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Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

FULFILMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

The Board is pleased to inform the Company's shareholders and potential investors that the Company has fulfilled all the Resumptions Conditions set out in the Resumption Guidance to the satisfaction of the Stock Exchange.

Trading in the shares of the Company was suspended with effect from 9:00 a.m. on 1 April 2021 at the request of the Company. As all the Resumption Conditions set out in the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 7 November 2022.

This announcement is made by the board of directors (the "**Board**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 23 March 2021, 24 March 2021, 31 March 2021, 1 April 2021, 23 April 2021, 25 May 2021, 26 May 2021, 30 June 2021, 8 July 2021, 10 September 2021, 30 September 2021, 31 December 2021, 18 January 2022, 2 March 2022, 31 March 2022, 6 May 2022, 27 May 2022, 7 June 2022, 9 June 2022, 24 June 2022, 30 June 2022, 25 July 2022, 5 August 2022, 12 August 2022, 30 August 2022, 8 September 2022, 23 September 2022 and 30 September 2022 in relation to (i) the possible delay in publication of (1) the Group's audited annual results announcement for the year ended 31 December 2020 and (2) the Group's 2021 interim results announcement; (ii) the suspension of trading of its shares; (iii) the change of auditor; (iv) the appointments of independent advisor and internal control advisor; (v) the quarterly update of suspension of trading; (vi) termination of Discretionary Investment Management Agreements and disposal of investment; (vii) profit warning for the Group's 2021 Interim Period; (viii) the resumption guidance set forth by the Stock Exchange (the "**Resumption Guidance**"); (ix) the key findings of the independent investigation report; (x) key findings of the independent internal control review report; (xi)

the annual results for the year ended 31 December 2020; (xii) appointment of a lead independent non-executive director (“**Lead INED**”) and updates on directors’ training; (xiii) the 2020 annual report; (xiv) the interim results for the six months ended 30 June 2021; (xv) the 2021 interim report; (xvi) the key findings of the supplemental independent investigation report; (xvii) the annual results for the year ended 31 December 2021; (xviii) the 2021 annual report; (xix) the interim results for the six months ended 30 June 2022; (xx) the 2022 interim report; and (xxi) resignation of the Chairman, Executive Director and Chief Executive Officer (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

As disclosed in the Announcements, PricewaterhouseCoopers (“**PwC**”), the Company’s predecessor auditor, was unable to complete the audit procedures in respect of the 2020 Annual Results as they raised certain audit issues in relation to nine agreements (the “**Service Agreements**”) concerning seven service providers (the “**Service Providers**”) which required additional information and explanation (the “**Audit Issues**”).

As additional time was required for the Company to provide the information and explanation in relation to the Audit Issues, there was a delay in publication of the 2020 Annual Results. Due to the delay, trading in the shares of the Company has been suspended from 9:00 a.m. on 1 April 2021 at the request of the Company.

RESUMPTION GUIDANCE

On 22 April 2021, the Company received a resumption guidance from the Stock Exchange (the “**Initial Resumption Guidance**”), setting out the resumption conditions (i) to (iv) hereinbelow (the “**Initial Resumption Conditions**”):

- (i) conduct an appropriate independent investigation into the Audit Issues, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (iv) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

On 14 January 2022, the Company received an additional resumption guidance from the Stock Exchange (the “**Additional Resumption Guidance**”, which together with the Initial Resumption Guidance, the “**Resumption Guidance**”) setting out an additional condition that the Company is required to conduct an independent internal control review and demonstrate that the Company has in

place adequate internal controls and procedures to meet its obligations under the Listing Rules (the “**Additional Resumption Condition**”, which together with the Initial Resumption Conditions, the “**Resumption Conditions**”).

FULFILMENT OF RESUMPTION CONDITIONS

Resumption Condition 1 — Conduct an appropriate independent investigation into the Audit Issues, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions

In April 2021, the independent board committee (“**IBC**”), comprising all the independent non-executive directors of the Company and the Board has appointed Messrs. Wellington Legal (“**Wellington Legal**”) as the independent advisor to conduct an independent investigation into the Audit Issues (the “**Investigation**”) and to prepare an independent investigation report accordingly.

The Company received an Independent Investigation Report dated 14 January 2022 (the “**Initial Independent Investigation Report**”) and a Supplemental Independent Investigation Report dated 20 July 2022 (the “**Supplemental Independent Investigation Report**”, which together with the Initial Independent Investigation Report, the “**Independent Investigation Reports**”) issued by Wellington Legal.

Key Findings of the Independent Investigation

(a) General Findings of The Agreements

(i) Background of the Service Providers

Save for those disclosed below, there is no other relationship between the shareholders, directors and key management of the Service Providers with the Group, the Group’s shareholders and management and Quasar Securities Co Limited (“**Quasar Securities**”): -

- i. Enlighten was a lead sub-underwriter of Quasar Securities in the IPO; and
- ii. A partner of the legal advisor to the Company in the IPO introduced Leo to the Company. He is an independent non-executive director of the parent company of Leo.

(ii) Details of the Group’s vendor selection and approval procedures

Although the Company had a “procurement, accounts payable and payment” policy for construction project related matters, the Company did not have any internal control or approval procedures relating to service procurement. Mr. Chua Boon Par, the former chairman, chief executive officer and executive director of the Company (“**Mr. Chua**”), had the authority to decide which service provider to engage, the terms of the service agreement, and to sign the relevant service agreements.

As such, the decision to engage the Service Providers were all made by Mr. Chua without formally consulting the Board or putting the matter to the Board for consideration. Also, the service agreements were all entered within a very short period of time after the IPO as the service agreements were essentially related to (a) expansion of the Group's business/operations outside of Singapore; and (b) to increase the returns on idle funds through investment which are consistent with the Group's plans to expand the business and operations.

Wellington Legal has not found any impropriety on the part of Mr. Chua in making these decisions to enter into the Service Agreements but rather, Mr. Chua relied heavily on the fact that the Service Providers were introduced to him by persons he trusted and did not carry out a detailed due diligence and did not seek comparable before engaging the Service Providers reflecting a weakness in the Company's internal control procedures.

Wellington Legal suggested that the Company could consider establishing a committee to review and approve expenditure or contracts which exceed a specified amount.

(iii) *Payment Term*

During negotiation of terms, Enlighten first indicated to the Company that it would provide a discount in service fees if the Company paid the entire amount of the fees upfront. The Company was satisfied with such prepayment arrangement.

In light of Enlighten agreeing to a discount with upfront payment, the Company proposed such prepayment arrangement to other service providers in return for discounts.

While other service providers agreed and offered discounted fees to the Group, Acctree only agreed to provide 2 extra months of services for the prepayment arrangements, instead of a discounted service fee.

Nevertheless, Wellington Legal noted that Mr. Chua underestimated the seriousness and protracted impact of the COVID-19 pandemic and did not negotiate with the service providers to include provisions to adjust the fees or to terminate the service agreements to provide for this possibility.

(iv) *Source of funds*

As the Singapore Government imposed certain restrictions to counter the COVID-19 pandemic, the Company had initially instructed Quasar Securities to withhold a sum of HK\$7.5 million to pay the Service Providers as the staff of the Company had difficulties in arranging payments.

As the Company was not providing essential services, the staff of the Company was not allowed to go to the office where their cheque book was kept in order to arrange payments that became due during the circuit breaker period.

However, when the Company anticipated that it could make payments on its own, the Company instructed Quasar Securities to return the sum of HK\$7.5 million. Therefore, Quasar Securities did not make any payments from the sum withheld. The entire sum was refunded to the Company on 25 May 2021.

The Company considered and Wellington Legal concurred that none of the payment made to the Service Providers represents listing expenses or forms part of the planned use of proceeds.

The Agreements were all paid by the Group's internal cash balance as the Company was entitled to use the sum of HK\$28.3 million as internal funds available which could be freely utilized by the Company, comprising of (1) HK\$21.6 million being the listing expenses previously paid by the Group as listing expenses prior to the IPO, and (2) HK\$6.7 million being the portion of the IPO proceeds reserved as general working capital.

(b) Specific Findings of The Agreements

Key findings specific to each agreement are set out below:

Service Provider	Service Fee <i>(HK\$'000)</i>	Major Finding
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Leo	585	Commercial substance and business rationale
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The Group engaged Leo to provide discretionary investment management services as the Group wanted to explore investment opportunities which might yield a higher return than for the cash held in a bank, specifically, alternative investments.

Actual service provided

Leo invested the funds provided by the Group into shares of a private company which had acquired a valuable collection of artwork/antiques.

Please refer to the announcement dated 8 July 2021 for details of the investment made by Leo.

Service fee

The Company found the fees to be reasonable. The Company understood that the fees were within the range of fees charged by Leo and that a discount had been given.

Service Provider	Service Fee (HK\$'000)	Major Finding
Enlighten	6,250	<p data-bbox="651 293 863 336">Other findings</p> <p data-bbox="651 378 1525 463">The Group had issued investment guidelines to Leo and the investments made fell within the guidelines.</p> <p data-bbox="651 506 1525 634">Pursuant to the Discretionary Investment Management Agreement, Leo did not need to consult or seek the authorization of the Group before making the investment.</p> <p data-bbox="651 676 1525 889">The Group terminated the Discretionary Investment Management Agreement on 1 March 2021 and Leo proceeded to liquidate the portfolio with a net investment gain of HK\$389,305 and a partial refund of the management fee of HK\$310,000.</p> <p data-bbox="651 932 1321 974">Commercial substance and business rationale</p> <p data-bbox="651 1017 1525 1272">Enlighten was a lead sub-underwriter of Quasar Securities in the IPO. The Company understood that Enlighten had contributed considerably to the underwriting of the Company's listing. The Company considered awarding Enlighten 5% of the gross proceeds from the IPO upon proposal of Quasar Securities.</p> <p data-bbox="651 1315 1525 1527">It was Quasar Securities' proposal to set the bonus at 5% of the gross proceeds. The Company agreed to grant Enlighten the 5% bonus as the Company trusted Quasar Securities and its representation that it was the normal practice for sub-underwriters to receive a bonus of such amount.</p> <p data-bbox="651 1570 1525 1736">Nevertheless, the bonus arrangement was subsequently rescinded and replaced by the Facilitator Agreement as the Company wanted Enlighten to provide additional services to the Company for the payment to be made to Enlighten.</p>

Service Provider	Service Fee <i>(HK\$'000)</i>	Major Finding
		<p>After discussions between Enlighten and the Company, Enlighten indicated that it would introduce potential acquisition targets to the Company to assist the Company in the acquisitions of interior design companies which led to the Facilitator Agreement.</p>

Actual service provided

Enlighten introduced a potential acquisition target company to the Company. Numerous meetings have been held between the Company and the target company. However, the Company has decided not to proceed with the acquisition in the end because the parties could not agree on the terms of the profit guarantee to be provided.

Service fee

The Company considered the fee of HK\$6,250,000 to be reasonable as it was a constructive and practical utilization of the sum originally designated for the bonus by requiring Enlighten to provide additional services.

Since the services fees were agreed based upon the unique circumstances, no comparable could be obtained by the Wellington Legal.

Financial PR	700
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Commercial substance and business rationale

The Company engaged Financial PR to provide financial public relations services in connection with the IPO of the Company and strategic investment public relations for the period commencing on the date of signing of the Proposal by the Company and to end one week after the listing.

Service Provider	Service Fee <i>(HK\$'000)</i>	Major Finding
Share News Media	Advertising Campaign Agreement: 1,800	<p data-bbox="651 293 999 327">Actual service provided</p> <p data-bbox="651 378 1525 497">Financial PR monitored the news and collated daily media reports in relation to the Company relating to the IPO for the Company.</p> <p data-bbox="651 549 1525 710">The services to be provided by Financial PR have been completed save for the listing ceremony and listing dinner which are yet to be held due to the pandemic situation and the travelling restrictions.</p> <p data-bbox="651 761 810 795">Service fee</p> <p data-bbox="651 846 1525 1008">The Company believed that the fees were reasonable as Quasar Securities had indicated that the fees charged by Financial PR was within the usual range and Financial PR was one of the leading public relations firm in Singapore.</p> <p data-bbox="651 1059 1525 1178">Wellington Legal has not been able to obtain a comparable for the services as the details of the services to be provided by Financial PR was not clearly defined.</p> <p data-bbox="651 1229 1321 1264">Commercial substance and business rationale</p> <p data-bbox="651 1315 1525 1521">The Company engaged Share News Media to provide media exposure in Hong Kong after its listing to assist with the Company's plans to expand their business in Hong Kong as it would help to allow more people to know about the Company and to attract investors.</p>

Service Provider	Service Fee (HK\$'000)	Major Finding
Media Placement Agreement:	Actual service provided	<i>Advertising Campaign Agreement</i>
1,200	Share News Media arranged title sponsorship, provided media placement for media coverage, consolidated clippings and prepared summary report for 9 months.	<i>Media Placement Agreement</i>
	Share News Media provided production and media placement services on the Finance Page of Sing Pao Daily News for quarter page-sized advertisements during the period from June to July 2020.	
	The services to be provided by Share News Media have been completed save for the closing meeting to be held between the Company and Share News Media for debriefing and feedback which has been delayed due to the COVID-19 pandemic and travelling restrictions.	
	Service fee	
	The Company believed that the fees proposed by Share News Media for the both the Advertising Campaign and the Media Placement Campaign were the usual fee charged by a media company in Hong Kong and in light of the discount given, the fees were reasonable.	
	As there were no clearly defined scope of works set out in the agreements, no comparable quote could be obtained by Wellington Legal.	

Service Provider	Service Fee (HK\$'000)	Major Finding
Acctree	<p>Business and Consultancy Agreement:</p> <p>9,500</p>	<p>Commercial substance and business rationale</p> <p>The Company engaged Acctree to provide (a) business and consultancy; and (b) internal control consultancy services to carry out the Group's plan for expansion of its business in Hong Kong as they did not have any permanent staff or office in Hong Kong.</p>
	<p>Internal Control Consultancy Agreement:</p> <p>3,000</p>	<p>Actual services provided</p> <p><i>Business and Consultancy Agreement</i></p> <p>Acctree provided the Company with monthly marketing research reports. The reports cover updates regarding licensing requirements, construction costs, upcoming developments and financial indicators for the industry.</p> <p>Acctree also provided comments on the Company's interim report and the annual report of the Group for each of the six months ending 30 June 2020, 2021 and 2022 and each of the years ending 31 December 2020, 2021 and 2022 respectively.</p> <p><i>Internal Control Consultancy Agreement</i></p> <p>Acctree provided the Company with information and documents relating to compliance with the Listing Rules in respect of internal control and environmental, social and governance reporting.</p> <p>Acctree also provided various internal control policies, including Corporate Social Responsibility Policy and Enterprise Risk Management Policy, and advised the Company on enhancing corporate governance.</p>

Service Provider	Service Fee (HK\$'000)	Major Finding
Easy Global	1,800	<p data-bbox="651 293 810 327">Service fee</p> <p data-bbox="651 378 1524 625">The Company believed that the fees were reasonable based on its assessment of the services to be provided under the Business and Consultancy Agreement and the Internal Control Consultancy Agreement and after taking into account the additional two months of services provided by Acctree for free.</p> <p data-bbox="651 676 1524 757">Due to the generality of the scope of work proposed, no comparable quote could be obtained by Wellington Legal.</p> <p data-bbox="651 804 1321 846">Commercial substance and business rationale</p> <p data-bbox="651 898 1524 1187">The Company engaged Easy Global to provide business consultancy and management services to the Group in Cambodia, Malaysia and Macau as the Group wanted to explore (a) the feasibility of establishing manufacturing facilities/representative offices in Malaysia and Cambodia which had lower operation costs; and (b) the business potential of Cambodia, Malaysia and Macau.</p> <p data-bbox="651 1238 1524 1400">During discussion, it was agreed that the services to be provided by Easy Global would include carrying out market research and feasibility analysis, preparing a research report and carrying out site visits.</p> <p data-bbox="651 1451 1011 1493">Actual services provided</p> <p data-bbox="651 1536 1524 1655">Easy Global submitted a preliminary market research report on Cambodia to the Company but not for Malaysia and Macau.</p> <p data-bbox="651 1706 1524 1906">However, due to the COVID-19 pandemic and travelling restrictions, Easy Global have yet to arrange and conduct site visits to Cambodia, Macau, and Malaysia. The information obtained from these site visits may be included into a further report.</p>

Service Provider	Service Fee (HK\$'000)	Major Finding
Fortune King	2,000	<p data-bbox="651 300 807 331">Service fee</p> <p data-bbox="651 385 1517 502">The Company believed that the fees were reasonable based on its assessment of the services to be provided by Easy Global and the experience of Mr. Chua.</p> <p data-bbox="651 555 1517 672">As there is no clearly defined scope of works set out in the agreement, Wellington Legal was unable to obtain comparable for the services to be provided by Easy Global.</p> <p data-bbox="651 725 1318 757">Commercial substance and business rationale</p> <p data-bbox="651 810 1517 1012">The Company engaged Fortune King to provide investment advisory services as the Company wanted to explore investment opportunities which might yield a higher rate of return as compared to keeping the funds in a bank account which might yield a higher return for the Company.</p> <p data-bbox="651 1066 1517 1183">The Company believed that Fortune King could identify and recommend companies in China which would be good investments for the Company.</p> <p data-bbox="651 1236 1449 1268">Actual service provided and termination of agreement</p> <p data-bbox="651 1321 1517 1481">No service has been provided by Fortune King. On 15 June 2021, the agreement with Fortune King has been terminated and the entire amount of the service fees was refunded to the Company in full.</p> <p data-bbox="651 1534 807 1566">Service fee</p> <p data-bbox="651 1619 1517 1779">The Company considered the reduced fees charged by Fortune King to be reasonable based on its assessment of the services to be provided by Fortune King and the views of the other executive directors of the Company.</p> <p data-bbox="651 1832 1517 1951">As the services to be provided by Fortune King are not defined, no comparable quote could be obtained by Wellington Legal.</p>

Summary of the Major Findings of the Supplemental Investigation Report

(a) *Relationship between the Company and the Service Providers and Quasar Securities*

Wellington Legal has carried out certain independent work and concluded that, save for those disclosed below, there is no relationship between the shareholders, directors and key management of the Service Providers with the Group, the Group's shareholders and management and Quasar Securities:

- (i) Enlighten was a lead sub-underwriter of Quasar Securities in the IPO; and
- (ii) A partner of the legal advisor to the Company in the IPO introduced Leo to the Company. He is an independent non-executive director of the parent company of Leo.

(b) *Division of duties and monthly management meetings amongst the executive directors*

Wellington Legal noted that there is a clear division of duties and responsibilities amongst the executive Directors and there is no overlap of responsibilities between them.

The executive directors carried out their duties independently but would hold monthly management meetings (“**Monthly Management Meetings**”) or ad hoc meetings to:

- (i) discuss matters or issues relating to the operations of the Group on a macro level, including finance, strategic planning and the progress of the IPO (prior to listing);
- (ii) report on matters or issues falling within their areas of responsibility; and
- (iii) raise any important matters or issues for discussion that they deemed necessary.

Regarding the division of duties amongst the executive directors, Wellington Legal noted that Mr. Chua was responsible for overseeing all day-to-day management, corporate strategies and business development and operations of the Group.

In particular, Mr. Chua was responsible for sourcing suitable service providers, such as those related to the Service Agreements, and to negotiate the contract terms and it was the usual practice amongst the executive directors for matters relating to the engagement of service providers for non-project related services to be delegated to Mr. Chua.

The executive directors have also confirmed that only Mr. Chua was involved in the negotiations of the Service Agreements. The other executive directors had no knowledge of the details of the Service Agreements until Mr. Chua updated them during the Monthly Management Meetings.

Therefore, Mr. Chua was the one who made the final decision on the selection of the Service Providers and had full authority to negotiate and sign the contracts with them.

Apart from the 1st and 2nd Discretionary Investment Management Agreements entered into between Ngai Chin and Leo, Mr. Chua was solely involved in the approval process of all Service Agreements.

(c) *The executive directors' knowledge of the Service Agreements and their payments*

As mentioned in the above section (b), apart from Mr. Chua, the other two executive directors were not involved in the selection and negotiation process of the Service Agreements. They deferred to the judgment and expertise of Mr. Chua in selecting the most suitable service provider under the most favourable terms and were only notified of the engagement of the service providers during the Monthly Management Meetings after the Service Agreements were entered into.

Similarly, the two other executive directors only became aware that payments had been made to the service providers during the Monthly Management Meeting following the payments, save for the payment to Leo where one of these two executive directors was one of the signatories for instructions to the bank for the transfer of funds to Leo.

Nevertheless, before entering into the Service Agreements, the other two executive directors were informed of the commercial rationale behind the engagement of the Service Providers.

(d) *The executive Director's knowledge of the deferral of the service agreements with Financial PR, Share News Media, Acctree and Easy Global*

Wellington Legal noted that all executive directors were involved in the decision-making process of the deferral arrangements of the relevant service agreements.

(e) *Internal control policies*

Wellington Legal noted that the Company's Policy and Procedures Manual titled "Procurement, Accounts Payable and Payment" ("**the Manual**") only applied to the procurement of goods and services in relation to construction projects of the Company and did not apply to the procurement of services for non-project related matters.

Given the present policies, Mr. Chua had full authority and discretion to negotiate and sign the contracts with the Service Providers for non-project related matters and to decide whether to engage a particular service provider and the terms of such engagement without obtaining approval or consent of the other two executive directors.

Therefore, after explaining the commercial rationale for engaging the Service Providers and conducting simple due diligence on the Service Providers, Wellington Legal noted that Mr. Chua made the decision to engage the Service Providers.

Upon becoming aware of the internal control issues arising from the Issues raised by PwC, the Company engaged Baker Tilly to carry out a review of the internal control procedures relating to the procurement of services for non-construction project related matters. The findings of Baker

Tilly in the Internal Control Review dated 14 April 2022 are consistent with the findings of Wellington Legal in that the Company did not have procurement policy in relation to the engagement of the consultancy service providers.

(f) *Update on current status of the Service Agreements*

Service agreements with	Current status
Leo	The Discretionary Management Agreement with Leo was terminated on 8 March 2021 and the amount invested through Leo has been returned together with profits generated from the period of holding the investment. Therefore, there is no further follow up action in respect of the agreement with Leo.
Enlighten	The Company has written to Enlighten to seek details of the services provided by them. Enlighten provided the Company with certain information and documents as per its request.
Financial PR	<p>The listing dinner has yet to be arranged due to the travelling restrictions from the COVID-19 pandemic. Nevertheless, the Company has indicated that it still intends to hold a listing dinner in Hong Kong when the circumstances permit for the Company's staff to travel from Singapore to Hong Kong to attend a physical listing dinner.</p> <p>Therefore, the Company has written to Financial PR seeking a further extension of services and Financial PR agreed and confirmed the extension of service period to 31 December 2022.</p>
Share News Media	The Company noted that there remained to be outstanding services due from Share News Media under both the Advertising Campaign and the Media Placement Campaign. However, the Company took the view that further airing of advertisements or sponsorships would no longer be an effective promotion for the Company, since advertisements and sponsorships were most effective if they were aired continuously for a period of time, but it has been almost a year since the Company's last advertisements and sponsorships were aired in Hong Kong.

Service agreements with Current status

Therefore, the Company wrote to Share News Media seeking termination of the agreements for the Advertising Campaign and the Media Placement Campaign, and a partial refund of the service fees paid thereunder in the amount of HK\$360,000 and HK\$650,000 respectively.

However, no written response has been received from Share News Media up to the date of the Supplementary Report and as at the date of this announcement.

Acctree

Since the Group's expansion to Hong Kong had been put on hold, the Company decided that it no longer needed the services to be provided by Acctree.

Therefore, the Company has written to Acctree seeking termination of the Business and Consultancy Agreement and the Internal Control Consultancy Agreement and asked for a refund in the amount of HK\$8,550,000 and HK\$2,700,000 respectively.

Nevertheless, Acctree has refused the Company's request for termination and refund. The without prejudice negotiation with Acctree is still ongoing and in progress as at the date of this announcement.

Easy Global

Easy Global still had not been able to carry out the site visits to Cambodia, Malaysia and Macau due to the travel restrictions resulting from the COVID-19 pandemic and had only submitted a report on Cambodia and briefed the Company about the situation in Malaysia and Cambodia.

Service agreements with Current status

Further, the Group had been able to set up a temporary production facility in Johor Baru, Malaysia, to assist with the production which had helped to alleviate some of their labour shortage issues in the meantime.

As the Group's expansion plans had been put on hold, the Company believed that it no longer required the services of Easy Global. The Company wrote to Easy Global seeking to terminate the agreement and a partial refund of the fees paid in the sum of HK\$1,620,000.

Easy Global has replied that they would not consider a partial refund and would negotiate with the Company on an extension of the service period. The without prejudice negotiation with Easy Global is still ongoing and in progress as at the date of this announcement.

Fortune King

The Investment Advisory Services Agreement with Fortune King was terminated on 15 June 2021 and a full refund of the fees have been received by the Group. Therefore, there is no further follow up action in respect of the agreement with Fortune King.

(g) *Reasonableness of the fees for the Service Agreements*

Wellington Legal has appointed Messrs. Vinco Capital Limited (now known as Zijing Capital Limited) ("**Zijing**"), a company licensed with a Type 6 license, to conduct market research on the fees for the services that were provided by the Service Providers under the respective Service Agreements.

Zijing has issued a report on the results of its market research (“**Market Research Report**”) which would serve as a reference to consider whether the fees charged by the Service Providers under the respective Service Agreements are reasonable. The findings are summarized hereinbelow:

Service Provider	Fee(s) under Service Agreements	Conclusion of Wellington Legal
Leo	1st Discretionary Investment Management Agreement HK\$700,000	Upon comparison of the three responses received, the fees charged by Leo is lower than the fee quotes received from all three service providers. The fee charged is reasonable.
	2nd Discretionary Investment Management Agreement HK\$558,000	Upon comparison, the fees charged by Leo is approximately 4% higher than the fee quotes received from the service providers, which is nominal. The fee charged is reasonable.
Enlighten	HK\$6,250,000	Wellington Legal received two responses to the request for fee quotation and the fee quotations depend on the deal size for identifying acquisition target or consideration payable for the subject acquisition on a success basis. As there is no indication of the deal size or consideration for the acquisition, Wellington Legal is unable to ascertain an exact fee for the services to be provided for the purpose of comparison of the fees charged by Service Provider.
Financial PR	HK\$700,000	Upon comparison of the three responses received, the fee quotes received are all slightly lower than the fees for Financial PR, with a difference ranging from 1% to 19.86%. However, there is a gap of almost 2 years between the date of the service agreement with Financial PR and fee quotes received. In the circumstances, it cannot be said that the fees charged by Financial PR was clearly unreasonable.

Service Provider	Fee(s) under Service Agreements	Conclusion of Wellington Legal
Shares News Media	Media Placement Campaign	<p>HK\$1,200,000</p> <p>Wellington Legal only received one response to the request for fee quotation.</p> <p>The fees quoted is substantially higher than the fees charged by Share News Media.</p>
	Advertising Campaign	<p>HK\$1,800,000</p> <p>Wellington Legal only received one response to the request for fee quotation. Nevertheless, the fees quoted was for “video advertising service”. Therefore, even when the fees quoted was 60% of the fees charged by Share News Media, Wellington Legal indicated that the fees quoted was not useful as a reference as to whether the fees charged by Share News Media was reasonable.</p>
Acctree	Business and Consultancy Agreement	<p>HK\$9,500,000</p> <p>Wellington Legal only received one response to the request for fee quotation.</p> <p>The fees charged by Acctree appear to be high at first glance as the fees quoted only worked out to 31.58% of the fees charged by Acctree.</p> <p>Nevertheless, Wellington Legal noted the possibility that the service provider may have a different understanding of the scope of services to be provided given the generic scope of work provided and that the current difficult business environment may have prompted the service provider to provide a low fee quote.</p>

Service Provider	Fee(s) under Service Agreements	Conclusion of Wellington Legal
	Internal Control Consultancy Agreement HK\$3,000,000	<p data-bbox="869 287 1524 372">Wellington Legal only received one response to the request for fee quotation.</p> <p data-bbox="869 414 1524 542">The fees charged by Acctree appear to be high at first glance as the fee quote works out to be 50% of the fees charged by Acctree.</p> <p data-bbox="869 585 1524 925">Nevertheless, Wellington Legal noted the possibility that the service provider may have a different understanding of the scope of services to be provided given the generic scope of work provided and that the current difficult business environment may have prompted the service provider to provide a low fee quote.</p>
Easy Global	HK\$1,800,000	Wellington Legal has not received any response to the request for fee quotation, therefore it is unable to provide any opinion as to whether the fees charged by Easy Global are reasonable.
Fortune King	HK\$2,000,000	<p data-bbox="869 1223 1524 1436">Wellington Legal only received one response to the request for fee quotation, the fee quotation of which is dependent on the amount of revenue and the value of the transaction.</p> <p data-bbox="869 1478 1524 1651">Therefore, as there is no basis for comparison, Wellington Legal is unable to provide any views as to the whether the fees of Fortune King were reasonable.</p>

(h) *Misconduct*

As mentioned hereinabove, Mr. Chua was responsible for selecting the Service Providers, negotiating the terms of the Service Agreements and making the final decision to engage the Service Providers. No other executive director or senior management was involved in the decision to engage the Service Providers. Accordingly, the responsibility for the Service Agreements falls solely on Mr. Chua.

Given that the Company did not have any internal control policies which set out the requirements or procedures that must be followed before engaging Easy Global or non-project related services, Wellington Legal noted that it was the usual practice of the Group for Mr. Chua to be authorized to handle affairs relating to contract negotiations on behalf of the Company.

While Mr. Chua did make efforts and was generally able to negotiate for a fee discount with the Service Providers, Wellington Legal noted that (i) he heavily relied on the recommendations of his personal friends and/or business acquaintances in selecting the Service Providers and (ii) approved and signed the Service Agreements without requesting revision of terms when they did not fully reflect the mutual understanding between Mr. Chua and the Service Providers. Thus, the manner in which he had selected the Service Providers when compared with the internal control policies for procurement of project related goods and services was inadequate. Nonetheless, in the absence of any internal control policies for the procurement of non-project related services, it cannot be said that Mr. Chua had committed any misconduct especially when the steps taken by him were the usual practice of the Group.

It is noted that as the CEO of the Company, Mr. Chua should have been aware that internal control policies relating to the procurement of non-project related services was necessary and should be implemented, especially when there were clearly set out internal control policies for procurement of goods and services for project related matters. Therefore, Wellington Legal concluded that Mr. Chua should have put in place internal control policies for the procurement of non-project related services before procuring the non-project related services.

However, Wellington Legal has not found any evidence of impropriety on the part of Mr. Chua in making the decisions to enter into the Service Agreements or any evidence that there is any collusion between the executive directors and the directors, shareholders or key personnel of the service providers under the relevant Service Agreements.

For more details in relation to the key findings of the Initial Independent Investigation Report and the Supplemental Independent Investigation Report, please refer to the Company's announcements dated 2 March 2022 and 25 July 2022.

The Board (including the IBC) has reviewed the contents of the Independent Investigation Reports and considered that the Audit Issues have been adequately addressed.

After reviewing the Supplemental Independent Investigation and upon serious consideration of the cost implications and prospect of success, the Company decided not to commence legal proceedings but commence without prejudice negotiations with the service providers to explore the possibility of a partial repayment and/or further extension of service period.

OTHER OBSERVATIONS ON THE SERVICE AGREEMENTS

Enlighten The scope of services set out in the Facilitator Agreement was broader and contained a wide range of services which was different from what Enlighten actually provided to the Company.

The Company explained that during the discussion between Mr. Chua and Enlighten, it was mutually agreed that Enlighten was only required to introduce acquisition targets to the Company. The contract was a template drafted by Enlighten and therefore contains more services to be provided to customers in general.

As no other transactions were contemplated by the Company during the term of Enlighten's engagement, the Company considered the potential acquisition of Concord & Associates Limited ("**Concord**") a major transaction under the Facilitator Agreement and considered that Enlighten has already delivered what was initially agreed with the Company. The Company simply did not proceed with the acquisition of Concord as the parties could not agree on the terms of the acquisition.

Share News
Media

Advertising Campaign

Pursuant to the advertising campaign agreement, Share News Media was to provide a 1-year advertising campaign after listing by way of a sponsorship for a weekly finance program on Sky Finance Channel every Friday.

The sponsorship was done via the words “贊助:1376.HK-Raffles (HKSE)” appearing at the top or bottom of the relevant finance program video ("**Endorsement**") which were posted to the Facebook page of “Sky Finance”.

However, according to the report prepared by Share News Media and the screen captures, the program sponsored by the Company was aired between 19 June 2020 to 25 March 2021 for only 9 months and appeared on 35 days.

The Company only became aware that the sponsorship only aired for 9 months after receiving the report prepared by Share News Media.

Media Placement

Pursuant to the media placement quotation, Share News Media was to provide a quarter page production and media placement services on the Finance page of Sing Pao on a daily basis on the period between June to August 2020.

However, according to the report prepared by Share News Media, the advertisement was only published on 38 days.

It is noted that the advertisements in Sing Pao Daily appeared to be advertisements for an entity called “Hong Kong School of Design” instead of the Company’s own brand or products or services. The reference to the Company in the advertisements for Hong Kong School of Design was in small font and did not appear to be a genuine quarter page size advertisement.

The Company (excluding the INEDs) was aware that the advertisements would be made in cooperation with Hong Kong School of Design when Share News Media passed the draft advertisement for Mr. Chua for his consideration and approval.

The Company explained that the Hong Kong School of Design is one of the key institutions in the design industry of Hong Kong which is well-known and reputable in Hong Kong. As such, being affiliated to it is beneficial to the Company’s public image as an interior design company. Moreover, Mr. Chua was of the view that such cooperation with Hong Kong School of Design might attract future business collaboration opportunities, talents, human resources and/or new suppliers to the Company.

The Company explained that in any event, the Company’s title will appear as sponsor on such advertisements, which will enhance the media exposure of the Company, thereby serving the purpose of placing such advertisement.

Acctree

It is noted that scope of services set out in the agreement with Acctree was inconsistent with the actual services required. The scope of services was inconsistent as the agreement with Acctree was drafted based on Acctree’s general contract template and incorporated a general scope of services.

It is noted that Acctree simply forwarded to the Company various market research reports which are available online, or compiled some statistics from various online sources on the construction industry.

Easy Global Pursuant to the business consultancy and management services agreement, Easy Global was engaged to provide business consultancy and management services to the Group in Cambodia, Malaysia and Macau for one year.

However, Easy Global has only submitted one report on Cambodia, contents of which appeared to be substantially extracted from sources available online.

The Company understands that personnel of Easy Global could not travel to other countries to conduct site visits due to travel restrictions during the COVID-19 pandemic.

After lengthy consideration, the IBC suggested the Board to continue the without prejudice negotiation with the service providers and explore whether it is possible to request for partial refund or extension of service period.

Resumption Condition 2 — Publish all outstanding financial results required under the Listing Rules and address any audit modifications

On 24 May 2021, the Company appointed Moore Stephens CPA Limited (“**Moore Stephens**”) as the new auditor.

The Company published:

- (i) the 2020 Annual Results announcement on 27 May 2022;
- (ii) the 2020 Annual Report on 9 June 2022;
- (iii) the 2021 Interim Results announcement on 24 June 2022;
- (iv) the 2021 Interim Report on 30 June 2022;
- (v) the 2021 Annual Results announcement on 5 August 2022;
- (vi) the 2021 Annual Report on 12 August 2022;
- (vii) the 2022 Interim Results announcement on 30 August 2022; and
- (viii) the 2022 Interim Report on 8 September 2022.

Due to (i) scope limitation concerning the Group’s prepayments and (ii) scope limitation on fair value measurement of the financial assets at fair value through profit or loss (the “**Audit Modifications**”), Moore Stephens issued a disclaimer of audit opinion for the 2020 Annual Report and expressed a qualified opinion for 2021 Annual Report to the extent only due to the comparative information between 2020 and 2021. Details and additional information of the Audit Modifications are included in the 2020 and 2021 Annual Report.

In light of the Audit Modifications, the Board obtained an understanding from Moore Stephens that the Audit Modifications have been addressed on the basis that:

(i) *Limitation of scope on prepayments made by the Group*

During the year ended 31 December 2020, the Group had paid HK\$26,250,000 (equivalent to approximately S\$4,779,000) to the various service providers during the year ended 31 December 2020 which was initially recognized as prepayments.

The Group recognized losses arising from these transactions amounting to approximately HK\$24,250,000 (equivalent to approximately S\$4,420,000) as 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 loss arising from the abovementioned transactions had been fully recognized and included in the profit or loss during the year ended 31 December 2020, and there was no consequential impact on the consolidated financial statements and no amount of any services had been recognized for the year ended 31 December 2021 and neither unutilised prepayment nor other receivable was recognized as at 31 December 2021.

Hence there was no significant financial impact carried forward to the consolidated financial statements for 2021.

(ii) *Limitation of scope on fair value measurement of the financial asset at fair value through profit or loss*

The Group terminated the related discretionary investment management agreement and disposed of the investment and refunded the investment costs with a profit together with remaining balance of the prepaid asset management fees to the Group in July 2021.

On the basis as described as above, Moore Stephens has issued a qualified opinion for the year ended 31 December 2021 in respect of comparability of the corresponding figures on the consolidated statements profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2020 in the auditor's report of 2021. Details of the qualified opinion of 2021 are set out in the 2021 Annual Results announcement on 5 August 2022.

Except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of the independent auditor's report of 2021, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021.

(iii) *Full impairment on the prepaid service fees*

The Company considered it prudent to make a full impairment on the prepayments made to the service providers (“**the Payments**”) for the following reasons:

- (i) The Group’s expansion plan was halted due to the impact of the COVID-19 pandemic;
- (ii) The Company has decided to commence without prejudice negotiations with some of the service providers, after considering their reply as mentioned in section (vi) of “Summary of the Major Findings of the Supplemental Investigation Report” as mentioned hereinabove;
- (iii) The uncertainty of the outcome of negotiation with the service providers as at the publication date of the 2020 Annual Report;
- (iv) The legal advice regarding the low prospect of success in potential claims against the service providers and the Company’s assessment as to the prospect of success and/or the proportionality of legal costs which might have to be incurred in bringing claims against the service providers comparing to the amounts claimed; and
- (v) The uncertainty of economic benefits to be derived from the agreements.

Moore Stephens agreed with the Company that a full impairment should be made on the Payments as:

- (i) There were no express clauses in the service agreements with Financial PR and Acctree stipulating the Company’s right to seek refund or early termination or extension of service period;
- (ii) The Group did not have control of the actual economic benefits to be derived from the Payments; and
- (iii) There was also no sufficient right or potential to produce actual economic benefits and the result of negotiation remains uncertain.

Resumption Condition 3 — Demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

(i) *Sufficient operations and improvement of financial performance*

The Company is a Singapore-based interior fitting-out services provider. The Group’s interior fitting-out services include project management and construction management of the interior fitting-out project; construction and installation of interior fitting-out works; customizing, manufacturing and supply of carpentry/joinery and integral fixtures, and maintenance of the projects that it undertakes on an ad-hoc basis. It also provides services for a range of private commercial projects, including office space, food and beverage (F&B) retail space, and guest and hotel rooms.

As disclosed in the 2021 Annual Results and 2022 Interim Results, the Group's audited revenue and net loss attributable to equity holders of the Company was approximately S\$79.6 million and S\$1.1 million for the year ended 31 December 2021 and approximately S\$30.7 million and S\$0.3 million for the six months ended 30 June 2022, respectively.

For the year ended 31 December 2021, the revenue of the Group increased approximately 23.9% and the net loss decreased of approximately 93.0% over the corresponding period in the last year. The Directors consider the slight net loss for the year ended 31 December 2021 was mainly due to the relatively high subcontracting costs incurred during the year for catching up the project delay as a result of the work stoppage due to COVID-19, which is temporary. For the six months ended 30 June 2022, the revenue and net loss of the Group remained relatively stable as compared to 30 June 2021. The Directors consider the slight net loss for the period 30 June 2022 was mainly due to cessation of certain COVID-19 related grants from the Singapore government.

The business operations of the Group are continuing as usual in all material aspects.

(ii) *Sufficient Assets*

As disclosed in the 2021 Annual Results and 2022 Interim Results, the Group's total assets and net assets were approximately S\$57.6 million and S\$12.3 million as at 31 December 2021 and approximately S\$46.3 million and S\$12.0 million as at 30 June 2022, respectively.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets to meet the requirement under Rule 13.24 of the Listing Rules.

Resumption Condition 4 — Inform the market of all material information for the Company's shareholders and investors to appraise the Company's position

Since its trading suspension on 1 April 2021, the Company has continued to disclose material information in connection with, among others, the 2020 and 2021 Annual Results and Annual Reports and 2022 Interim Results and 2022 Interim Report, and the status on fulfilment of the Resumption Guidance to the public by issuing announcements in a timely manner.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and investors to appraise the Company's financial performance and financial position.

Additional Resumption Guidance — Conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules

The Company has appointed Baker Tilly as the internal control advisor of the Company to assist the Company in its resumption application by performing an internal control review and preparing an internal control review report (“**Internal Control Review Report**”).

The Internal Control Review Report covered key internal controls of contracting/vendor engagement, investment management and compliance with financial reporting obligations for the period from 1 January 2020 to 31 December 2020.

The summary of the major findings of the Internal Control Review, the recommendations made by Baker Tilly and the remedial actions taken by the Group are set out as below:

Summary of the Major Findings of the Internal Control Review

Key findings	Remedies/actions taken by the Group as recommended by Baker Tilly	Status
<i>Management Issues</i>		
<p>The Company’s policy & procedural manual titled “Procurement, Accounts Payables, and Payment” (the “Procurement, Accounts Payables, and Payment Manual”) relates mainly to general goods and services procurement in relation to construction projects. It, however, did not address the procedures and controls in relation to the engagement of the Service Providers.</p>	<p><u>Recommendation(s)</u></p> <p>The policies and procedures of the Group should be enhanced to cover engagement of consultancy service providers. In particular, there should be clear guidelines on the following areas:</p> <ul style="list-style-type: none"> — requisition of ad-hoc service providers; — competitive sourcing; — vendor evaluation; and — contracting with vendors. 	Remediated
<p>No formal documentation was kept to record the requisition and requirement specifications, competitive sourcing and price comparison, due diligence, checks and declaration for conflict of interest or evaluations and justifications in relation to the engagement of the Service Providers.</p>	<p><u>Remedial action(s)</u></p> <p>The Procurement, Accounts Payables, and Payment Manual was revised to include guidelines and a clear line of reporting on the recommended segments.</p> <p>For instance,</p> <ul style="list-style-type: none"> — vendor requirements and procurement objectives have to be stated clearly prior to the sourcing of quotations and engagement of vendors; — price comparisons among vendors have to be made; — requirements for waiver of competition and competitive sourcing have been stated clearly; — background checks, due diligence, assessment for potential conflict of interest have to be conducted on vendors; — contract terms and conditions have to be reviewed carefully; and — performance and/or obligations of the vendors should be monitored closely. 	

Key findings	Remedies/actions taken by the Group as recommended by Baker Tilly	Status								
<p>The authorized bank signatories for the bank accounts of the Company are divided into Group A and Group B. Anyone from Group A and anyone from Group B can sign jointly for any amount. However, any one bank signatory can singly approve bank transfer payments via the online banking platform.</p>	<p><u>Recommendation(s)</u></p> <p>Dual approval controls should be established for bank transfer payments made via the online banking platform.</p> <p><u>Remedial action(s)</u></p> <p>Dual approval controls for bank transfer payments via the online banking platform has been established by the Group.</p> <p>Furthermore, the Use of Proceeds Monitoring Policy has been formalized to ensure that the use of proceeds is in accordance with the disclosure in the prospectus or the latest announcements.</p>	Remediated								
<p>The following omissions were noted in the Agreements relating to the Issues:</p>	<p><u>Recommendation(s)</u></p> <p>The Company should ensure that pertinent information is not omitted in contractual agreements entered into with third parties.</p>	Remediated								
<table border="1"> <thead> <tr> <th data-bbox="65 804 183 863">Service Provider</th> <th data-bbox="231 832 379 863">Omission(s)</th> </tr> </thead> <tbody> <tr> <td data-bbox="65 891 183 946">Financial PR</td> <td data-bbox="231 891 576 1098">Commencement date — The contract stated that it should commence from the signing of the agreement. However, the agreement was not dated and the signing date was not indicated.</td> </tr> <tr> <td data-bbox="65 1129 183 1215">Share News Media</td> <td data-bbox="231 1129 576 1155">Commencement date</td> </tr> <tr> <td data-bbox="65 1247 183 1302">Easy Global</td> <td data-bbox="231 1247 576 1391">Scope of work — There were no specifications in the type of consultancy and management services provided.</td> </tr> </tbody> </table>	Service Provider	Omission(s)	Financial PR	Commencement date — The contract stated that it should commence from the signing of the agreement. However, the agreement was not dated and the signing date was not indicated.	Share News Media	Commencement date	Easy Global	Scope of work — There were no specifications in the type of consultancy and management services provided.	<p><u>Remedial action(s)</u></p> <p>The various process owners tasked with contract management have been reminded to ensure that pertinent information have not been omitted from the contracts.</p> <p>A process has been formally established in the Procurement, Accounts Payables, and Payment Manual for the Finance team to review purchase contracts.</p>	
Service Provider	Omission(s)									
Financial PR	Commencement date — The contract stated that it should commence from the signing of the agreement. However, the agreement was not dated and the signing date was not indicated.									
Share News Media	Commencement date									
Easy Global	Scope of work — There were no specifications in the type of consultancy and management services provided.									
<p>Prepayment by the Company to Enlighten was made despite the omission of the Chief Executive Officer’s signature on the engagement letter.</p>	<p><u>Recommendation(s)</u></p> <p>Supporting agreements should be signed by authorized personnel before prepayments are processed.</p> <p><u>Remedial action(s)</u></p> <p>The Procurement, Accounts Payables, and Payment Manual states that in the case where prepayments are to be made, they must be supported by invoices and authorized agreements/contracts to justify the prepayments.</p>	Remediated								

Key findings	Remedies/actions taken by the Group as recommended by Baker Tilly	Status
<p>The Group did not have a formalised delegation of authority for entering into investments or investment management agreements. Consequently, all investment-related decisions and approvals are currently made by executive directors of the Company.</p>	<p><u>Recommendation(s)</u></p> <p>The delegation of authority for investment-related decisions and approvals should be formalised. To enhance the control over investment decisions, investment amounts exceeding a defined threshold may require approval or ratification of the Board.</p> <p><u>Remedial action(s)</u></p> <p>The delegation of authority for investment management has been established within the Investment Policy effective from 1 January 2022 (the “Investment Policy”).</p>	Remediated
<p>An exercise to formally align the Group’s risks assessment with internal audit planning was not carried out prior to 2020, and was only carried out in the financial year ended 31 December 2020.</p>	<p><u>Recommendation(s)</u></p> <p>A formal exercise to align the Group’s risks with internal audit planning should be carried out on a periodic basis.</p> <p><u>Remedial action(s)</u></p> <p>Since the Company was listed on the Stock Exchange, (a) a 3-year rotational internal audit plan has been approved by the Audit Committee of the Company (the “Audit Committee”), (b) an internal audit and enterprise risk assessment has been performed during the financial year ended 31 December 2020, and (c) the results of the internal audit and enterprise risk assessment has been reviewed by the Audit Committee and the Board with internal audit planning aligned with the results of the enterprise risk assessment exercise.</p> <p>Internal audit and enterprise risk assessment update was performed for the financial year ended 31 December 2021 in line with the 3-year internal audit plan.</p>	Remediated
<p>Observations</p> <p>An instance of bank transfer advice with no evidence of review in line with the established standing operating procedures was noted.</p>	<p><u>Recommendation(s)</u></p> <p>Bank transfer advices should be reviewed in line with the current standard operating procedures.</p> <p><u>Remedial action(s)</u></p> <p>Process owners were reminded to comply with the standard operating procedures.</p> <p>Due to a change in process, the Procurement, Accounts Payables, and Payment Manual has been revised to be consistent with the revised practice.</p>	Remediated

Key findings	Remedies/actions taken by the Group as recommended by Baker Tilly	Status
There were no formalised policies and procedures for investment management.	<p data-bbox="619 246 847 278"><u>Recommendation(s)</u></p> <p data-bbox="619 306 1265 368">Investment management policies and procedures should be formalised and include the followings:</p> <ul data-bbox="619 395 1294 602" style="list-style-type: none"> — Roles and responsibilities; — Delegation of authority; — Investment objectives, constraints and strategies; — Investment making process; — Investment risk management; — Divestment procedures; and — Public announcement and regulatory filing procedures. <p data-bbox="619 629 836 661"><u>Remedial action(s)</u></p> <p data-bbox="619 689 1222 772">The Investment Policy containing the recommended policies on the abovementioned scope has been established.</p>	Remediated
<p data-bbox="65 804 560 866">The following inadequacies in the due diligence process against Leo were noted:</p> <p data-bbox="65 893 584 1010">(a)there was no evidence of the due diligence checks performed; and (b)there was no evidence of the conflict-of-interest checks performed.</p>	<p data-bbox="619 804 847 836"><u>Recommendation(s)</u></p> <p data-bbox="619 863 1273 925">Investment due diligence process should be enhanced to include:</p> <ul data-bbox="619 953 1289 1129" style="list-style-type: none"> — obtaining the necessary track records, fact sheets, historical performance and/or projected returns provided by the investment manager to support the decision to enter into any investment agreements; and — obtaining formal conflict of interest declarations with the controlling shareholders. <p data-bbox="619 1157 836 1189"><u>Remedial action(s)</u></p> <p data-bbox="619 1217 1289 1298">The Investment Policy has been established to ensure due diligence and conflict of interest checks are performed and documented.</p>	Remediated

In short, Baker Tilly considered the Company now has in place adequate internal controls and procedures to meet obligations under the Listing Rules.

After reviewing the Internal Control Review Report, the Board (including the IBC) is of the view that:

- (i) The Internal Control Review has adequately assessed the effectiveness of the internal controls of the Group and ascertained certain internal control deficiencies;
- (ii) The identified internal control deficiencies have been remediated; and
- (iii) The remedial actions and improvement measures implemented by the Group are adequate and sufficient to address the identified internal control deficiencies.

Having considered the suggestions from the IBC, with the aim of (i) promoting more frequent communication between the executive directors and INEDs of the Company on the affairs of the Company; (ii) ensuring adequate check and balance with the Board; and (iii) strengthening director's

knowledge on the Listing Rules, director's duties and various corporate governance codes, the Board has appointed Mr. Wong Heung Ming Henry as the lead independent non-executive director effective from 1 June 2022 and engaged KPMG Advisory (Hong Kong) Limited to provide 15 hours of director trainings for directors of the Company.

LATEST DEVELOPMENT

(a) Resignation of Mr. Chua

Having said the above, the IBC recommended to the Board of the Company that Mr. Chua should consider stepping down from his roles as the executive director, chairman and chief executive officer of the Company as he was the key person responsible for engaging the relevant professional consultancy firms.

The IBC hopes that the stepping down of Mr. Chua could provide assurance to the regulators on the elimination of risk of recurrence of the audit issues and could in turn facilitate the regulator's decision to approve the resumption of trading of the Company's shares.

Upon the recommendation of the IBC and due to personal reasons, Mr. Chua has resigned from his positions as chairman of the Board, executive director and chief executive officer of the Company with effect from 23 September 2022.

Mr. Chua has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

After his resignation from the above-mentioned positions, Mr. Chua continues to indirectly hold 11.25% of shareholdings in the Company given that he has 15% of shareholdings in Ultimate Global Enterprises Limited ("**Ultimate Global**"), the holding company with 75% of shareholdings in the Company.

(b) Appointment of Mr. Tan Chong Huat as an independent non-executive Director and a member of board committees

In order to strengthen the Company's corporate governance, the Board is pleased to announce that Mr. Tan Chong Huat (陳聰發先生) ("**Mr. Tan**"), a leading finance and corporate lawyer, successful entrepreneur and investor, reputable corporate leader and public service champion and dedicated law professor has been appointed as (i) an independent non-executive Director; and (ii) a member of each of the audit committee, nomination committee and remuneration committee of the Company with effect from 7 October 2022.

Please refer to the Company's announcement dated 7 October 2022 for the detailed background and experience of Mr. Tan.

(c) Termination of the Controlling Shareholder's Confirmation

Mr. Lo Lek Chew, Mr. Chua, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng Foo Wah (the “**Controlling Shareholders**”) has also terminated the Controlling Shareholders' Confirmation executed on 11 March 2019 with immediate effect from 6 October 2022.

Upon termination, the Controlling Shareholders would cease to, *inter alia*,

- (i) Consult each other to reach a consensus among themselves and vote in the same manner on matters which are the subject of any shareholders' resolutions to be passed at any shareholders' meetings of Ultimate Global, the Company and the members of the Group and its businesses or exercise commercial and other major decisions concerning the Group;
- (ii) Centralise the ultimate control and right to make final decisions with respect to their interests in Ultimate Global, the Company and the members of the Group and its businesses;
- (iii) Vote unanimously for any resolutions proposed at board meetings and general meetings (as applicable) of Ultimate Global, the Company and the Group; and
- (iv) Act-in-concert among themselves in future on all matters concerning Ultimate Global, the Company and the members of the Group.

Therefore, after termination of the Controlling Shareholders' Confirmation, Mr. Chua, as a minority shareholder of Ultimate Global with 15% of shareholdings, cannot exert any substantial influence over Ultimate Global or the Company as his influence in Ultimate Global and the Company is restricted by the Memorandum of Association of Ultimate Global and the Memorandum of Association of the Company.

RESUMPTION OF TRADING

As illustrated above, the Company is of the view that it has remedied the issues causing the trading suspension and it has fulfilled all the requirements set out in the Resumption Guidance and fully complied with the Listing Rules to the Stock Exchange's satisfaction.

Trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2021 at the request of the Company. As all the Resumption Conditions have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 7 November 2022 on the Stock Exchange.

The Company and the Directors emphasize that the resumption is without prejudice to any action which may be taken by the Stock Exchange on the issues and/or conduct identified in this announcement.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Raffles Interior Limited
Wong Heung Ming Henry

Non-executive Chairman and independent non-executive director

Hong Kong, 4 November 2022

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