrowings are repayable*:		
Within one year	**1,000**	1,000
Within a period of more than one year but not exceeding two years	**1,000**	1,000
Within a period of more than two years but not exceeding five years	**83**	583
	2,083	2,583
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**—**	4,371
Total borrowings	**2,083**	6,954
Less: amounts due within one year shown under current liabilities	**(1,000)**	(5,371)
Amounts shown under non-current liabilities	**1,083**	1,583

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

The average effective interest rates per annum at the end of each period ended 30 June 2023 and 31 December 2022 were set out as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Floating interest rate		
— Trade financing	**6.03%–6.10%**	2.04%–6.10%
Fixed interest rate		
— Bank loan	**2.25%**	2.25%

The carrying amounts of the Group's borrowings approximate their fair values as at 30 June 2023 and 31 December 2022 are denominated in SGD.

The total banking facilities granted to the Group amounted to S$27,000,000 (31 December 2022: S$27,000,000), of which S$22,000,000 (31 December 2022: S$22,000,000) from the facilities of trade financing and specific advance facilities and loan facilities of S$5,000,000 (31 December 2022: S$5,000,000) as at 30 June 2023.

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

The undrawn borrowing facilities as at 30 June 2023 and 31 December 2022 were set out as follows:

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
Floating rate		
— Expiring within one year	**22,000**	17,629

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

13 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
Trade payables	**6,402**	8,048
Accruals for project cost *(note)*	**20,995**	13,071
Other payables and accruals		
— Accrued expenses	**1,116**	1,520
— Good and services tax payables	**151**	221
— Accrued unutilised leave	**144**	144
— Others	**179**	18
	28,987	23,022

Note: Included in accruals for project cost is retention payable amounting to S$1,865,000 (31 December 2022: S$1,048,000). The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

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

	As at 30 June 2023 (Unaudited) ***S$'000***	As at 31 December 2022 (Audited) *S$'000*
0 to 30 days	**2,899**	4,439
31 to 60 days	**2,417**	1,338
61 to 90 days	**480**	862
Over 90 days	**606**	1,409
	6,402	8,048

The credit period on purchases from suppliers and subcontractors as at 30 June 2023 is 30 to 90 days (31 December 2022: 30 to 90 days) or payable upon delivery.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

During the six months ended 30 June 2023, our Group's revenue increased by 72.4% to approximately S$52.9 million as compared to approximately S$30.7 million for the six months ended 30 June 2022. Our Group's gross profit also increased by 87.1% to approximately S$6.0 million, as compared to approximately S$3.2 million for the six months ended 30 June 2022. Our group's net profit after tax was approximately S$2.2 million, as compared to approximately net loss of S$0.3 million for the six months ended 30 June 2022.

The above increase was mainly due to the recovery of construction industry in Singapore given the improvement in the Coronavirus Disease 2019 ("**COVID-19**") situation in Singapore. Since July 2022, the entry requirement for construction, marine shipyard and process sectors work permit holders have been further eased and there have been an influx of migrant workers into Singapore. Consequently, the influx of migrant workers into Singapore have moderated the labour costs and sped up the progress of the Group's on-going projects and led to an increase in revenue and net profit recognised over the six months ended 30 June 2023.

However, we foresee the construction industry in Singapore to remain challenging especially with the reduction of foreign worker quota from 1:7 to 1:5 which will come into effect from 1 January 2024. This will greatly reduce the number of foreign workers that we are able to employ and the number of foreign workers in the market.

As at 30 June 2023, we had 17 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$52.9 million, of which approximately S$5.5 million had been recognised as revenue in prior periods, approximately S$22.6 million had been recognised as revenue during the six months ended 30 June 2023 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining revenue of approximately S$30.3 million recognised during the six months ended 30 June 2023 was mainly attributed to projects which have been completed during the reporting period.

FINANCIAL REVIEW

	Six months ended 30 June 2023	2022	Change
Revenue *(S$'000)*	**52,918**	30,696	22,222
Gross profit *(S$'000)*	**5,977**	3,194	2,783
Gross profit margin	**11.3%**	10.4%	0.9 p.p.
Net profit/(loss) *(S$'000)*	**2,204**	(296)	2,500

Revenue

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

	For the six months ended 30 June					
	2023			2022		
	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	**23**	**36,506**	**69.0**	25	12,878	42.0
Construction contractors	**9**	**8,040**	**15.2**	9	12,184	39.7
Professional consultants	**5**	**8,372**	**15.8**	8	5,634	18.3
	37	**52,918**	**100.0**	42	30,696	100.0

The Group's overall revenue increased by approximately S$22.2 million or approximately 72.4% from approximately S$30.7 million for the six months ended 30 June 2022 to approximately S$52.9 million for the six months ended 30 June 2023.

Cost of Services

The Group's cost of services increased by approximately S$19.4 million or approximately 70.7% from approximately S$27.5 million for the six months ended 30 June 2022 to approximately S$46.9 million for the six months ended 30 June 2023. Such increase in cost of services is generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 June 2023 amounted to approximately S$6.0 million, representing an increase of approximately 87.1% as compared with approximately S$3.2 million for the six months ended 30 June 2022, which was driven by an increase in revenue for the same period. The Group's gross profit margin had increased by approximately 0.9 percentage point from 10.4% for the six months ended 30 June 2022 to 11.3% for the six months ended 30 June 2023.

Other Income

Other income mainly included income from (i) government grants; and (ii) sundry income. During the six months ended 30 June 2023, other income amounted to approximately S$63,000 compared to approximately S$494,000 for the six months ended 30 June 2022. This is mainly due to the decrease in the amount of grants from the Singapore government to combat the COVID-19.

Administrative Expenses

The administrative expenses of the Group remains fairly constant at around S$3.7 million for the six months ended 30 June 2023 and 30 June 2022.

Finance Costs

Finance costs for the six months ended 30 June 2023 was approximately S$126,000 (six months ended 30 June 2022: S$218,000) which represented interest on lease liabilities, trade financing and bank loans. Net finance cost decreased despite the increasing interest rate as the Group takes a conscious effort to minimised trade financing and decreasing bank loan as a result of the monthly installments paid up in the six months ended 30 June 2023 as compared to six months ended 30 June 2022.

Income Tax (Expense)/Credit

No income tax expense was provided as the Group for the six months ended 30 June 2023 as it had unrecognised tax losses arising from 2020.

Net Profit/(Loss)

Profit attributable to owners of the Company for the six months ended 30 June 2023 increased by approximately S$2.5 million from a net loss of approximately S$0.3 million for the six months ended 30 June 2022 to a net profit of approximately S$2.2 million for the six months ended 30 June 2023. The increase was mainly due to the increase in gross profit.

Interim Dividend

The Board did not recommend any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Liquidity, Financial Resources and Capital Structure

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 7 May 2020 and there has been no change in the capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in SGD and Hong Kong dollars ("**HKD**"), is generally deposited with certain financial institutions.

As at 30 June 2023, the Group had total cash and bank balances of approximately S$6.2 million as compared to approximately S$4.0 million as at 31 December 2022.

As at 30 June 2023, the Group had a total available committed banking facilities of approximately S$27.0 million, of which approximately S$5.0 million of term loan was utilized. The outstanding term loan as at 30 June 2023 carried fixed interest rate at 2.25% per annum and will be settled by monthly instalments and matured by June 2025.

As at 30 June 2023, the Group also had facilities in relation to performance guarantee of approximately S$15.5 million, of which approximately S$12.4 million was utilised.

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

Pledge of Assets

Other than the building and pledged fixed deposits have been pledged to bank in respect of performance bond guarantee and trade financing provided to our Group, the Group did not pledge any assets to secure any banking facilities or bank loans during the six months ended 30 June 2023 and 30 June 2022.

Treasury Policy

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

Foreign Exchange Risk

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in SGD and the Group's assets and liabilities are primarily denominated in SGD. However, the Group has certain bank balances denominated in HKD amounting to approximately S$61,000 as at 30 June 2023 (31 December 2022: S$54,000) which exposes the Group to foreign currency risk. The Group manages the risk by closely monitoring the movements of the foreign currency rate.

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing borrowings and lease liabilities by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2023 was 19.8% (31 December 2022: 67.8%).

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

There were no significant investments held, material acquisitions or disposal of subsidiaries and associated companies by the Group during the six months ended 30 June 2023.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the announcements of the Company dated 1 August 2023 and 15 August 2023, the Group did not have other future plans for material investments or capital assets as at 30 June 2023.

Employees and Remuneration Policy

As at 30 June 2023, the Group had a total of 398 employees (30 June 2022: 368 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the six months ended 30 June 2023 amounted to approximately S$6.3 million (six months ended 30 June 2022: approximately S$5.8 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employee are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from a central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Contingent Liabilities

As at 30 June 2023, the Group had performance bonds of approximately S$12.4 million (31 December 2022: S$10.7 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

Capital Expenditures and Capital Commitments

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment of approximately S$25,000 (30 June 2022: S$113,000).

As at 30 June 2023, the Group had no material capital commitments.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement and the announcements of the Company dated 1 August 2023 and 15 August 2023 in relation to the acquisition of 51% equity interest of the target company involving the issue of convertible note under general mandate, the Group had no other significant event requiring disclosure subsequent to 30 June 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company complied with the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Code of Ethics and Securities Transactions (the "**Company's Code**") no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Company's Code during the period from the six months ended 30 June 2023 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises four independent non-executive Directors, namely Mr. Wong Heung Ming Henry (chairman of the Audit Committee), Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Tan Chong Huat. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements and interim results for the six months ended 30 June 2023 and discussed with the management of the Group on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.rafflesinterior.com.

The 2023 interim report will also be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.rafflesinterior.com and will be despatched to the shareholders of the Company in due course.

APPRECIATION

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

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

Hong Kong, 23 August 2023

As at the date of this announcement, the executive Director is Mr. Ding Hing Hui; and the independent non-executive Directors are Mr. Chia Kok Seng, Mr. Gay Soon Watt, Mr. Tan Chong Huat and Mr. Wong Heung Ming Henry.