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Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Raffles Interior Limited (the “**Company**”) is pleased to present the audited annual results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 S\$'000	2022 S\$'000
Revenue	4	91,181	66,493
Cost of sales	6	<u>(79,686)</u>	<u>(58,765)</u>
Gross profit		11,495	7,728
Other income		95	631
Impairment losses under expected credit loss model, net of reversal		(440)	(473)
Administrative expenses	6	<u>(9,638)</u>	<u>(8,731)</u>
Operating profit/(loss)		1,512	(845)
Finance income		69	3
Finance costs		<u>(176)</u>	<u>(536)</u>
Finance costs, net		<u>(107)</u>	<u>(533)</u>
Profit/(loss) before income tax		1,405	(1,378)
Income tax (expense)/credit	7	<u>(2)</u>	<u>15</u>
Profit/(loss) for the year attributable to equity holders of the Company		<u>1,403</u>	<u>(1,363)</u>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(15)</u>	<u>(14)</u>
Other comprehensive expense for the year		<u>(15)</u>	<u>(14)</u>
Total comprehensive income/(expense) for the year attributable to equity holders of the Company		<u>1,388</u>	<u>(1,377)</u>
Basic earnings/(loss) per share (expressed in Singapore cents per share)	8	<u>0.14</u>	<u>(0.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>S\$'000</i>	2022 <i>S\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		875	1,407
Right-of-use assets		<u>375</u>	<u>435</u>
		<u>1,250</u>	<u>1,842</u>
Current assets			
Current income tax recoverable		9	19
Contract assets		18,824	23,503
Trade and other receivables, deposits and prepayments	<i>10</i>	5,180	9,882
Pledged fixed deposits		1,980	2,180
Cash and cash equivalents		<u>16,980</u>	<u>4,047</u>
		<u>42,973</u>	<u>39,631</u>
Total assets		<u>44,223</u>	<u>41,473</u>
EQUITY			
Share capital	<i>11</i>	1,829	1,829
Share premium		29,730	29,730
Deficit		<u>(19,198)</u>	<u>(20,586)</u>
Total equity		<u>12,361</u>	<u>10,973</u>
LIABILITIES			
Non-current liabilities			
Borrowings		583	1,583
Lease liabilities		204	282
Deferred income tax liabilities		<u>3</u>	<u>10</u>
		<u>790</u>	<u>1,875</u>
Current liabilities			
Trade and other payables and accruals	<i>12</i>	29,679	23,022
Contract liabilities		183	28
Borrowings		1,000	5,371
Lease liabilities		<u>210</u>	<u>204</u>
		<u>31,072</u>	<u>28,625</u>
Total liabilities		<u>31,862</u>	<u>30,500</u>
Total equity and liabilities		<u>44,223</u>	<u>41,473</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 21 March 2019 and the principal place of business in Hong Kong is 21/F, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Sheung Wan, Hong Kong. The head office and principal place of business of the Group is at 59 Sungei Kadut Loop, Singapore 729490. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 7 May 2020 (the "**Listing Date**").

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

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

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

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting 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.

3 ADOPTION OF NEW AND AMENDED STANDARDS

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

(i) New and 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 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

3.1 *Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

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

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

4 REVENUE

An analysis of the Group's revenue for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
	S\$'000	S\$'000
Contract revenue	<u>91,181</u>	<u>66,493</u>
Timing of revenue recognition: Over time	<u>91,181</u>	<u>66,493</u>

Transaction price allocated to the remaining performance obligations for contracts with customers

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:

	2023	2022
	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	<u>10,756</u>	<u>37,985</u>

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

5 SEGMENT INFORMATION

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

(a) *Geographical information*

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

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

	Revenue from external customers		Non-current assets <i>(note)</i>	
	Year ended 31 December		As at 31 December	
	2023	2022	2023	2022
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Singapore (country of domicile)	91,181	66,493	1,041	1,559
Malaysia	<u>—</u>	<u>—</u>	<u>209</u>	<u>283</u>
	<u>91,181</u>	<u>66,493</u>	<u>1,250</u>	<u>1,842</u>

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

(b) *Information about major customers*

Revenue attributable to the Group’s largest customer and the five largest customers in aggregate accounted for approximately 33.2% and 69.3% (2022: approximately 28.2% and 61.1%) respectively of the Group’s total revenue for the year ended 31 December 2023.

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

	2023	2022
	<i>S\$’000</i>	<i>S\$’000</i>
Customer A	N/A ¹	18,781
Customer B	N/A ¹	6,704
Customer C	30,232	N/A ¹
Customer D	<u>10,254</u>	<u>N/A¹</u>
	<u>40,486</u>	<u>25,485</u>

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

6 EXPENSES BY NATURE

	2023 S\$'000	2022 S\$'000
Subcontractor charges (included in cost of sales)	54,591	42,592
Cost of materials used	13,979	6,372
Employee benefit expenses (including Directors' emoluments)	15,104	12,680
Depreciation of property, plant and equipment	576	665
Depreciation of right-of-use assets	211	291
Insurance expenses	330	252
Rental expenses	442	369
Utilities	260	190
Repair and maintenance	1,014	872
Auditors' remuneration		
— Audit services	308	316
— Non-audit service	55	58
Legal and professional fees	1,010	1,951
Foreign exchange difference, net	16	23
Provision for onerous contract (<i>note 12</i>)	528	—
Others	900	865
	<u>89,324</u>	<u>67,496</u>
Represented by:		
Cost of sales	79,686	58,765
Administrative expenses	9,638	8,731
	<u>89,324</u>	<u>67,496</u>

7 INCOME TAX EXPENSE/(CREDIT)

Singapore income tax has been provided at the rate of 17% (2022: 17%) on the estimated assessable profit during the year ended 31 December 2023.

Malaysia income tax has been provided at the rate of 24% (2022: 24%) on the estimated assessable profit during the year ended 31 December 2023.

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

	2023 S\$'000	2022 S\$'000
The tax charge/(credit) comprises:		
Current income tax		
— Malaysia income tax	9	—
Under provision in prior years		
— Malaysia income tax	—	(13)
	<u>9</u>	<u>(13)</u>
Deferred income tax credit	(7)	(2)
Income tax expense/(credit)	<u>2</u>	<u>(15)</u>

8 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 years ended 31 December 2023 and 2022.

	2023	2022
Profit/(loss) for the year attributable to equity holders of the Company (S\$'000)	1,403	(1,363)
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic earnings/(loss) per share in Singapore cents	<u>0.14</u>	<u>(0.14)</u>

There were no potential dilutive ordinary shares outstanding for the years ended 31 December 2023 and 2022, and hence the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

9 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	S\$'000	S\$'000
Trade receivables	4,111	9,036
Less: provision for expected credit losses (“ECL”)	<u>(85)</u>	<u>(257)</u>
Trade receivables, net (<i>note</i>)	<u>4,026</u>	<u>8,779</u>
Prepayments	242	374
Deposits	210	230
Deposits paid for fitting-out	487	497
Other receivables	<u>215</u>	<u>2</u>
	<u>1,154</u>	<u>1,103</u>
Total	<u>5,180</u>	<u>9,882</u>

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

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

Note:

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:

	2023 S\$'000	2022 S\$'000
0–30 days	2,449	6,344
31–60 days	1,524	1,451
61–90 days	19	5
Over 90 days	<u>119</u>	<u>1,236</u>
	<u><u>4,111</u></u>	<u><u>9,036</u></u>

(a) **Transferred receivables**

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

	2023 S\$'000	2022 S\$'000
Transferred receivables	—	3,673
Associated trade financing borrowing	<u>—</u>	<u>(2,938)</u>
Net position	<u><u>—</u></u>	<u><u>735</u></u>

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

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

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

The Group applies the simplified approach permitted by IFRS 9, which requires loss allowance to be measured at an amount equal to lifetime ECL on the trade receivables and contract assets. During the year ended 31 December 2023, the amounts of provision reversed to the consolidated statement of profit or loss and other comprehensive income were S\$172,000, mainly due to the decrease of the gross carrying amount of the trade receivables, which is a result of settlement of outstanding trade receivables as of 31 December 2023. 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.

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

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

11 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>10,000,000,000</u>	<u>100,000</u>
	Number of ordinary shares	Nominal value of ordinary shares <i>S\$'000</i>
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>1,000,000,000</u>	<u>1,829</u>

12 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	2023 <i>S\$'000</i>	2022 <i>S\$'000</i>
Trade payables	6,662	8,048
Accruals for project cost	18,742	13,071
Provision for onerous contract	528	—
Other payables and accruals		
— Accrued expenses	2,783	1,520
— Good and services tax payables	634	221
— Accrued unutilised leave	151	144
— Others	<u>179</u>	<u>18</u>
	<u>29,679</u>	<u>23,022</u>

Included in accruals for project cost is retention payable amounting to S\$2,022,000 (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 provision for onerous contract relates to contract with customers under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to anticipated increase in certain production costs.

The ageing analysis of the trade payables based on invoice date as at 31 December 2023 and 2022 is as follows:

	2023	2022
	S\$'000	S\$'000
0–30 days	2,994	4,439
31–60 days	1,836	1,338
61–90 days	765	862
Over 90 days	<u>1,067</u>	<u>1,409</u>
	<u>6,662</u>	<u>8,048</u>

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Building and Construction Authority (“BCA”) in Singapore is projecting construction demand to reach between S\$32 billion and S\$38 billion in 2024, with public sector contributing about 55% of the total demand. Private sector construction demand is projected to be between S\$14 billion and S\$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales (the “GLS”) programme as announced by the Singapore government, expansion of the two integrated resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities. Given our Group’s solid track record, we are well positioned to seize new business opportunities amid the recovery of Singapore construction industry.

Over the medium-term, BCA projected the total construction demand to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028, with the public sector expected to lead the demand, contributing S\$19 billion to S\$23 billion per year from 2025 to 2028.

As at 31 December 2023, the Group had 24 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional contract value of approximately S\$60.2 million, of which approximately S\$49.5 million had been recognised as revenue before 31 December 2023. 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		
	2023	2022	Change
	(audited)	(audited)	
Revenue (<i>S\$’000</i>)	91,181	66,493	24,688
Gross profit (<i>S\$’000</i>)	11,495	7,728	3,767
Gross profit margin	12.6%	11.6%	8.6%
Net profit/(loss) (<i>S\$’000</i>)	1,403	(1,363)	2,766

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 2023			For the year ended 31 December 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	42	70,187	77.0	32	34,498	51.9
Construction contractors	10	8,950	9.8	9	20,095	30.2
Professional consultants	19	12,044	13.2	11	11,900	17.9
	<u>71</u>	<u>91,181</u>	<u>100.0</u>	<u>52</u>	<u>66,493</u>	<u>100.0</u>

The Group's overall revenue increased by approximately S\$24.7 million or approximately 37.1% from approximately S\$66.5 million for the year ended 31 December 2022 to approximately S\$91.2 million for the year ended 31 December 2023. The increase was mainly due to (i) more order book carried forward from 2022; and (ii) more projects secured in first half of 2023.

Cost of Sales

The Group's cost of sales increased by approximately S\$20.9 million or approximately 35.6% from approximately S\$58.8 million for the year ended 31 December 2022 to approximately S\$79.7 million for year ended 31 December 2023. Such increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2023 amounted to approximately S\$11.5 million, representing an increase of approximately 48.7% as compared to the gross profit of approximately S\$7.7 million for the year ended 31 December 2022. The gross profit margin had increased by approximately 8.6% from 11.6% for the year ended 31 December 2022 to 12.6% for the year ended 31 December 2023. This was mainly due to lower subcontracting cost was incurred for the projects performed during the year.

Other Income

Other income mainly included income from (i) government grants and (ii) sundry income. During the year ended 31 December 2023, other income amounted to approximately S\$0.1 million as compared to approximately S\$0.6 million for the year ended 31 December 2022. This is mainly due to the cessation of the grant given by the Singapore government to support firms affected by COVID-19 in 2022.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2023 amounted to approximately S\$9.6 million as compared to S\$8.7 million for year ended 31 December 2022. The increase was mainly due to an increase in staff cost which is offset by a decrease in legal and professional fees due to the decrease in professional expenses incurred for the resumption exercises for the year ended 31 December 2023.

Finance Costs

Finance costs for the year ended 31 December 2023 was approximately S\$176,000 (2022: S\$536,000) which represents bank charges and interest on lease liabilities, trade financing and loans. The bank charges have decreased due to less performance bond were taken up during the year. Interest expenses had decreased due to less drawdowns during the year.

Income Tax Expense/(Credit)

The Group had a tax expense of approximately S\$2,000 for the year ended 31 December 2023 mainly due to provision of tax less net deferred tax assets was taken up for the current year.

Net Profit/(loss)

As a result of the foregoing, profit attributable to owners of the Company for the year ended 31 December 2023 increased by approximately S\$2.8 million from a loss of approximately S\$1.4 million for the year ended 31 December 2022 to a profit of approximately S\$1.4 million for the year ended 31 December 2023.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (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 capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

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

As at 31 December 2023, the Group had total cash and bank balances of approximately S\$17.0 million as compared to approximately S\$4.0 million as at 31 December 2022 and bank borrowings of approximately S\$1.6 million as at 31 December 2023 compared to approximately S\$7.0 million as at 31 December 2022.

Pledge of Assets

Other than the buildings including property, plant and equipment, and pledged fixed deposits, the Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 31 December 2022 and 31 December 2023.

Treasury Policy

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

Foreign Exchange Risk

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

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2023 was approximately 16.2% (2022: 67.8%).

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

On 1 August 2023, the Company (as purchaser) and 武漢星航投網絡有限公司 (as vendor) entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 51% equity interest in the 武漢二廠汽水有限公司 at the consideration of HK\$25,500,000, which will be satisfied by the issue of interest-free convertible note in the principal amount of HK\$25,500,000 with a maturity date falling on the third anniversary of the date of issuance (the “**Convertible Note**”) to the Vendor upon completion (the “**Acquisition**”).

The Acquisition was completed on 5 January 2024. The Company has issued the Convertible Note to the Vendor in accordance with the terms and conditions of sale and purchase agreement, and the Company shall issue and allot 187,500,000 new shares of the Company at a conversion price of HK\$0.136 per conversion share to the Vendor upon full conversion of the Convertible Note to settle the entire consideration of HK\$25,500,000 in accordance with the terms of the sale and purchase agreement.

Further details are set out in the Company's announcements dated 1 August 2023, 15 August 2023, 29 August 2023 and 8 January 2024.

Save as disclosed above and in this announcement, the Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group did not have other future plans for material investments or capital assets as at 31 December 2023.

Employees and Remuneration Policy

As at 31 December 2023, the Group had a total of 361 employees (2022: 383 employees), including executive Directors. Total staff costs including the Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the year ended 31 December 2023 amounted to approximately S\$15.1 million (2022: approximately S\$12.7 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employees are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Environmental Policies and Performance

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in the 2023 Annual Report.

Contingent Liabilities

As at 31 December 2023, the Group had performance bonds of approximately S\$10.5 million (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 year ended 31 December 2023, the Group acquired items of property, plant and equipment of approximately S\$54,000 (2022: S\$115,000).

As at 31 December 2023, the Group had no material capital commitments.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, the Group completed its acquisition of 51% equity interest in 武漢二廠汽水有限公司 (“武漢二廠”). The transaction was completed on 5 January 2024 and the consideration of HK\$25,500,000 was satisfied by the issue of the convertible note. Details of the acquisition are set out in the Group’s announcements dated 1 August 2023, 15 August 2023, 29 August 2023 and 8 January 2024. The convertible note does not bear any interest with maturity date falling on the third anniversary from the date of issuance and conversion period commencing from 12 months from the date of issuance. The initial conversion price is HK\$0.136 per conversion share, subject to adjustments in the event of, among others, share consolidation or subdivision, capitalization of profits or reserves, capital distribution, rights issue or open offer and such other customary events etc. In additions, a profit guarantee is provided by the vendor, that the net profit after tax of the Target Company as stated in the Target Company’s audited accounts for the profit guarantee period shall not be less than HK\$5,000,000 per annum for the two full financial years commencing after the completion date (exclusive of the financial year of the completion date).

武漢二廠 is principally engaged in the sale and distribution of soft drink products under the brand name “二廠汽水” in the PRC, and this brand has a history of over 70 years in the PRC.

Since the management is in the process of finalization of the initial accounting for the business combination, and hence the business combination is incomplete at the time the consolidated financial statements are authorised for issue.

AUDIT COMMITTEE

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

The annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee. The Group’s consolidated financial statements have been audited by the Company’s auditor, Moore CPA Limited (“**Moore**”).

The Audit Committee has reviewed the Group’s audited annual results for the year ended 31 December 2023 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

SCOPE OF WORK OF MOORE

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore, to the amounts set out in the Group’s audited consolidated financial statements for the

year. The work performed by Moore in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 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 C3 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Company's Code during the period from the Listing Date and up to the date of this announcement.

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the Company (“**2024 AGM**”) will be held on Friday, 24 May 2024, and the notice of the 2024 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 2024 AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, registration not later than 4:30 p.m. on Monday, 20 May 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2023 annual report will also be published on the above websites and will be dispatched to the shareholders of the Company in due course.

APPRECIATION

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

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

Hong Kong, 22 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Ding Hing Hui and Ms. Xiang Ying; the non-executive director of the Company is Ms Peng Shangfeng; and the independent non-executive directors of the Company are Mr. Gay Soon Watt, Mr. Wong Heung Ming Henry and Mr. Tan Chong Huat.