Raffles Interior

Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1376)

INSIDE INFORMATION
UPDATE FROM INDEPENDENT BOARD COMMITTEE
COMPLETION OF INDEPENDENT INVESTIGATION AND ITS FINDINGS
AND
CONTINUED SUSPENSION OF TRADING

This announcement is made by Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the Company's announcements dated (i) 16 March 2026 in relation to, among others, the interim findings from the independent investigation; (ii) 25 May 2026 (the "**25 May Announcement**") in relation to resumption guidance (the "**Resumption Guidance**") as set out in the letter dated 22 May 2026 issued by the Stock Exchange (the "**Guidance Letter**"); (iii) 4 June 2026 in relation to, among others, the engagement of independent investigators; and (iv) 4 August 2026 (the "**4 August Announcement**") in relation to, material new interim findings from the independent investigation (the four announcements together, the "**Relevant Announcements**"). Unless otherwise defined herein, capitalized terms used in this announcement are defined in the Relevant Announcements.

COMPLETION OF INDEPENDENT INVESTIGATION AND ITS FINDINGS

The Board wishes to inform that Kroll (HK) Limited ("**Kroll**") has completed the independent forensic investigation in the Matters as set out in the 25 May Announcement and has issued the final investigation report on 14 September 2026.

The findings previously disclosed in the Relevant Announcements are consistent with the final investigation report and are therefore not repeated in this announcement. The following sets forth a summary of the additional findings in the final investigation report:

Valuation of the Target Asset

Mr. Zheng Nenghuan provided a feasibility study and land value assessment report dated 10 December 2025 (the "**Zheng's Report**"), which estimated the fair value of the Target Asset at approximately HKD1,477,586,000 (equivalent to approximately RMB1,343,260,000) on 1 November 2025. The Zheng's Report derived its valuation primarily from a residual land valuation methodology, which was significantly influenced by the projected future profitability of a hypothetical redevelopment project. In this connection, Kroll has the following observations regarding the assumption:

(i) as disclosed in the 4 August Announcement, the Pingshan Bureau had previously declined to approve the development proposal on the basis that the relevant statutory planning revision process had not yet been finalised;

(ii) whilst Mr. Zheng Nenghuan subsequently provided a document suggesting that the authorities had considered modifying the planned use of the Target Asset, the document appeared to be in draft form and did not constitute evidence of a finalised or legally effective planning approval. There is uncertainty as to whether the assumed redevelopment of the Target Asset can in fact be realised on the terms assumed in the Zheng's Report;

(iii) the proposed redevelopment would require estimated total development investment of approximately HKD2,617,967,000 (equivalent to approximately RMB2,379,970,000); and

(iv) the independent investigation has not identified substantive evidence that the Group, Mr. Zheng Nenghuan or the vendor possessed the financial resources, committed funding arrangements, financing facilities or development capabilities necessary to undertake a project of this scale.

Financial feasibility of the Acquisition

The independent investigation further concluded that, had the Acquisition proceeded, the Group would likely have been unable to fund the consideration or the associated development costs without substantial external financing, considering the following:

(i) as at 31 December 2025, the Group had a cash balance of approximately SGD6,227,000 (equivalent to approximately HKD37,362,000), which would have been sufficient only to fund the first instalment of the Acquisition's total consideration of RMB300,000,000 (equivalent to approximately HKD330,000,000);

(ii) the Group's operating cash flows declined from net cash inflows of approximately SGD18,692,000 in 2023 to net cash outflows of approximately SGD7,183,000 in 2025; and

(iii) the Group has no track record in property construction and no other major assets available to pledge for borrowings of the required scale.

Internal control deficiency and remediation

Based on the evidence available, Mr. Zheng Nenghuan entered into the Acquisition on behalf of the Company without obtaining prior Board approval or authorisation, and instructed a trading halt of the Company's shares on the Main Board of the Stock Exchange without knowledge of the Board.

In addition, the Acquisition did not comply with key approval, evaluation and documentation requirements under the Company's Investment Policy. Specifically, no formal investment proposal, comprehensive due diligence, feasibility study, financial forecast, risk assessment or funding plan was provided by Mr. Zheng Nenghuan and no prior Board resolution was passed before execution of the Sale and Purchase Agreement. The Acquisition was also outside the Group's principal business of providing interior fitting-out services. Further concerns arose from Mr. Zheng Nenghuan's potential conflict of interest involving the vendor, the vendor's payment of the Company's acquisition-related legal fees, and the significant unexplained increase in the carrying value of the Target Asset shortly before execution of the Sale and Purchase Agreement.

Based on the investigation findings, Kroll identified a key control deficiency arising from the absence of an effective mechanism to identify, monitor and escalate contracts or commitments entered into without proper approval. While the Independent Board Committee will work with the Company's internal control consultant to develop an effective plan to strengthen the Company's contract or commitment approval and monitoring process, the Independent Board Committee considers that even the most robust internal controls cannot fully guard against a deliberate breach by a director or a senior executive determined to circumvent them. In the case of the Acquisition, the Company considers that Mr. Zheng Nenghuan's blatant disregard of the Company's Investment Policy and his conducts surrounding the Acquisition in general constitute a clear case of management override, and no comprehensive procedure can effectively prevent a malicious management member from disregarding the internal control procedures that he is bound to uphold.

Non-cooperation of Mr. Zheng Nenghuan in the independent investigation

Between 26 June 2026 and 11 August 2026, Kroll communicated with Mr. Zheng Nenghuan through his personal email address and through his legal adviser, C.C. Chau & Co., on multiple occasions, including on 26 June 2026, 7 July 2026, 4 August 2026 and 7 August 2026. Despite repeated requests, Mr. Zheng Nenghuan did not provide substantive responses to the specific questions and document requests raised by the independent investigation. Instead, he reiterated his allegations regarding the validity of the Independent Board Committee and the independence of the investigation, and maintained that his previous responses contained in the Company's submissions to the Stock Exchange were sufficient for the purpose of the independent investigation.

As at the date of the final investigation report, Mr. Zheng Nenghuan has not provided substantive responses addressing the specific questions raised by the independent investigation, nor supporting documentation sufficient to verify or refute the allegations contained in the anonymous complaint letters, including without limitation, the complaints regarding two demand letters dated 14 November 2025 and 20 May 2026 issued to Mr. Zheng Nenghuan ("**Demand Letters**") and addressed to the Company, whereby Mr. Zheng Nenghuan agreed to pay, but had not yet paid, a total sum of approximately HKD38,000,000 for certain advisory services to IMEDIAHOUSE Asia Limited. The independent investigation was therefore unable to obtain substantive explanation and clarification from Mr. Zheng Nenghuan regarding his knowledge of, and involvement in, the Matters.

Financial Impact and Limitations of the Independent Investigation

Kroll completed its review of the Group's general ledgers, bank statements and supporting documents. Based on the substantive review procedures performed on 79 sampled transactions, Kroll did not identify any sampled transactions, payments or balances recorded in the books and records of the Company, Ngai Chin Construction Pte. Ltd. or Ngai Chin Construction Sdn. Bhd. during the period from 1 July 2025 to 31 May 2026 that were related to the Matters. Accordingly, based on the records made available and subject to the unresolved matters and limitations of the independent investigation as identified in the paragraph below, Kroll found no evidence that the Matters resulted in any direct financial impact on the Group.

There are inherit limitations to the independent investigation, including but not limited to Mr. Zheng Nenghuan's non-cooperation, inability to obtain verification from Get Nice Securities regarding the margin call, and unavailability of certain former directors for interview. Based on this limitations, the independent investigation was unable to reach definitive conclusions on certain matters, including:

(i) whether Mr. Zheng Nenghuan may have unilaterally entered into any other material investments, acquisitions or transactions on behalf of the Company, including loan facilities, financial guarantees or other material commitments, without obtaining the requisite approvals; and

(ii) whether Mr. Zheng Nenghuan may have unilaterally incurred other material expenses on behalf of the Company, including legal fees and other professional fees, without proper authorisation.

Accordingly, the independent investigation is unable to determine whether any additional liabilities, commitments, contingencies or financial obligations may have been incurred by, or on behalf of, the Company in connection with such matters, and is unable to assess the full extent of the Company's potential financial exposure arising therefrom.

COMPANY'S SERIOUS CONCERNS AS TO MR. ZHENG NENGHUAN'S CONDUCT, INTEGRITY AND FITNESS TO ACT AS A DIRECTOR

Based on the findings of the independent investigation, and having regard to the totality of the evidence reviewed:

(i) Mr. Zheng Nenghuan executed a sale and purchase agreement for a proposed acquisition of RMB300,000,000 on behalf of the Company without prior notice to, approval by or authorisation from the Board, and unilaterally arranged for a trading halt in the Company's shares on the same day;

(ii) the Acquisition did not comply with any of the key approval, evaluation or documentation requirements under the Company's Investment Policy;

(iii) the Acquisition involved an apparent conflict of interest between Mr. Zheng Nenghuan and the vendor, whom he represented to the Relevant Law Firm as an independent third party, despite Mr. Zheng Nenghuan being the vendor's ultimate beneficial owner and Ms. Tang Judi, the vendor's director, being his spouse;

(iv) the carrying value of the Target Asset was subject to a significant and unexplained increase of approximately 158.8% in the month immediately preceding the execution of the Sale and Purchase Agreement;

(v) the vendor of the Acquisition paid the Company's acquisition-related legal fees in the absence of any apparent commercial rationale;

(vi) Mr. Zheng Nenghuan failed to disclose his involvement in 25 distinct legal disputes in the People's Republic of China, primarily relating to loan repayment disputes, which were brought to the Board's attention through anonymous complaint letters;

(vii) there are apparent contradictions in the statements provided by Mr. Zheng Nenghuan, including (a) that Mr. Zheng Nenghuan alleged that the shareholders and directors of IMEDIAHOUSE Asia Limited had meticulously orchestrated a scheme that led Mr. Zheng Nenghuan's acquisition of a controlling interest in the Company and the Acquisition, (including the determination of the value of the consideration), (b) that Mr. Zheng Nenghuan did not dispute the authenticity of the Demand Letters nor his obligations to pay IMEDIAHOUSE Asia Limited for certain advisory services, and (c) that Mr. Zheng Nenghuan did not agree that the services were duly provided. Based on the final investigation report, an arbitration proceeding has been initiated against Mr. Zheng Nenghuan before the Hong Kong International Arbitration Centre in connection with the Demand Letters, but information pertaining to those proceedings are subject to legal privilege and confidentiality restrictions and are not available for disclosure to the independent investigators;

(viii) Mr. Zheng Nenghuan has persistently refused to provide substantive responses or supporting documentation to the independent investigation, despite repeated requests; and

(ix) Mr. Zheng Nenghuan's allegations regarding the validity of the Independent Board Committee and the independence of the investigation were not supported by substantive evidence, and were contradicted by the findings of the independent investigation, including interviews with the individuals he alleged had participated in an orchestrated scheme.

The Company is of the view that the conduct of Mr. Zheng Nenghuan, as evidenced by the findings of the independent investigation as disclosed above and in the 4 August Announcement, demonstrates a pattern of misrepresentation, non-disclosure, conflict of interest and disregard for proper corporate governance that is fundamentally incompatible with the standards of skill, care and diligence expected of a director and chairman of a company listed on the Main Board of the Stock Exchange.

The Board considers that these findings raise serious concerns as to Mr. Zheng Nenghuan's suitability to act as a Director of the Company.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2026 and will remain suspended until further notice pending the fulfilment of the Resumption Guidance. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules and the Resumption Guidance.

By order of the Board
Raffles Interior Limited
Ding Hing Hui
Chairman of the Board and executive Director

Singapore, 15 September 2026

As at the date of this announcement, the executive directors of the Company are Mr. Ding Hing Hui, Ms. Loke Pui San and Mr. Zheng Nenghuan (duties suspended); and the independent non-executive directors of the Company are Mr. Wong Heung Ming Henry, Mr. Chan Chi Keung, Alan and Mr. Cheung Garnok.