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## Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Raffles Interior Limited (the “**Company**”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) S\$'000	2023 (Unaudited) S\$'000
<b>Revenue</b>	4	<b>24,278</b>	52,918
Cost of sales		<u>(18,757)</u>	<u>(46,941)</u>
<b>Gross profit</b>		<b>5,521</b>	5,977
Other income		33	63
Other gains and losses		(377)	(5)
Selling and distribution expenses		(405)	—
Administrative expenses		<u>(4,314)</u>	<u>(3,713)</u>
<b>Operating profit</b>		<b>458</b>	2,322
Finance income		82	14
Finance costs		<u>(293)</u>	<u>(126)</u>
Finance costs, net		<u>(211)</u>	<u>(112)</u>
<b>Profit before income tax</b>		<b>247</b>	2,210
Income tax expense	6	<u>(160)</u>	<u>(6)</u>
<b>Profit for the period</b>	7	<b>87</b>	2,204

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<i>S\$'000</i>	<i>S\$'000</i>
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1)</u>	<u>(13)</u>
<b>Other comprehensive expense for the period</b>		<u>(1)</u>	<u>(13)</u>
<b>Total comprehensive income for the period</b>		<u><u>86</u></u>	<u><u>2,191</u></u>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		392	2,204
Non-controlling interests		<u>(305)</u>	<u>—</u>
		<u><u>87</u></u>	<u><u>2,204</u></u>
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
Owners of the Company		391	2,191
Non-controlling interests		<u>(305)</u>	<u>—</u>
		<u><u>86</u></u>	<u><u>2,191</u></u>
<b>Earnings per share for profit attributable to the equity holders of the Company (expressed in Singapore cents per share)</b>			
Basic earnings per share	9	0.04	0.22
Diluted earnings per share	9	<u><u>0.03</u></u>	<u><u>0.22</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		2,050	—
Goodwill		3,863	—
Property, plant and equipment		610	875
Right-of-use assets		<u>376</u>	<u>375</u>
		<u><b>6,899</b></u>	<u><b>1,250</b></u>
<b>Current assets</b>			
Inventories		184	—
Current income tax recoverable		12	9
Contract assets		13,126	18,824
Trade and other receivables, deposits and prepayments	10	8,038	5,180
Financial asset at fair value through profit or loss ("FVTPL")		331	—
Pledged fixed deposits		1,980	1,980
Cash and cash equivalents		<u>13,431</u>	<u>16,980</u>
		<u><b>37,102</b></u>	<u><b>42,973</b></u>
<b>Total assets</b>		<u><b>44,001</b></u>	<u><b>44,223</b></u>
<b>EQUITY</b>			
Share capital	11	1,829	1,829
Reserves		<u>10,923</u>	<u>10,532</u>
Equity attributable to owners of the Company		<b>12,752</b>	12,361
Non-controlling interests		<u>550</u>	<u>—</u>
<b>Total equity</b>		<u><b>13,302</b></u>	<u><b>12,361</b></u>

		As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	<i>12</i>	<b>83</b>	583
Lease liabilities		<b>223</b>	204
Deferred income tax liabilities		<u><b>515</b></u>	<u>3</u>
		<u><b>821</b></u>	<u>790</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	<i>13</i>	<b>21,865</b>	29,679
Contract liabilities		<b>19</b>	183
Borrowings	<i>12</i>	<b>1,935</b>	1,000
Lease liabilities		<b>182</b>	210
Current income tax payable		<b>233</b>	—
Convertible bonds		<u><b>5,644</b></u>	<u>—</u>
		<u><b>29,878</b></u>	<u>31,072</u>
<b>Total liabilities</b>		<u><b>30,699</b></u>	<u>31,862</u>
<b>Total equity and liabilities</b>		<u><b>44,001</b></u>	<u>44,223</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1 GENERAL INFORMATION

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

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

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

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

## 2 BASIS OF PREPARATION

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

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

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional change in accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

### **Accounting policies which became relevant to the Group in the current interim period**

#### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated

amortisation and any accumulated impairment losses. Amortisation for in-tangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## **Convertible bonds**

*Convertible bonds contain debt and derivative components*

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

## **Application of amendment to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sales and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

#### 4 REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2024 and 2023 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>S\$'000</i>	<i>S\$'000</i>
Sale and distribution of soft drink products	<b>855</b>	—
Contract revenue	<b>23,423</b>	<b>52,918</b>
	<hr/>	<hr/>
Total revenue	<b>24,278</b>	<b>52,918</b>
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At a point in time	<b>855</b>	—
Over time	<b>23,423</b>	<b>52,918</b>
	<hr/>	<hr/>
	<b>24,278</b>	<b>52,918</b>
	<hr/> <hr/>	<hr/> <hr/>

#### Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at 30 June 2024 and 31 December 2023:

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>S\$'000</i>	<i>S\$'000</i>
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
— To be recognised within 1 year	<b>13,022</b>	<b>10,756</b>
	<hr/> <hr/>	<hr/> <hr/>

Management of the Group expects that all the transaction price allocated to the unsatisfied performance obligation as of 30 June 2024 and 31 December 2023 may be recognised as revenue during the abovementioned reporting period. The amounts disclosed hereinabove do not include variable consideration which is highly probable that a significant reversal will occur.

## 5 SEGMENT INFORMATION

The Group focuses primary on the provision of interior fitting-out services and sale and distribution of soft drink products during the year. Revenue recognised during the period is analysed by the executive Directors being the chief operating decision makers (“CODMs”) of the Group. For the purposes of resources allocation and performance assessment, the CODMs review the overall results and financial position of the Group as a whole.

During the period ended 30 June 2024, the Group has expanded its business to engage in sale and distribution of soft drink products in the PRC, and hence it represents a new reporting segment of the Group from the view of the CODMs.

### (a) Segment results

#### For the six months ended 30 June 2024 (unaudited)

	Provision of interior fitting- out services S\$'000	Sale and distribution of soft drink products S\$'000	Consolidated S\$'000
Revenue from external customers	<u>23,423</u>	<u>855</u>	<u>24,278</u>
Segment results	<u>1,809</u>	<u>(622)</u>	1,187
Unallocated administrative expenses			<u>(1,100)</u>
Profit before income tax			<u><u>87</u></u>

#### For the six months ended 30 June 2023 (unaudited)

	Provision of interior fitting- out services S\$'000
Revenue from external customers	<u>52,918</u>
Segment results	2,752
Unallocated administrative expenses	<u>(548)</u>
Profit before income tax	<u><u>2,204</u></u>



**(b) Geographical information**

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

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

	Revenue from external customers		Non-current assets (note)	
	For the six months ended 30 June 2024 (Unaudited) S\$'000	For the six months ended 30 June 2023 (Unaudited) S\$'000	As at 30 June 2024 (Unaudited) S\$'000	As at 31 December 2023 (Audited) S\$'000
Singapore (country of domicile)	23,423	52,918	703	1,041
The PRC	855	—	5,920	—
Malaysia	—	—	276	209
	<u>24,278</u>	<u>52,918</u>	<u>6,899</u>	<u>1,250</u>

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

**(c) Information about major customers**

For the six months ended 30 June 2024, revenue generated from major customers which individually contributing over 10% of the total revenue of the Group accounted for approximately 44.0% (six months ended 30 June 2023: 71.9%) of the total revenue of the Group. Other individual customers accounted for less than 10% of the revenue.

	For the six months ended 30 June	
	2024 (Unaudited) S\$'000	2023 (Unaudited) S\$'000
Customer A (note ii)	6,799	N/A <sup>(note i)</sup>
Customer B (note ii)	3,879	7,593
Customer C (note ii)	N/A <sup>(note i)</sup>	17,310
Customer D (note ii)	N/A <sup>(note i)</sup>	7,096
Customer E (note ii)	N/A <sup>(note i)</sup>	6,060
	<u>10,678</u>	<u>38,059</u>

*Notes:*

- i The corresponding revenue from customer is less than 10% of the total revenue of the Group for the respective financial period.
- ii Revenue from the provision of interior fitting-out services segment.

## 6 INCOME TAX EXPENSE

For the six months ended 30 June

2024	2023
(Unaudited)	(Unaudited)
S\$'000	S\$'000

The tax charge comprises:

Income tax expenses	232	—
Deferred income tax (credit)/expense	(72)	6
	<u>160</u>	<u>6</u>

Corporate income tax in Singapore, Malaysia and the PRC is calculated at 17%, 24% and 25% respectively of the estimated assessable profit for both periods respectively.

## 7 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

For the six months ended 30 June

2024	2023
(Unaudited)	(Unaudited)
S\$'000	S\$'000

Inventory written off	5	—
Depreciation of property, plant and equipment	287	290
Depreciation of right-of-use assets	99	102
Depreciation of intangible assets	287	—
Directors' remuneration	405	263
Other staff costs:		
— Salaries and other benefits	6,530	5,808
— Retirement benefit scheme contributions	295	228
Total staff costs	7,230	6,299
Legal and professional fees	405	570
Cost of inventories recognised as cost of sales	603	—
Cost of materials used recognised as cost of services	4,086	8,276
Subcontractor charges recognised as cost of services	8,564	33,539

## 8 DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Profit for the period attributable to the equity holders of the Company ( <i>S\$'000</i> )	392	2,204
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>'000</i> )	1,000,000	1,000,000
Effect of dilutive potential ordinary shares:		
— Convertible bond ( <i>'000</i> )	<u>182,349</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>1,182,349</u></u>	<u><u>1,000,000</u></u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for convertible bond that took place on 5 January 2024.

## 10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at <b>30 June</b> 2024 (Unaudited) <i>S\$'000</i>	As at 31 December 2023 (Audited) <i>S\$'000</i>
Trade receivables	6,159	4,111
Less: provision for expected credit losses (“ECL”)	<u>(85)</u>	<u>(85)</u>
Trade receivables, net ( <i>note i</i> )	<u><u>6,074</u></u>	<u><u>4,026</u></u>
Prepayments	295	242
Deposits	327	210
Deposits paid for fitting-out	446	487
Other receivables	<u>896</u>	<u>215</u>
	<u><u>1,964</u></u>	<u><u>1,154</u></u>
Total	<u><u><u>8,038</u></u></u>	<u><u><u>5,180</u></u></u>

(i) **Trade receivables**

The Group normally grants credit term to customers of up to 65 days (31 December 2023: 65 days). The ageing analysis of these trade receivables based on the invoice date is as follows:

	<b>As at 30 June 2024 (Unaudited) S\$'000</b>	<b>As at 31 December 2023 (Audited) S\$'000</b>
0 to 30 days	<b>5,254</b>	2,449
31 to 60 days	<b>225</b>	1,524
61 to 90 days	<b>425</b>	19
Over 90 days	<b>255</b>	119
	<b><u>6,159</u></b>	<b><u>4,111</u></b>

(a) *Fair values of trade receivables*

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

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

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

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

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

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

As part of the Group's credit risk management, trade receivables are assessed on a collective basis with internal credit ratings for each group of debtors. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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

## 11 SHARE CAPITAL OF THE COMPANY

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
As at 1 January 2023 (audited), 30 June 2023 (unaudited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<u>10,000,000,000</u>	<u>100,000</u>

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares S\$'000</b>
<i>Issued and fully paid:</i>		
As at 1 January 2023 (audited), 30 June 2023 (unaudited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<u>1,000,000,000</u>	<u>1,829</u>

## 12 BORROWINGS

	<b>As at 30 June 2024 (Unaudited) S\$'000</b>	<b>As at 31 December 2023 (Audited) S\$'000</b>
Bank loan	<b>1,083</b>	1,583
Other borrowing	<u>935</u>	<u>—</u>
	<u><b>2,018</b></u>	<u>1,583</u>

	As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
The carrying amounts of the above borrowings are repayable*:		
Within one year	<b>1,000</b>	1,000
Within a period of more than one year but not exceeding two years	<b>83</b>	583
	<b><u>1,083</u></b>	<u>1,583</u>
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	<b>935</b>	—
Total borrowings	<b><u>2,018</u></b>	<u>1,583</u>
Less: amounts due within one year shown under current liabilities	<b><u>(1,935)</u></b>	<u>(1,000)</u>
Amounts shown under non-current liabilities	<b><u>83</u></b>	<u>583</u>

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

The average effective interest rates per annum at the end of each period ended 30 June 2024 and 31 December 2023 were set out as follows:

	As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Floating interest rate</b>		
— Trade financing	N/A	6.03%–6.10%
<b>Fixed interest rate</b>		
— Bank loan	<b>2.25%</b>	2.25%
— Other borrowing	<b><u>24.00%</u></b>	<u>N/A</u>

The carrying amounts of the Group's borrowings approximate their fair values as at 30 June 2024 and 31 December 2023 are denominated in SGD and Renminbi (“RMB”).

The total banking facilities granted to the Group amounted to S\$16,000,000 (31 December 2023: S\$16,000,000), of which S\$11,000,000 (31 December 2023: S\$11,000,000) from the trade financing and specific advance facilities and loan facilities of S\$5,000,000 (31 December 2023: S\$5,000,000) as at 30 June 2024.

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

The undrawn borrowing facilities as at 30 June 2024 and 31 December 2023 were set out as follows:

	<b>As at 30 June 2024 (Unaudited) S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
Floating rate		
— Expiring within one year	<b><u>11,000</u></b>	<b><u>11,000</u></b>

The facilities expiring within one year from the date of condensed consolidated statement of financial position are facilities subject to annual review. The other facilities are arranged mainly to help finance the Group's proposed expansion.

The other borrowing is a short-term loan, unsecured, interest bearing at 24% per annum, repayable on demand.

## 12 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	<b>As at 30 June 2024 (Unaudited) S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
Trade payables	<b>4,475</b>	6,662
Accruals for project cost ( <i>note</i> )	<b>13,399</b>	18,742
Provision for onerous contract	<b>528</b>	528
Amount due to a director of the Company	<b>570</b>	—
Other payables and accruals		
— Accrued expenses	<b>2,336</b>	2,783
— Good and services tax payables	<b>18</b>	634
— Accrued unutilised leave	<b>151</b>	151
— Others	<b><u>388</u></b>	<u>179</u>
	<b><u>21,865</u></b>	<b><u>29,679</u></b>

*Note:* Included in accruals for project cost is retention payable amounting to S\$2,027,000 (31 December 2023: S\$2,022,000). The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

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

	<b>As at 30 June 2024 (Unaudited) S\$'000</b>	As at 31 December 2023 (Audited) S\$'000
0 to 30 days	<b>3,044</b>	2,994
31 to 60 days	<b>527</b>	1,836
61 to 90 days	<b>65</b>	765
Over 90 days	<b>839</b>	1,067
	<b><u>4,475</u></b>	<b><u>6,662</u></b>

The credit period on purchases from suppliers and subcontractors as at 30 June 2024 is 30 to 90 days (31 December 2023: 30 to 90 days) or payable upon delivery.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group principally engaged in (i) providing interior fitting-out services and (ii) sale and distribution of soda drink products.

#### (i) Interior fitting-out services

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

During the six months ended 30 June 2024, this segment's revenue decreased by 55.8% to approximately S\$23.4 million as compared to approximately S\$52.9 million for the six months ended 30 June 2023. This segment's gross profit also decreased by 11.7% to approximately S\$5.3 million, as compared to approximately S\$6.0 million for the six months ended 30 June 2023. This segment's net profit after tax was approximately S\$1.8 million, as compared to approximately S\$2.8 million for the six months ended 30 June 2023.

Based on the 2024 Singapore Real Estate Market Outlook released by CBRE, Tech layoff, economic uncertainty had weigh on the demand in H1 2024. Occupiers carefully managed their real estate cost by focusing on lease renewals, same-budget relocations and priorities workspace optimization. As a result, the management had seen a slowdown in the tenders roll out in 1H2024. This had resulted in less projects secured and with less order books carried forward from 31 December 2023 as compared to 31 December 2022, revenue recognized during the 6 months ended 30 June 2024 had decrease significantly as compared to the 6 months ended 30 June 2023.

Gross profit margin had improved as more variation orders for work done in prior years are approved during the 6 months ended 30 June 2024.

As at 30 June 2024, we had 11 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S\$19.2 million, of which approximately S\$2.8 million had been recognised as revenue in prior periods, approximately S\$3.4 million had been recognised as revenue during the six months ended 30 June 2024 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining revenue of approximately S\$20.0 million recognised during the six months ended 30 June 2024 was mainly attributed to projects which have been completed during the reporting period.

#### (ii) Sale and distribution of soft drink products

During the 6 months ended 30 June 2024, we have mainly sold to the C-end retail customers. We have signed a long-term agreement with Sinopec Co., Ltd. which we expected to generate tens of millions of business volume this year which would be recognized in the second half of 2024.

The Brand has not left Wuhan market in the past 100 years. Since its establishment, Wuhan No. 2 soda has rapidly spread its business throughout China, and our soda products are even sold overseas.

In particular, we have developed from a single unique retail model to become the main supplier for big corporations such as Sinopec and PetroChina. Currently, our intended customers include Total Energies, China Southern Airlines, China Eastern Airlines, China Railway and etc.

The management is confident to achieve an annual growth of approximately 30% per year for the next 3 years.

## FINANCIAL REVIEW

	Six months ended 30 June		Change
	2024	2023	
Revenue ( <i>S\$'000</i> )	<b>24,278</b>	52,918	(28,640)
Gross profit ( <i>S\$'000</i> )	<b>5,521</b>	5,977	(456)
Gross profit margin	<b>22.7%</b>	11.3%	11.4p.p.
Net profit/(loss) ( <i>S\$'000</i> )	<b>87</b>	2,204	(2,117)

### Revenue

The Group's principal operating activities are (1) provision of interior fitting-out services for (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) professional consultants, and our revenue is mainly derived from projects involving fitting-out works for office space and (2) sale and distribution of soda drink products.

	For the six months ended 30 June					
	2024			2023		
	Number of projects with revenue contribution	Revenue <i>S\$'000</i>	Percentage of revenue %	Number of projects with revenue contribution	Revenue <i>S\$'000</i>	Percentage of revenue %
Owners/tenants	36	18,365	75.7	23	36,506	69.0
Construction contractors	—	—	—	9	8,040	15.2
Professional consultants	15	5,058	20.8	5	8,372	15.8
	<u>51</u>	<u>23,423</u>	<u>96.5</u>	<u>37</u>	<u>52,918</u>	<u>100.0</u>
Sale and distribution of soft drink products	—	855	3.5	—	—	—
		<u><u>24,278</u></u>	<u><u>100.0</u></u>		<u><u>52,918</u></u>	

The Group's overall revenue decreased by approximately S\$28.6 million or approximately 54.1% from approximately S\$52.9 million for the six months ended 30 June 2023 to approximately S\$24.3 million for the six months ended 30 June 2024.

### **Cost of Services**

The Group's cost of services decreased by approximately S\$28.1 million or approximately 59.9% from approximately S\$46.9 million for the six months ended 30 June 2023 to approximately S\$18.8 million for the six months ended 30 June 2024. Such decrease in cost of services is generally in line with the decrease in revenue.

### **Gross Profit and Gross Profit Margin**

The gross profit of the Group for the six months ended 30 June 2024 amounted to approximately S\$5.5 million, representing a decrease of approximately 8.3% as compared with approximately S\$6.0 million for the six months ended 30 June 2023, which was driven by a decrease in revenue for the same period. The Group's gross profit margin had increased by approximately 11.4 percentage point from 11.3% for the six months ended 30 June 2023 to 22.7% for the six months ended 30 June 2024. The increase in gross profit margins are mainly due to more variation orders confirmed during the six months ended 30 June 2024.

### **Other Income**

Other income mainly included income from (i) government grants; and (ii) sundry income. During the six months ended 30 June 2024, other income amounted to approximately S\$33,000 compared to approximately S\$63,000 for the six months ended 30 June 2023. This is mainly due to less grants given by the Singapore government.

### **Selling and Distribution Expenses**

The selling and distribution expenses of S\$0.4 million for the six months ended 30 June 2024 arises from the newly acquired Soda business.

### **Administrative Expenses**

The administrative expenses of the Group had increased from approximately S\$3.7 million for the six months ended 30 June 2023 to S\$4.3 million for the six months ended 30 June 2024. This is mainly due to the S\$0.6 million used in Soda business.

### **Finance Costs**

Finance costs for the six months ended 30 June 2024 was approximately S\$293,000 (six months ended 30 June 2023: S\$126,000) which represented interest on lease liabilities, trade financing bank loans and imputed interest on convertible loan. The increase in finance cost is mainly due to the imputed interest of S\$194,000 charged on the convertible bond for the six months ended 30 June 2024.

## **Income Tax (Expense)/Credit**

As the Group's unrecognised tax losses arising from 2020 had been fully utilised, the Company had made a provision for corporate income tax based on the estimated chargeable income for the six months ended 30 June 2024.

## **Net Profit/(Loss)**

Profit attributable to owners of the Company for the six months ended 30 June 2024 decreased by approximately S\$1.8 million from approximately S\$2.2 million for the six months ended 30 June 2023 to approximately S\$87,000 for the six months ended 30 June 2024. The decrease was mainly due to the decrease in contract revenue which in turn resulted in a decrease in gross profit, and net profit of S\$0.9 million coupled with owners' share of loss of S\$0.4 million contributed from the newly acquired subsidiary and net losses arising from the revaluation of convertible bond and financial assets at fair value through profit and loss amounting to S\$0.5 million.

## **Interim Dividend**

The Board did not recommend any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## **Liquidity, Financial Resources and Capital Structure**

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

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

As at 30 June 2024, the Group had total cash and bank balances of approximately S\$13.4 million as compared to approximately S\$17.0 million as at 31 December 2023.

As at 30 June 2024, the Group had a total available committed banking facilities of approximately S\$16.0 million, of which approximately S\$5.0 million of term loan was utilized. The outstanding term loan as at 30 June 2024 carried fixed interest rate at 2.25% per annum and will be settled by monthly instalments and matured by June 2025.

As at 30 June 2024, the Group also had facilities in relation to performance guarantee of approximately S\$22.0 million, of which approximately S\$10.2 million was utilised.

Other borrowings is an unsecured short-term loan, repayable on demand. It was carried at a fixed interest rate of 2% per month after the first six months.

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

### **Pledge of Assets**

Other than the building and pledged fixed deposits have been pledged to bank in respect of performance bond guarantee and trade financing provided to our Group, the Group did not pledge any assets to secure any banking facilities or bank loans during the six months ended 30 June 2024 and 30 June 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 and lease liabilities by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2024 was 60.7% (31 December 2023: 16.2%).

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

During the six months ended 30 June 2024, 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 acquisition cost of HK\$25,500,000, which was satisfied by the issue of the convertible note upon completion. 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, maturity date falling on the third anniversary from the date of issuance, conversion period commencing from 12 months from the date of issuance. The initial conversion price at 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, 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.

Saved as disclosed above, there were no significant investment, material acquisitions or disposals of subsidiaries and associated companies or joint ventures by the Group during the six months ended 30 June 2024.

### **Future Plans for Material Investments or Capital Assets**

The Group did not have any future plans for material investments or capital assets as at 30 June 2024.

### **Employees and Remuneration Policy**

As at 30 June 2024, the Group had a total of 467 employees (30 June 2023: 398 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the six months ended 30 June 2024 amounted to approximately S\$6.3 million (six months ended 30 June 2023: approximately S\$6.3 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the Group's employee are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from a central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, experience, responsibility, workload and time devoted to the Company, and approved by the Board.

### **Contingent Liabilities**

As at 30 June 2024, the Group had performance bonds of approximately S\$10.2 million (31 December 2023: S\$10.5 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

### **Capital Expenditures and Capital Commitments**

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment of approximately S\$19,000 (30 June 2023: S\$25,000).

As at 30 June 2024, the Group had no material capital commitments.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no significant event requiring disclosure subsequent to 30 June 2024 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company complied with the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2024.

## **CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Code of Ethics and Securities Transactions (the “**Company’s Code**”) no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required provisions set out in the Company’s Code during the period from the six months ended 30 June 2024 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises four independent non-executive Directors, namely Mr. Wong Heung Ming Henry (chairman of the Audit Committee), Mr. Gay Soon Watt and Mr. Tan Chong Huat. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial statements and interim results for the six months ended 30 June 2024 and discussed with the management of the Group on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.rafflesinterior.com](http://www.rafflesinterior.com).

The 2024 interim report will also be published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.rafflesinterior.com](http://www.rafflesinterior.com) and will be despatched to the shareholders of the Company in due course.

## **APPRECIATION**

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

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

Hong Kong, 30 August 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.*